

DESTINATION

ROT@RUA

ROTORUA DISTRICT
COUNCIL



ANNUAL REPORT

2004

MIHI

E nga iwi o te rohe o Rotorua, tena koutou katoa

E mihi atu ana ki a koutou nga kai pupuri i nga taonga tuku iho.

Ko tatou tenei nga mahuetanga iho o ratou te hunga kua wheturangitia.

E kaha nei tatou ki te whakatutuki i o ratou moemoea.

Hei taonga ma nga uri whakatipu. Ma tatou e taurira ake.

Ma ratou e whaiwhai ake.

Ko te purongo kua whakaputaina ake nei. He korero nui i nga mahi tiketike a to Kaunihera.

He nui nga mahi kua oti he mahi ano hei whakaoti.

Na reira ma te hangai kotahi ki nga Kaupapa.

Ka tutuki a tatou tumanako a tatou wawata.

Hei waahi to tika a Rotorua hei whai ma nga uri whakatipu.

Tena Koutou Katoa

To the people of Rotorua – Greetings

I acknowledge you, the bearers of knowledge and wisdom, for we are the descendants of those wise people who have left us today.

We strive for perfection and excellence as we endeavour to fulfil the aspirations of those who have gone.

It is up to us to set the platform and example so that the up-and-coming generations can follow behind us.

This report which has been released describes and illustrates the excellent community we reside in, and the work that your council has done to make this community a vibrant one.

There has been a lot of positive work accomplished and there is more work to complete.

As a community we need to move together as one and focus positively on the issues we face as one people in our community.

We need to fulfil the hopes and visions to make Rotorua move forward, a place where our children and their children can live in one bond and harmony.

DESTINATION ROTORUA



The need for an overarching brand depicting the attributes of Rotorua as a desirable place to live, to work, to invest in and to visit, has been identified. It presents an opportunity to optimise community ownership of a shared vision and a positive destiny.

The concept of **Destination Rotorua** has grown out of that need and a brand has been developed - evolving from the established and ongoing tourism marketing brand: "ROTORUA - *feel the spirit – Manaakitanga*".

The principle intent of the **Destination Rotorua** concept is to recognise the economic, social, cultural and environmental importance of all sectors of the local community. The brand is intended to capture the essence of a community's shared vision of where it is going – **its destination**.

Activities and services that the Rotorua District Council provides to or on behalf of its community will be branded and promoted under the **Destination Rotorua** banner.

The most powerful and valuable tool that exists to present Rotorua to the world is the shared passion and collective pride of its people. The **Destination Rotorua** concept provides an opportunity for diverse sectors within our local community to collaborate in enhancing Rotorua's profile, in building a positive image and in generating economic benefits for the greater good of the wider Rotorua community into the future.

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Copies of this Annual Report are distributed widely amongst community groups such as ratepayer associations, service organisations etc, as well as being available to view at Council's Public Library, City Focus, and Council Building, Haupapa Street. The Annual Report can also be viewed on the internet at www.rdc.govt.nz.

HOW TO READ THIS REPORT

This Annual Report presents an account of Rotorua District Council's performance in the year from 1 July 2003 to 30 June 2004. It is a key document for the Council, as it outlines what we committed to do in the year, and how we delivered on that – pinpointing our accountability to ratepayers. The report is in three parts.

Overview – this includes:

- Reports on the Council's long term planning and funding policies.
- Summaries of the financial position and financial performance for the year.
- A statement explaining these summaries.
- Reports that show how the Council consults with its community and how the Council fulfils its responsibilities to govern the District well, promoting well-being through sustainable development.
- Illustrations of the year's notable achievements.

Statements of Service Performance

- This shows the detail of work done and money spent in each major area of Council activity, and reports our performance against the targets we set ourselves for each area.

Financial Statements

- This shows detail of the Council's position and recent performance in financial terms.

Both the Financial Statements and the Statements of Service Performance are externally audited before publication.

Where the Annual Report Fits In

The Long Term Council Community Plan (LTCCP), Annual Plan and the Annual Report form the essential guide to Council activity in any given year. In simple terms, the LTCCP and Annual Plan sets out what the Council will do in the year, while the Annual Report states what the Council actually did.

Annual Plan and LTCCP (Ten Year Plan)

The LTCCP and Annual Plan set out in detail how the Council manages its funding and how it intends to achieve the objectives set out in the underlying Strategic Plan. This covers what projects are undertaken, how rates are determined and how it all sits in the context of the Council's ten year plan. These plans also document how the Council consults with its community, how it plans for the medium and long term, and how it copes with uncertainty and changing circumstances.

Annual Report

The Annual Report tells you how much of that plan was achieved. It is the Council's key accountability report. It also provides ratepayers with a report on how well their district's assets are being looked after and how well the Council is performing as an organisation (financially and otherwise). The Annual Report looks to inform readers on Council's ongoing progress towards a sustainable development philosophy within its operations.

Ten Year Plan and Annual Report Publication Reporting Calendar

The dates below show the planning and reporting relationship of the Ten Year Plan (LTCCP), Annual Plan and Annual Report.

Annual Plan for 2003/04	Adopted 24 June 2003
Ten Year Plan for 2004-14	Adopted 28 June 2004
Annual Report for 2003/04	Adopted 31 August 2004

MESSAGE FROM HIS WORSHIP THE MAYOR



Tena Koutou

I am pleased on this final occasion to introduce the Annual Report for the 2003/04 financial year.

The year has provided Council with one of its heaviest workloads ever and amongst some of the most complex and challenging issues I have experienced in my four terms as Mayor of Rotorua. I am particularly proud that Council has put in the long hours and hard work needed to address those issues sensitively and efficiently, and I commend councillors for their approach to the year's work. I believe this report shows outstanding results and that the community has been well-served by councillors and staff of Rotorua District Council.

I also commend the many members of our community who have taken the numerous opportunities to engage with us: giving us feedback on proposals, sending in submissions and in many cases coming along and talking directly to Council before we made significant decisions for the wellbeing of the wider community. This is effective democracy in action.

During one of the busiest periods of last year, while we were grappling with a multitude of sometimes complex and occasionally contentious issues, we went out and asked the community 'how are we doing?' via a formal survey carried out by the independent National Research Bureau. I was very pleased with the results of the NRB survey where residents gave an 88% satisfaction rating to the performance of the mayor and councillors, 5% higher than the national average.

We have made a lot of progress in the last 12 months. As a council we continue to fulfil our legal obligations under the Local Government Act. We also treat very seriously our obligations to work closely with Maori, and our Te Arawa Standing Committee is a sound example of that.

Rotorua's lakes represent a national treasure of which we are all proud. Good progress is being made in improving lake water quality through various lakes action plans, through new sewerage reticulation proposals and through our very effective Rotorua Lakes Strategy Joint Action Committee – which is a unique partnership with Environment Bay of Plenty and Te Arawa Maori Trust Board.

Our local economy is showing excellent upward trends which our strategic planning, economic development and tourism activities are contributing significantly to. Progress in developing our airport is now going ahead rapidly and the new Rotorua Energy Events Centre project, in partnership with Rotorua Energy Charitable Trust, will soon make us one of the best equipped event destinations in the country by far. It is clear 'Destination Rotorua' is going to capture new levels of attention in coming years.

In this report you will find that your Council continues to provide, or ensure the provision of, a very broad range of services and facilities to meet ever-changing community expectations. We will be increasingly working in community partnerships with other organisations and agencies towards achieving outcomes that residents have told us are priorities – this is the community's 'Bright Future Rotorua' programme.

Council will continue to build on the sound work undertaken during this financial year and will consult with its communities wherever appropriate. With the new Local Government Act now well established, we have new ways of undertaking our business and I am sure our council-community partnership will bring exciting and rewarding times for our district going forward.

This is the last Annual Report that I will have the pleasure of introducing, as I retire from the Council in October after 12 years in the mayoralty and 27 years in local government. I want to thank Deputy Mayor Trevor Maxwell and all councillors for their dedication and significant achievements this year. I also salute the talented and committed council staff, ably led by Chief Executive Peter Guerin, for their excellent results and professional support.

Finally, I extend my most sincere thanks to the people of the Rotorua District for your part in making the past year so successful, for your role in making this community so special, and for the personal support and encouragement you have given me as your Mayor. Thank you.

Please read this report. See what has been achieved and where we hope to go with your continued support. As a Council and a community we have achieved much together, but more importantly, we have a very positive future to look forward to.

Kia ora tatou katoa

A handwritten signature in black ink, appearing to read 'G. Hall'. The signature is stylized and cursive.

Grahame W. Hall, QSO JP
Mayor

5 YEAR FINANCIAL SUMMARY

Statement of Financial Performance (Council)

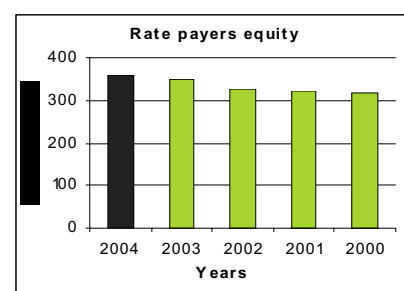
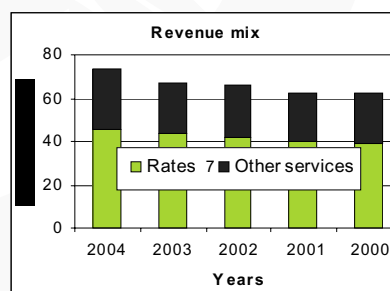
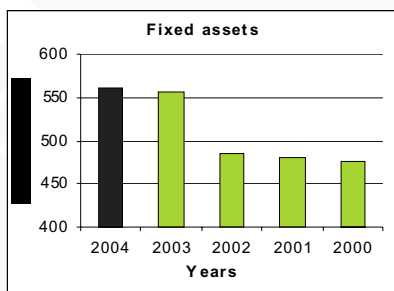
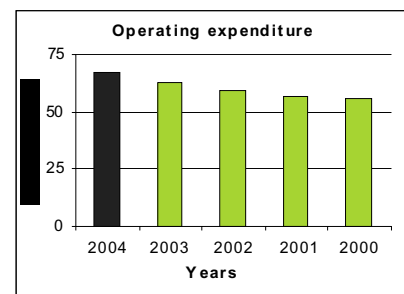
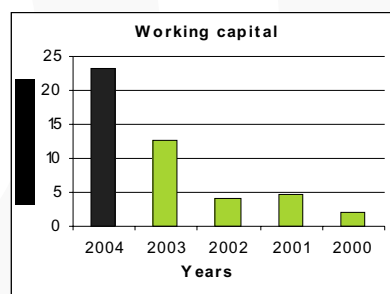
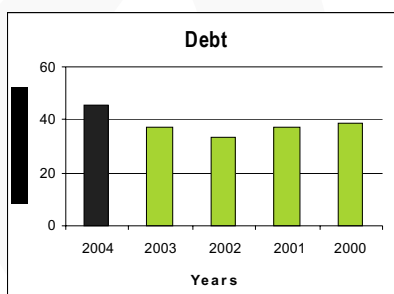
For the year ended 30 June:	2004	2003	2002	2001	2000
\$ in thousands					
Rates	45,207	43,383	41,430	40,032	39,458
Other services	28,609	23,148	24,470	22,713	22,561
Non operating	514	16,389	1	30	1,559
Total Revenue	74,330	82,920	65,901	62,775	63,578
Operating expenditure	67,090	62,541	59,239	56,745	56,188
Non operating expenditure	0	2,781	0	75	2,015
Taxation	-18	164	0	25	25
Total expenditure	67,072	65,486	59,239	56,845	58,228
Net surplus	7,258	17,434	6,662	5,930	5,350

Statement of Financial Position (Council)

For the year ended 30 June:	2004	2003	2002	2001	2000
\$ in thousands					
Current assets	46,244	35,555	28,446	27,570	26,991
Current liabilities	22,899	22,779	24,267	23,002	24,870
Working capital	23,345	12,776	4,179	4,568	2,121
Investments	6,411	6,675	6,683	9,323	11,143
Fixed assets	559,976	556,154	485,159	479,589	475,031
	589,732	575,605	496,021	493,480	488,295
Financed by:					
Rate payers' equity	358,083	349,047	327,212	321,021	315,432
Debt	45,467	37,468	33,579	37,587	38,379
Other term liabilities	1,454	1,569	1,627	1,140	1,093
Reserves	184,728	187,521	133,603	133,732	133,391
	589,732	575,605	496,021	493,480	488,295

The graphs below provide trend information about some of Council's key financial indicators:

- Debt - Is currently trending upwards due to capital improvements undertaken.
- Working Capital – Work in progress has increased due to a large number of projects still being constructed as at balance date. There is cash in the bank to pay for completion of these projects.
- Expenditure – Increases generally in line with inflation.
- Fixed Assets – 2003 change caused by revaluation.
- Revenue Mix – Rates continue to be a big part of the revenue required to fund activities, and subsidies for capital projects continue to vary year to year.
- Ratepayers Equity – The equity is trending upward in line with the fixed assets and annual operating surplus.



REPORT OF THE AUDITOR-GENERAL



Audit New Zealand

AUDIT REPORT

TO THE READERS OF ROTORUA DISTRICT COUNCIL AND GROUP'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

The Auditor-General is the auditor of Rotorua District Council (the District Council) and group. The Auditor-General has appointed me, M G Taris, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the District Council and group, on his behalf, for the year ended 30 June 2004.

Unqualified opinion

In our opinion the financial statements of the District Council and group on pages 52 to 171:

- ▲ comply with generally accepted accounting practice in New Zealand; and
- ▲ fairly reflect:
 - the District Council and group's financial position as at 30 June 2004;
 - the results of operations and cash flows for the year ended on that date; and
 - the service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 3 September 2004, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed our audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in the opinion.

Our audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- ▲ determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- ▲ verifying samples of transactions and account balances;
- ▲ performing analyses to identify anomalies in the reported data;
- ▲ reviewing significant estimates and judgements made by the Council;
- ▲ confirming year-end balances;
- ▲ determining whether accounting policies are appropriate and consistently applied; and
- ▲ determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support the opinion above.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the District Council and group as at 30 June 2004. They must also fairly reflect the results of operations and cash flows and service performance achievements for the year ended on that date. The Council's responsibilities arise from the Local Government Act 2002, which requires the Council to prepare financial statements under the Local Government Act 1974.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the District Council or any of its subsidiaries.



Audit New Zealand

On behalf of the Auditor-General Tauranga, New Zealand

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements of Rotorua District Council] for the year ended 30 June 2004 included on Rotorua District Council's web-site. The Rotorua District Council is responsible for the maintenance and integrity of the Rotorua District Council's web site. We have not been engaged to report on the integrity of the Rotorua District Council's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 3 September 2004 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

CHIEF EXECUTIVE'S REPORT



Introduction

It is my pleasure to provide some general commentary on the performance and position of Rotorua District Council over the last year. The 2003/04 year has yet again seen an increase in performance over the previous year. It is pleasing to note:

- Overall satisfaction with Council services, elected members and staff are at an all time high
- From a financial perspective the operating results are excellent and show good management across all activities
- Achievement of performance targets is also high across the organisation's activities.

The year under review in this Annual Report has been particularly rewarding for Council. There has been a number of unplanned pressures on Council resources and yet our achievements are particularly high. Some of those pressures included:

- a major engineering change in the way it is now proposed to manage community sewerage treatment for the lake shore settlements of the eastern areas of Lake Rotorua and Lake Rotoiti
- review and implementation of the airport master plan.

These changes required Council to develop a Statement of Proposal and undertake a Special Consultative Process under the Local Government Act 2002. These new requirements for local government are particularly resource intensive for Council, other stakeholders and the community at large.

In addition there have been numerous legislative reforms to respond to such as:

- Gambling Act
- Prostitution Reform Act
- Civil Defence Emergency Management Act
- Building Bill
- Land Transport Management Act
- Dog Control Amendment Bill,

This report provides part of the accountability and transparency process recording Council's achievements compared to the plans, policies and budgets set out in the 2003/04 Annual Plan. The purpose of my report is to highlight some of the important achievements during the

year, both financial and non-financial. However, to get an overall assessment of Council's performance you will need to consider the balance of this 2003/04 Annual Report

You are invited to make any further enquiries about this report by contacting me at:

Rotorua District Council
Private Bag 3029, Rotorua

Phone: 07 348-4199

Fax: 07 350-0184

email: peter.guerin@rdc.govt.nz

2003/04 Annual Plan

Last year Council was required to prepare an updated summary of the 10 year Long-Term Financial Strategy (LTFS) as part of the Annual Plan process, using the transition provisions of the 2002 Act.

As part of the consultative process for the Draft Annual Plan a number of themes developed from the submission process. Council's response was to:

- Undertake a review of the general rating system
- Ensure there was a comprehensive response to improving lake water quality of our beautiful lakes
- Develop a strategy to ensure strong economic growth in our district.

Considerable effort has gone into these themes during the year. Below is an update of progress:

Rate Review

This review was limited to the general rates and it proved opportune to ensure our policies complied with the new Local Government (Rating) Act 2002. The process used for the review included meetings with major stakeholder groups, a discussion document and informal consultation, followed by a formal consultative process as part of developing the 2004-14 LTCCP document.

The outcome was a change from the three main differential groups of farming, commercial/industrial and residential, to 10 differential groups comprising the following:

	Relative differentials for the general rate for 2004/05
Residential rating group	
1 Residential - General - Urban	100%
2 Residential - General - Rural	70%
3 Residential - Vacant - Urban	90%
4 Residential - Vacant - Rural	65%

		Relative differentials for the general rate for 2004/05
5	Residential - Two Unit - Urban	110%
6	Residential - Multi Unit	425%
Farming rating group		
7	Farming - General	65%
Business rating group		
8	Business - Inside CBD	375%
9	Business - Urban Outside CBD	430%
10	Business - Rural	260%

The review saw a shift in the incidence of rates from business and farming, to residential. Previously urban business paid a differential 4.95 times greater than urban residential, and rural residential had a differential of 0.6:1 less than urban residential.

Council gave very serious consideration to the many submissions, both supporting and opposing the draft rating proposals, and believes on balance it has been able to enhance the fairness and equity of the rating system.

Growth

Council considered a number of reports during the year in order to form a view on how Council could contribute to the district's growth. It was agreed that a growth strategy would be the combination of a number of strategies, many of which were under development at the time. The list below provides some of these strategies, policies and plans:

- Visitor Industry Strategy
- Retail Strategy
- Urban Basin Study
- Lake Action Plans
- District Plan Review
- Open Space Strategy
- Rotorua Urban Transport Study
- Economic Development Strategy
- Good Health – Rotorua District
- Events Strategies
- Revenue and Financing Review
- Community Outcomes Project
- Long Term Council Community Plan
- Risk Management
- Smart Growth
- Regional Settlement Strategy
- Eastern Sewerage Scheme
- Transit NZ strategies
- Airport Master Plan/SOI
- Waste Management Plan
- Industrial Land
- Spa Development

Financial Review

This is the first Annual Report since Council completed an updated summary of its LTFS last year. Inflation and changes to plans and programmes that have occurred over the year, mean there will be some variation between the Annual Plan/LTFS and the actual result. The following provides a summary of the financial results as compared to the budgets.

Financial Performance

The surplus this year of \$7.3 million is compared to the Annual Plan (and LTFS) budget of \$4.9 million

The \$2.4 million favourable variances between the actual surplus and the Annual Plan Budget, are listed opposite:

Financial Performance Summary

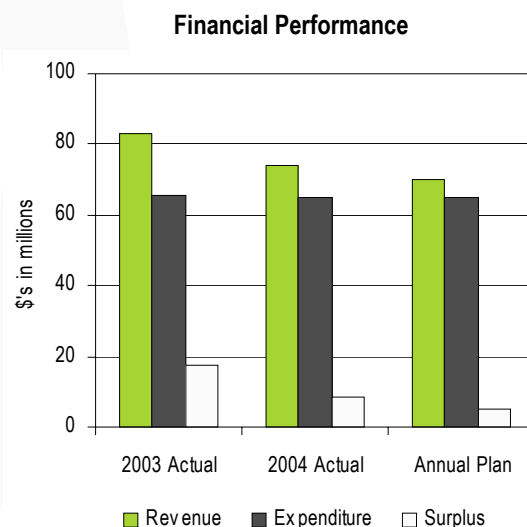
for the year ending 30 June 2004

	\$ in millions	Actual	Annual Plan Budget	Var	2003 Actual
Revenue	74.4	70.1	70.1	4.3 (F)	82.9
Expenditure	67.1	65.2	65.2	1.9 (U)	65.5
Surplus	7.3	4.9	4.9	2.4 (F)	17.4

(F) means a favourable variance between the Annual Plan Budget and the actual result for the 2004 year.

(U) means an unfavourable variance.

The graph below shows the revenue, expenditure and surplus for the years ending 30 June 2003 and 2004, as compared to the Annual Plan for the year ending 30 June 2004.



Major revenue variance from Annual Plan

	\$ in millions	
Grants higher due to timing of capital projects	2.8	(F)
Increase in interest received	0.3	(F)
Less vested assets acquired	0.3	(U)
Increase in equity in the airport	0.1	(F)
Increase in other revenue	1.1	(F)
Revaluation change	0.5	(F)
Other	0.2	(U)
	4.3	(F)

Major expenditure variance from Annual Plan

	\$ in millions	
Operating savings	0.9	(F)
Increases in operating costs	0.7	(U)
Timing differences between years	0.3	(F)
Budgeted grants now given as loans	0.3	(F)
Reduction in bad debt write-offs	0.3	(F)
Depreciation increase (revaluation impact)	2.8	(U)
Reduction in internal interest	0.2	(U)
Net increase in profit	1.9	(F)

Explanation of Need for a Surplus

A surplus of \$4.9 million was budgeted for this year as compared to the actual surplus of \$7.3 million. Details of the surplus variance have been explained above. However there is a need to explain why there is a budgeted surplus in the first place.

The expression "surplus" is the term used to describe the difference between the operating revenue and operating expenditure (note this is not capital expenditure). Some of the revenue, for example rates revenue and Transfund NZ subsidies, is used to fund capital expenditure (i.e. fixed assets that are recorded in the balance sheet) as opposed to operating expenditure.

This revenue, to fund the capital expenditure, is first recognised and recorded in the Statement of Financial Performance. The revenue then flows down through that statement to the surplus (ie excess of revenue over expenditure). The surplus is then transferred through to the Statement of Financial Position to finance capital items. These items include debt repayment, fixed assets and other balance sheet items.

The table below provides an analysis of how the surplus from the Statement of Financial Performance is used.

Analysis of Surplus

The actual and budgeted operating surplus, which when adjusted for the major non cash items that are included in the operating surplus, provided approximately \$21.1 million of cash as compared to the budget of \$17.3 million.

Added to this cash from operations were:

- New loans raised of \$6.5 million, net of existing debt renewals, which is the same as the budget
- Loans from Council to other organisations, either advanced or repaid during the year, were higher by \$3.9 million. This is almost entirely related to non repayment of loans by RRAL. A review of RRAL funding and structure was undertaken during the year and is commented on below. It will be implemented on 1 October 2004.
- Finally, some capital work was not completed in 2002/03 and carried forward to this year. These projects were also funded from the previous year's revenue and therefore these unspent funds were available this year. The related capital expenditure is included in the net capital expenditure for 2003/04.

This gave a total of \$32.7 million of cash to fund balance sheet expenditure as compared to the budget of \$30.5 million. This expenditure included fixed assets and provided funds for expenditure that have been deferred until 2004/05. The actual result is an improvement of \$1 million over the budget. This effectively means Council's working capital has improved (increased) by the same amount.

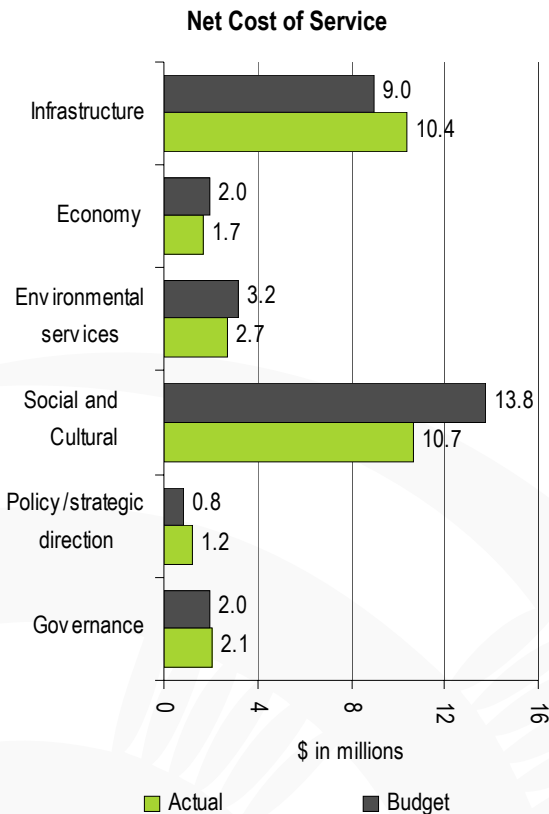
Analysis of Surplus

	\$ in millions	Actual	Budget
Surplus from operations		7.3	4.9
Add non cash items:			
Funded non cash items (depreciation, vested assets, airport equity, revaluation changes)		14.8	12.4
Cash from operations		21.1	17.3
Add other sources of cash:			
Net increase in debt		6.5	6.5
Loan advances/collected		(0.4)	3.5
Funds for carried forward expenditure		4.5	3.2
Total effective cash available for capital items		32.7	30.5
Cash used for:			
Net capital expenditure		26.0	30.5
Carry fwd projects to 2004/05		5.7	-
Increase in working capital		1.0	-
Total use of cash		32.7	30.5

The \$4.5 million difference between the \$26 million actual expenditure and \$30.5 million budgeted expenditure relates to the Rotorua International Stadium, carried forward expenditure from 2002/03 to this year and expenditure transferred to 2004/05, and net additional capital expenditure.

Net Cost of Service Summary

The graph below shows the net cost of service for each of the groups of activities. The net cost of service is the difference between the gross cost of providing the service less any revenue associated with the activity.



Net Cost of Service Summary

for the year ending 30 June 2004				
	\$ in millions	Actual	Budget	Var
Governance	2.1	2.0	(0.1)	(U)
Policy/strategic direction	1.2	0.8	(0.4)	(U)
Social and Cultural	10.7	13.8	3.1	(F)
Environmental Services	2.7	3.2	0.5	(F)
Economy	1.7	2.0	0.3	(F)
Infrastructure	10.4	9.0	(1.4)	(U)
Castlecorp	0.0	0.0	0.0	(F)
	28.8	30.8	2.0	(F)
Rates	(34.8)	(34.5)	0.3	(F)
Vested assets	(0.7)	(1.0)	(0.3)	(U)
Asset revaluation	(0.5)	-	0.5	(F)
Airport	(0.1)	-	0.1	(F)
Surplus	(7.3)	(4.7)	2.6	(F)

Financial Position

The \$67 million favourable (increase) in ratepayers' equity between the actual result and the Annual Plan budget was caused by:

- Revaluation of fixed assets
- Increased cash held because some capital projects carried forward into 2002/03.
- This year's surplus variance.

Financial Position Summary

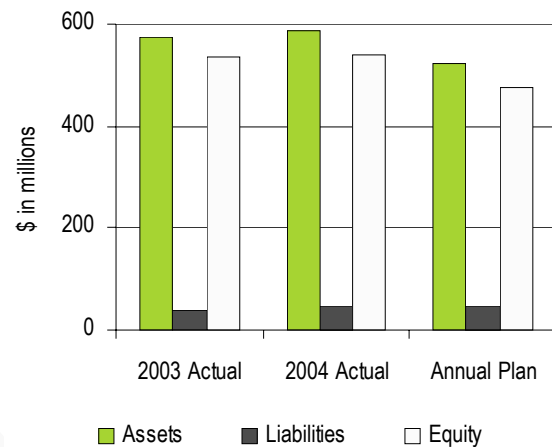
for the year ended 30 June 2004

	\$ in millions	Actual	Annual Plan Budget	Var	2003 Actual
Working Capital	23	(2)	25(F)	12.8	
Fixed Assets	566	524	42(F)	562.8	
Liabilities	(47)	(47)	-(F)	(39.0)	
Equity	542	475	67(F)	536.6	

(F) means a favourable variance between the Annual Plan Budget and the actual result for the 2004 year.

(U) means an unfavourable variance

Financial Position



The graph above shows assets, liabilities (i.e. public debt), and equity for the years ending 30 June 2003 and 2004, as compared with the Annual Plan for the year ending 30 June 2004.

Local Government Act 2002

At the time of preparing this Annual Report we had operated under the 2002 Act for some 18 months. The new leadership and accountability regimes are starting to become part of our normal business. There is more flexibility in the decision-making process but local authorities must be open to influence and scrutiny by the community and a more participatory democracy.

The Act charges local authorities with community leadership by:

- Requiring them to have a comprehensive view of community needs.
- Developing public policy that is robust and guides community development over the long-term.
- Empowering Maori to play a greater part in local governance.
- Using a sustainable development approach.
- A new approach to decision-making that requires a more participatory process on Council's part.
- Using decision-making processes that are inclusive.

This Annual report is the last to be prepared under the 1974 Act and uses some of the provisions of the 2002 Act

Community Outcomes

The new 2002 Act requires councils to identify community outcomes not less than every six years. The purpose of this is to:

- Provide the community the opportunity to discuss its present situation and its future.
- Let the community prioritise in terms of Rotorua's future.
- Check how we are progressing towards our agreed outcomes.
- Help our community, other organisations and Council, to work together in a more efficient and co-ordinated manner.
- Influence and guide priorities in relation to the Council and other organisations' activities.

Community Outcomes therefore provide overarching strategic goals that we and other organisations can use to guide our service delivery and resource allocation. They also promote closer working relationships to ensure resources are used more effectively in a coordinated manner.

The way in which Rotorua District Council will contribute to promoting community outcomes will be through the Ten Year Plan (LTCCP).

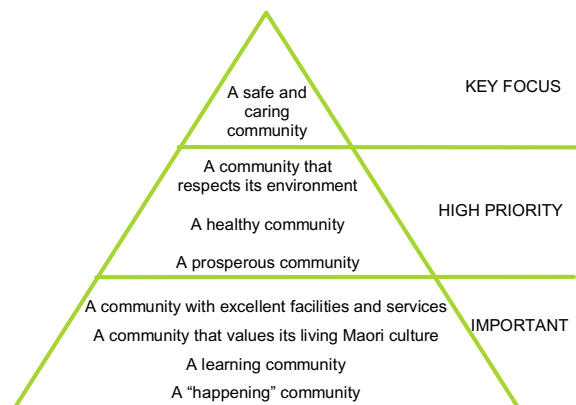
Council worked closely with other Rotorua service delivery agencies and secured their support for the "Bright Future" Community Outcomes consultation process. Draft outcomes were formulated from information provided by the community through:

- The existing council strategic framework, which was the result of a large number of community and focus group meetings in 1996 and 1998.
- A review of a range of issues identified through recent consultation with the community, recent surveys, submissions processes, including analysis of submissions to Council's 1998 to 2003 Annual Plans
- A review of comments made in customer surveys and analysis of information taken from annual community satisfaction surveys.
- Supporting information from a number of sources, surveys, consultation documents, and reported statistics
- Relevant information from other organisations' strategy and planning documents. This included locally and regionally-based government agencies, health and education sectors, industry, Iwi and Maori organisations, the not-for-profit sector, local authorities, regional councils, sport and cultural organisations. Documents from a wide range of groups such as youth and ethnic organisations were also used.

Using a communication strategy to widely consult on the draft outcomes, the Bright Future project was able to validate the outcomes, prioritise them and gain information for their future review prior to 2006.

In prioritising the Community Outcomes, the innovative approach of STV (single transferable vote) analysis was used. This analysis informed us that although all outcomes

were important to the community, a "Safe and Caring Community" was the most significant and important outcome.



In addition to identifying community outcomes and showing how council will promote them through the Ten Year Plan, we must also develop a framework to monitor the community's progress towards outcomes and report on this progress no less than every three years.

We are continuing to work with other agencies and organisations to develop a monitoring framework and also to explore ways in which we can work collaboratively to ensure our different service delivery is consistent, effective and aligned with community expectations.

Top Priority Outcome - "a safe and caring community"

The unequivocal top priority Community Outcome is "a safe and caring community".

Already work is underway to draft a ten year Community Safety Strategy which addresses five clear areas of focus identified by the community over the past year, and supported as priorities by Council. These include:

- Central Business District and surrounding reserves safety
- youth offending
- drugs and alcohol
- tourist safety
- capability building of community organisations dedicated to crime reduction and prevention.

Making Rotorua safer and more caring depends on a community wide effort. Effective collaboration, not only with Police but with a wide range of stakeholders and partners, will be the key to success through the decade. During the next three years, Council will be taking a priority focus on working with others to improve safety in the CBD and surrounding reserves, including safety for visitors.

In addition, Council's Community Assistance Policies will be reviewed to ensure that support to the not-for-profit sector is strategically focussed to enhance and support a "caring community", and Council's interest in promoting the values of good citizenship will be explored.

Te Arawa and Council

The 2002 Act puts a number of new responsibilities on local government. Section 14 provides principles relating to local government that include: "a local authority should provide opportunities for Maori to contribute to its decision-making process".

As a result Council has considered its approach to meeting these responsibilities and believes it already has a range of processes in place, not the least of which is the Te Arawa Standing Committee. The functions of this committee and its connection with the other committees are explained in the Governance section of this report.

Areas that are currently being developed are memoranda of understanding with Tuhorangi Iwi, Ngatai Pikiāo and land management plan with Iwi and hapu. It is likely others will follow. These relationships are to be further developed over the coming years

Rotorua Lakes

The Rotorua lakes are of national importance and part of our district's wonderful environment. Unfortunately, over recent times, the water quality of some lakes has declined. A strategy was completed in 2000 which has the following vision: *"The lakes of the Rotorua District and their catchments are preserved and protected for the use and enjoyment of present and future generations, while recognising and providing for the traditional relationships of Te Arawa and their ancestral lakes."* There are four goals covering:

- protection
 - use
 - enjoyment
 - management
- and a further 18 tasks.

A joint committee of Rotorua District Council, Environment BOP and Te Arawa Maori Trust Board has progressively worked through these tasks. This joint committee has met with the Minister for the Environment to explain the nature of the problem, some of the solutions, and likely costs. Further work on refining these matters has been undertaken and it is proposed to meet the Minister again later in the 2004 calendar year.

One of the major contributions that Council is making to improving lake water quality is the establishment of community sewerage schemes to replace septic tanks. Work on design is well underway for Okawa Bay and Mourea. Other areas to be sewered are set out below:

Scheme	Year to be commissioned
Mourea/Okawa Bay	2006
Okareka	2007
Gisborne Point	2008
Hamurana	2008
Tarawera	2009
Okere/Otaramarae	2010

Other options that are being explored or will be implemented in the near future are:

- Improvements to the urban waste water treatment plant such as methanol dosing.
- Diversion of the geothermal water from Tikitere Stream.
- Land use changes.
- Mechanical oxygenation of lakes.
- Diversion of Ohau Channel waters.

Main points to note are:

- There is a community collaborative approach being pursued by the joint committee.
- Considerable science is now available to assist in determining optimum strategy for the future.
- The government has already committed \$2.8 million toward the Okawa Bay/Mourea sewerage scheme.
- Further discussion with the government will determine additional funding available for water quality solutions.
- An action plan has been prepared for Lake Okareka and another is underway for Lakes Rotoma/Rotoiti.
- The solution will not see an enhancement of water quality overnight. These issues were a long time in the making and will take many years to correct.

Rotorua Regional Airport Ltd (RRAL)

Over the last 18 months, RRAL has undertaken a major strategic planning exercise centred around securing domestic jet services, developing the capability to operate Trans Tasman services, and upgrading the airport terminal and associated airport infrastructure consistent with these objectives, with a 20 year planning horizon.

It is important to acknowledge the contribution of the RRAL Board – Chairman Neil Oppatt, Bob Martin, Ray Cook and Bill Kingi, along with Chief Executive Bob Wynn and more latterly Rotorua District Council Engineering staff - towards the vision of the airport. Together they have been able to make progress that will ensure Rotorua Regional Airport can make a substantial contribution towards the district's economy.

The key issues confronting Council as RRAL's sole shareholder, with regard to future redevelopment of Rotorua Airport, were:

- a. At what rate does the Council wish to see the airport redevelopment occur?
- b. What is RRAL's funding capability and what form of funding ought to be used?
- c. What is the optimum structure that will ensure efficient, effective governance and management (with appropriate control and direction by Council as the sole shareholder), while ensuring that commercial interests are managed in the optimum way, and other regulatory requirements remain satisfied at all times?

In order to proceed at the rate Council has agreed, it is believed the ownership of assets needs to be transferred from RRAL to Council.

The main reasons for transferring ownership are:

- Council is in a stronger position than RRAL to raise capital and directly fund the necessary infrastructure redevelopment at a lower cost;
- it makes best use of Council's existing asset management framework, resources and expertise;
- RRAL, as the airport operating company, is able to operate in accordance with conventional commercial principles; and
- once established, this structure should be simpler to administer than other alternatives.

The structure best addresses the necessary balance between the competing economic interests of RRAL and Council in a manner that offers the least administrative burden, and enables Council to manage the assets in accordance with its own day-to-day policies and procedures, but also in accordance with Council's vision for what is in the best long term interests of the Rotorua District and the population it serves.

2003/04 Results

Statement of Financial Performance

For the year ended 30 June 2004	Actual
\$ in thousands	
Revenue	2,251
Operating expenditure	2,045
Net operating surplus	206
Taxation	69
Net surplus	137

Statement of Financial Position

As at 30 June 2004	Actual
\$ in thousands	
Current assets	913
Current liabilities	1,848
Working capital	(935)
Fixed assets	9,568
	8,633
Financed by:	
Equity	4,203
Debt	4,429
	8,632

In conclusion, the path is now clear for the strategic development of the airport over the next 3–4 years. This, along with private sector investment in accommodation, existing and new attractions, marketing and promotion of Destination Rotorua, coupled with community investment in the Rotorua Energy Event Centre, will place the District in a very strong competitive position to raise the local economy to new levels.

Rotorua Energy Event Centre

In November 2002 Council commissioned Horwath Asia Pacific Ltd and Global Leisure Ltd to determine the indoor space requirements of sports, conventions, exhibitions and events in Rotorua, the mix of space requirements to meet these demands, and a preferred location for facilities. The report concluded that to meet the needs of today and the foreseeable future, an additional four-court games hall with event style seating for approximately 2,500 people, together with a flexible auditorium space capable of accommodating 800 – 1000 people, was required. The facility would require integration with the existing Sportsdrome in Government Gardens, both physically and operationally.

In June 2003 the Rotorua Energy Charitable Trust provided Council with a commitment of a \$10m donation towards the construction of a new multi-purpose events centre adjoining the existing single court indoor stadium at the Sportsdrome. This generous contribution allowed Council to commence this project with confidence.

The components of the building, incorporating the adjoining existing Sportsdrome, will provide space for:

- The Forum**
 This provides for conference and exhibitions that are too large for the existing Rotorua Convention Centre. It will also cater for concerts and banquet functions that have never really had an indoor venue large enough in Rotorua.
- The Arena**
 The games hall, which will be able to accommodate 4 full size netball courts in community sport configuration, will also be capable of being set out in centre court mode with a seating capacity of at least 2500.
- The Grand Hall**
 The main hall will connect the Forum and Arena for large conference plenary sessions. A mezzanine floor will provide breakout space overlooking the main hall, as well as unique views out over the Government Gardens and Lake Rotorua.

Boon Goldsmith Bhaskar Team Architecture (BGB) are working closely with Council and RECT on the design.

A professional fundraiser has been contracted to leverage the contribution already committed from RECT. Council has agreed to contribute \$4 million towards the project and will seek to raise the balance from other sources

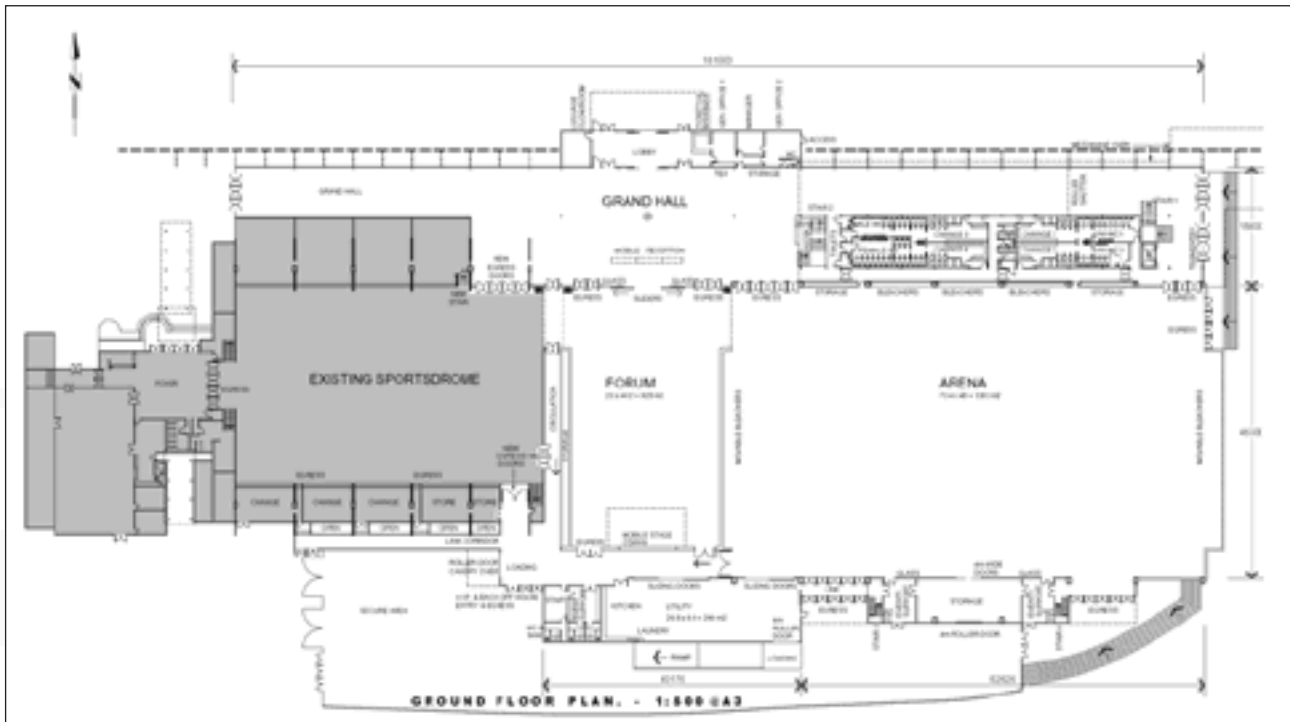
Income and expenditure flows have been estimated based on a model proposed by Horwath Pacific Ltd and known costs of revenues of the Sportsdrome.

The demand assumptions made in the model have been drawn from information gathered by Horwath Pacific and modified to reflect a more conservative, cautious view of the market. Hire rates for community use have been based on existing rates applicable at the Sportsdrome and market rates for commercial use.

Council has agreed to proceed to the next stage of this project i.e. to prepare developed designs for tendering the physical works.

It is expected that tenders will be called later in the 2004 calendar year.

Rotorua Energy Event Centre Preliminary Floor Plan



Some Highlights from the Year

To follow are some of this year's highlights and achievements. Some of them are also repeated in the Statement of Service Performance section of this Annual Report.

Community Leadership Group

Community Leadership is at the heart of local government. It also acknowledges that there is a high degree of importance in using a robust and transparent process for decision-making. The activity group also recognises the need for Council to provide opportunities for Maori to contribute to its decision-making process. This has been achieved by including the activities associated with the Kaupapa Maori cost centre activity within the group.

Democracy

- A Guide to Good Governance was prepared under the new Local Government Act 2002 which provides guidance on relations between elected members, the staff, and community.
- A Governance Statement was developed that details the governance structure and responsibilities of Council.
- The first major review of the Council's general rating system was completed during the year.

Kaupapa Maori

- Completion of two historical tours conducted by Dr Don Stafford. Historical tours series 3 being planned for October/November 2004.
- Twenty week Te Reo classes for Rotorua District Council and Castlec corp staff in progress.
- Completion of Iwi Management Plans - funding of three applicants being Ngati Tarawhai Trust, Te Maru o Ngati Rangiwewehi, Te Runanga o Ngati Pikiako.
- Completion of five Marae hui for the Te Arawa Standing Committee. Issues raised at each hui are nearly complete.
- Formation of Memorandum of Understanding with Tuhourangi.
- Development of Memorandum of Understanding with Te Runanga o Ngati Pikiako.
- Initiation of Memorandum of Understanding with Ngati Tura/Ngati Te Ngakau.
- Kaupapa Maori Unit established to address all Maori issues. This has been supported by Te Arawa.
- Completion of Strategic Plan by the Kaumatua Advisory Council of the Whare Taonga o Te Arawa.

- Draft Consultation Strategy document complete. This document assists the organisation to consult Maori, and with protocols and etiquette related to consultation. It also assists officers and staff as to which iwi or hapu they should consult when dealing with Maori land.
- Te Waka Awhina Maori Council workers' annual hui, facilitated, resourced, supported and organised by Rotorua and Tauranga Council staff, management and councillors. Very successful.
- Appointment of Director Kaupapa Maori to the Advisory Board of the State Services Commission, NZ Qualifications Authority, Intellectual Property Rights Board of NZ, Ministerial Advisory Board to Cabinet on Tikanga Maori, Maori Land Law Reform Board, Te Puni Kokiri Advisory Board, Member Ministerial Advisory Board to the Governor General.

Policy and Strategic Development

- Development of new Maori regional environmental indicators for 'State of Environment' reporting.
- Te Arawa Standing Committee policy reviewed.
- Maori Communications Strategy formulated and being implemented through various departments in Council.
- Managed Council's real estate interests in terms of prevailing market conditions, relevant Council policy, and compliance with legal and regulatory requirements
- Provided premises which are fitting for their purpose and are well maintained and serviced to the satisfaction of users.
- Maintained 100% leasing of commercial real estate at market rentals.
- Upgraded server environment to Windows 2003 which brought improvements in manageability of network.
- Prepared IT environment for new financial system.
- Upgraded wide area network to remote sites to improve access to corporate application.
- Successful Implementation of Corporate Document Management System TRIM.
- The Rotorua District Council website has seen an increase of use greater than ten fold for unique visits to the site.
- Selected new Financial Management System.
- A complete redevelopment of Geyserview allowing enhanced display of Council held data delivering greater efficiencies
- Substantially completed all the necessary background work and planning involved in the major upgrade of the Human Resources/Payroll Software from CHRIS 5 to CHRIS 21.
- Negotiated with all site unions an "Agreement for Employee Participation in Health and Safety" in terms of Part 2A of the Health and Safety in Employment Act.
- Negotiated a variation to the hours of work provisions for Event Venues staff which provides greater flexibility for more efficiently and effectively managing Council venues that come under Event Venues' control.

- Three year asset revaluation.
- Ten year budgets for new LTCCP.
- Made significant progress in the implementation of the new financial system.
- Implementation of Local Government (Rating) Act 2002 effective from 1 July 2003.
- Reviewed rating information database into 43 differential categories.
- Management of a comprehensive rating review.
- Work on linkages between Navision (new Corporate system), Corporate Vision and BNZ.

Social and Cultural Group

The Social and Cultural Group of activities is an area where there is considerable room to develop in order to respond to identified community outcomes and priorities. The word 'cultural' can be used in a number of different contexts. Culture can be defined as the set of beliefs, attitudes, behaviours and institutions that characterise a community. Rotorua's complex cultural profile includes its Maori heritage, modern-day ethnic diversity, arts scene, sporting culture, intergenerational differences, and measure of social connection.

Aquatic Facilities

- Completion and opening of the new upgrade including the 'Hot Spot' areas i.e. spas, lazy river, splash pad, steam cave, family changing rooms and the entrance foyer decor package.
- Opening of the new community arts platform area in the foyer of the centre.
- Swimsation, the centre's swim school won "Best Customer Service Award" at the national Swimsation Conference.
- New Programme development and implementation i.e. Unison Lake Safety Programme, Ripple Efx Teenage Rage Parties and Seniors' Mornings.
- Marketing and brand development i.e. new logo design and implementation plus branding with new web-site, advertising material and staff uniforms.
- Improved NRB rating both in very/fairly satisfied and reduction in not very satisfied with service/facility.

Cemeteries/Crematorium

- Installed a new sound system in the Rotorua Crematorium Chapel.

Central Business District Operations

- Combining off-street parking/parking building operations successfully with CBD operations to enable more prudent facilities management.
- Increased our street activity and entertainment with events reaching the 280+ mark.

- Extremely successful staging of Rotorua Rally ceremonial start and finish in the city centre.
- Rationalisation of meter technicians' building in Pukaki Street with the closure of this building, and integration with the already leased building at 1140 Pukuatua Street.

Civil Defence Emergency Management

- Establishment of the Bay of Plenty Civil Defence Emergency Management Group.
- Appointment of John Thurston to develop the first Civil Defence Emergency Management Group Plan.
- Series of training programmes focussing on recovery and building assessment.

Community Assistance

- Successful Funding Expo for not-for-profit agencies held in August 2003.
- Effective co-ordination of the popular 2004 Picnic on the Green event to celebrate Rotorua's volunteers and community organisations

Community Halls

- Publication of a history of Rotorua Rural Halls.

Community Policy and Resources

- Inception of the Rotorua Pathways Project in collaboration with Work and Income - a project focussing on creating more effective training and sustainable employment pathways for local young people, aged 15-17 years, as they leave school. Funding to continue the project has been secured through the Mayors' Taskforce for Jobs and the Ministry for Trade and Enterprise.
- Development of the inaugural "Pu Maia Rangatahi - Youth in Local Government Awards", gifted by Rotorua District Council to the local government sector in Aotearoa/New Zealand to celebrate and encourage good practice by local authorities in youth development within our communities.
- Significant input and support to the consultation processes to develop Rotorua's Community Outcomes and monitoring processes.
- Development of a well researched and consulted Gambling Venue Policy for the Rotorua District
- Refocussing of Council's approach to community safety agendas and development of a draft Ten Year Crime Prevention Strategy for the district.
- Inception of new annual events and networks among the Rotorua arts and creative communities including the celebration of "Matariki", the Maori New Year.

Event Venues

- **Qualmark Accreditation** - The Rotorua Convention Centre (and Civic Theatre) has received a 'Four Star Plus' rating with Qualmark NZ, being one of the first venues in the country to go through the new assessment procedures for stand alone convention centres.
- **'Get Active Stay Active' Recreation Programme** - A grant of \$350,000 over three years has been received from SPARC (Sport and Recreation New Zealand) to develop recreation programmes for the Rotorua community.
- **Rotorua Energy Events Centre** - The Rotorua Energy Charitable Trust has generously donated \$10 million towards the redevelopment of the site adjacent to the Sportsdrome. Council has provided a further \$4 million commitment to the project within the Ten Year Plan with further fundraising underway.
- **Te Runanga Tea House** - Celebrated its 100 year anniversary on 14 December 2003. Approximately 50 spectators were present for the formalities and up to 200 people visited the venue throughout the day.
- **Convention Centre/Civic Theatre** - Has been well booked hosting a huge range of events. Two of the larger and very successful conferences were the FPIA Conference consisting of 600 delegates and the ANZ Mental Health Nurses' Conference hosting 550 delegates. By the end of the current financial year, 15 conferences of significant size would have been held in the Rotorua Convention Centre contributing an estimated economic impact of \$8.5 million to the city.
- **2006 UCI World Mountain Bike Championships** - Won the rights to host this event through a joint venture with representatives of various departments of Rotorua District Council, the Rotorua Mountain Bike Club, Mountain Bike NZ, Cycling NZ, Sports Impact and invaluable support from other Rotorua agencies and trusts.
- **'Duck Campaign'** - Five of Rotorua's key operators have joined with Event Venues in a joint marketing venture, to further strengthen and provide a greater awareness of event facilities that are available to the Conference and Incentive markets nationally.
- **Lions Tour 2005** - The Bay of Plenty Steamers will play the first game of the Lions Tour at the Rotorua International Stadium during the first week in June 2005.
- **Rotorua Event Strategy** - Was officially adopted by the Rotorua District Council setting a framework for RDC on eventing for the future.
- **Rotorua Wearable Colour n' Creation Awards** - Brainchild of three Rotorua event enthusiasts catering for young people and corporates alike with an event designed to bring out creativity, individuality and imagination from all walks of life. A great success, highlighted to become a prestigious annual event, and something that Event Venues are proud to be a driver and contributor of.
- **Fletcher Challenge 40th Anniversary Marathon** - The introduction of the 5km and 10km events has seen entries double this year with an extra 1200 participants.

- **New Events** – Event Venues have secured Ekiden and Special K as new events for Rotorua.
- **The Inaugural Maori Media Awards** - Held in the Rotorua Convention Centre in March 2004. It was the first time TVNZ had made a formal outside broadcast of an awards dinner. The awards were screened live to 15,000 subscribers with the recorded show being broadcast on Marae on Easter Sunday.

Nursery

- Revenue up 9.7% on budget.

Pensioner Housing

- Development of a partnership relationship with Housing New Zealand Corporation to plan the redevelopment of the Rawhiti complex.

Public Gardens/General Reserves

- Kuirau Park Tschoop Parklands area design concept public launch and commenced year 1 of planned four year development programme.
- CPTED (Crime Prevention Through Environmental Design) principles have been implemented in Kuirau Park by opening up the park, removing undergrowth and raising tree canopies to provide a safer environment for visitors and locals.
- New playgrounds installed at Pohutukawa Drive, Okareka Hall, Amun Place, Murray Linton Gardens, Mamaku, and replacement of undersurfacing at the Rotorua Lakefront Volcanic Playground.
- Established a close working relationship with representatives of Timber Management Company over management of the Tokorangi Triangle forest.
- Renewed utility services to the Visitor Information Centre on Long Mile Drive.
- Continued implementation of Parks Interpretation Strategy with development of new signage and brochures.
- Development and distribution of a suite of parks information brochures covering walkways, lakes reserves, natural and cultural heritage trails, and where to wed.

Public Library

- Introduction of a new Teens Library Card.
- Successful holiday programmes in which participation exceeded expectations.
- Teens FRESH programme for summer attracted three times the number of expected participants.
- Internet/IPAC access provided for Mobile Library.
- Launch of EPIC database. EPIC is a collection of databases purchased as part of an agreement obtained by a nationwide consortia of libraries and providing online reference sources.

- Launch of IPAC+ (a public catalogue including community databases and websites such as government sites, newspapers, council websites, phone books, other libraries etc).

Rotorua Museum of Art & History

- The only southern hemisphere museum invited to present at the Best In Heritage Conference in Europe, winning the major award for Best Presentation.
- Exceeded 100,000 visitors for the second year in a row.
- Exceeded \$600,000 in admissions revenue for the first time.
- Successfully tendered for a new three year contract from the Ministry of Education to deliver education programmes to over 13,000 school students per annum.
- Launch of major redevelopment and extension project for the museum to coincide with the centenary of the opening of the Bath House in 2008.
- Community satisfaction with museum, as measured in 2003 and 2004 NRB surveys, is significantly higher than peer group museums and the national average.

Environmental Group

The Environmental Group of activities is strongly supported through Council's planning and regulatory roles and relates mainly to our functions and responsibilities such as those under the Resource Management Act, Building Act, various sections of the Local Government Act and bylaws.

Building Control

- Building consents issued have exceeded \$100 million for the first time.
- All consents were issued within the required time frames and had a value of \$122 million.
- There has been an 89% increase in building consent numbers.
- There has been an 84% increase in Land Information Memoranda.

Environmental Planning

- The Environment Court process to resolve appeals to the Council's decisions in respect of Proposed Variation Twelve Lakes A Zone to the Rotorua District Plan is drawing to a close. The Plan can be made operative when the decisions of the Court are finalised.
- Rotorua City Design Principles were adopted and District Plan Changes to implement the Design Principles and Noise Standards for CBD completed. A high level of support gained from the community in this regard.

Rotorua Lakes Catchment Management Action Plans

- During 2004 the Lake Okareka Catchment Management Action Plan was completed and adopted into Council's LTCCP. This Action Plan for Lake Okareka was the first of what will become a series of action plans for the lakes of Rotorua District.

- Commenced in early 2003, the plan was developed through an evaluation of the options to reduce nutrient loads in the catchment, by working parties made up of community and stakeholder representatives.
- The plan was progressed through a public hearing process with key recommendations being endorsed by both Rotorua District Council and Environment BOP councils.
- The key actions arising from the Action Plan for Lake Okareka, now being pursued, are:
 - Construction of a reticulated sewerage scheme for the Lake Okareka catchment and public amenities at Lake Tikitapu.
 - Establishment of wetlands in the catchment to intercept run-off.
 - Discussion with rural landowners on nutrient reduction and information provision of agricultural best management practices.
 - Investigation of long term land use changes and a possible land retirement.

Inspection

- Promulgation of Liquor Ban Bylaw which has had a positive influence on reducing both crime and maintenance/cleaning costs in the CBD.
- Continuing positive working relationship with the Police.
- Building and commissioning of a new Patrol Boat MV Marama.

Economy Group

The district's economy can be improved through Council working with key sectors and individuals to foster economic growth. This year saw Council initiate a number of new strategies to contribute towards, and facilitate, economic growth

Destination Rotorua Marketing

- **Melbourne Expo Showstopper Award** - The Rotorua Backpacker Adventure Network booth at the Melbourne Backpacker Exposition in Melbourne won the "Melbourne Expo Showstopper Award" for having the best overall booth.
- **IMEX Wildcard Winner** - The Rotorua Convention Bureau became the first New Zealand destination to exhibit at IMEX (the world's largest convention and incentive trade show) after successfully winning one of five wildcard entries available to emerging conference and incentive destinations.
- **Chelsea Flower Show Gold Medal Winner** - The theme of Tourism New Zealand's 'Ora' Garden of Wellbeing was strongly influenced by a Rotorua geothermal theme, which resulted in excellent destination publicity from the filming of plants being sourced from the Rotorua area, the acknowledgement of Rotorua carver Lyonel Grant providing the feature sculpture, and a worldwide broadcast of Queen Elizabeth's visit to the 'Ora' Garden of Wellbeing.

- **Tourism Rendezvous New Zealand (TRENZ) and Meetings 2004** - Rotorua has come of age as a destination 'flying in formation' as indicated by the largest ever Rotorua contingent attending TRENZ 2004 (international wholesaler trade show) and by the Rotorua contingent attending Meetings 2004 (conference and incentive trade show) occupying the third largest exhibiting region.
- **2006 UCI Mountain Bike Champs** - After two previously unsuccessful attempts, Rotorua has cemented its market position as a world class mountain biking destination after winning the bid to host the 2006 UCI Mountain Bike Champs.
- **Reinstatement of 737 Jet Services to Rotorua** - Air New Zealand reinstated their daily Rotorua jet service over the summer period, Qantas indefinitely committed to a daily Rotorua jet service that commenced on 1 April, and joint venture marketing campaigns between Tourism Rotorua and each of these two organisations demonstrate our commitment to having these services continue into the future.
- **Walter Campaign** - The largest ever Rotorua joint venture marketing campaign was launched to revitalise the domestic market, through the eyes of 5 year old 'Walter' in a variety of media including television commercials, newspaper advertisements, billboards, personal appearances and media profiles.
- **www.rotoruanz.com Revamped** - Rotorua's community website was revamped, resulting in a fresh new look, improved navigation and a series of new informative pages.
- **NZ Professional Photographers Awards Bronze Medal** - Photographer Graham Murray won bronze at the TNZ Photo Awards for the 'mere' image that he supplied to Tourism Rotorua as the cultural icon image.
- **10 Year Strategic Plan Adopted** - Through a series of industry workshops a 10 year strategic plan for the development of tourism in Rotorua was completed to reflect the joint vision of Tourism Rotorua and its industry partners.
- **Charter Membership Growth** - There has been a 30% growth in membership of the Rotorua Sustainable Tourism Charter since a drive by industry to rejuvenate the Charter, after a period of stagnation following its launch in September 2001.

Economic Development

Rotorua Employment Skills/Knowledge Project

- This project, headed by the Economic Development Unit, is a Government partnership approach involving central agencies, Rotorua industry and business groups.
- Research identified significant skill shortages currently, and projected into the future across all sectors in the region.
- Through a number of industry group forums, the Rotorua Employment Skills Strategy, with a detailed action plan, was developed and launched in October 2003.

- The project provides the opportunity for industry to encourage skill development initiatives specific to their sector.

Radi Centre

- The Economic Development Unit has played a key role in the development of the New Zealand Centre of Excellence in Wood Manufacturing. Now known as the Radi Centre, it is a partnership between Forest Industries Training, Waiariki Institute of Technology and Auckland University, supported by Rotorua District Council and New Zealand Trade & Enterprise. Diploma courses have already started.

Retail Strategy

- In October and November the Economic Development Unit facilitated the development of a retail strategy for Rotorua's CBD retail community with the aim of "growing Rotorua's retail economy", making Rotorua a leading shopping, dining and leisure destination.
- The strategy has five key areas of focus, being CBD environment, marketing and promotion, physical development, infrastructure and amenities, funding and management.
- Implementation will take place over the 2004 – 2007 period.

Volcanic Films Initiative

- The Economic Development Unit played the key role in the development of Volcanic Films which is an initiative that has the aim of facilitating and promoting a supportive and invigorating film friendly environment for the screen production industry in our region.

Rotorua Economic Development Strategy

- The Economic Development Unit has successfully secured \$100,000 from New Zealand Trade & Enterprise to put towards the development of a Rotorua Economic Development Strategy.
- This strategy has the aim of providing a vision and direction for economic development in the region.
- Industry and key community sectors of Rotorua will be involved in the development of the strategy, a process which started in June 2004.

Industrial Land

- Infrastructure and amenities investigations are nearing completion into the potential Rerewhakaaitu industrial land site.
- Other potential industrial and commercial land site options in Rotorua are being investigated.

Tourism Rotorua Travel and Information

- 947,846 people visited the Tourism Centre.
- The Travel Office had commercial dealings with 273 individual suppliers in Rotorua.

Infrastructural Group

The Infrastructural Group has been established as an activity group which contributes towards the wellbeing activities e.g. stormwater ensures homes are protected, businesses are not at risk of flooding and the environment is not degraded from uncontrolled stormwater runoff.

Engineering Support

- Project management of development projects for Rotorua Airport.
- Completion of the Water Services and Trade Waste Bylaw.
- An independent review was commissioned by Rotorua District Council to assess the efficiency and effectiveness of our resource consent processing operations and to recommend improvements, where possible (Sharplin Report).
- Consent processing review (Sharplin Report) was foreseen and the Resource Engineers were ready to adapt as quickly as possible.
- In keeping with the response to the Sharplin Report, performance targets were re-written to replace 100% peer reviewing with turnaround times and audits. These were implemented in January 2004 and included in the LTCCP. The targets for the two six month parts of the year have been achieved.
- Consent processing times reduced to an average of 2.8 days/consent internally.
- Image and branding introduced during the year.

Laboratory

- **IANZ (International Accreditation NZ)** - The environmental laboratory is IANZ accredited providing chemical and microbiological analysis of drinking water, natural water and waste water. There are four permanent laboratory staff (three technicians and one supervisor) managed by the Environmental and Scientific Services Manager as part of the Resource Engineering Section. Two of the technicians have achieved signatory status which allows them to certify testing. The workload of the laboratory includes provision of a sampling, monitoring and analysis capability for the wastewater, drinking water, landfill and pollution control sections of engineering. It also carries out a significant portion of work for neighbouring councils and for external clients such as consultants and farmers.
- **New laboratory** - The current laboratory facility was extended in 1987 but since that time the building has been significantly outgrown and no longer provides an effective working space. Planning of the new laboratory took place in late 2003 and the current contract worth \$290,000 began in April. The new building includes a complete new fitout of hardware and was designed as a simple structure to increase space, improve workflow and provide workspace for technicians outside the laboratory work area. The existing laboratory will be modified to provide office space and a meeting room for the wastewater plant.

Land Drainage

- Issue of first comprehensive catchment consent.

Landfill

- Completion of next phase of cell extension.

Passenger Transport

- Initiated review of public passenger transport services for Rotorua which has led to a new and improved passenger transport service being implemented by Environment BOP.

Roading

- Completion of Rotorua Urban Transportation Study.
- Realignment of accident prone section of Hamurana Road.
- Completion of Ngongotaha upgrade.

Road Safety

- New District Road Safety Strategy consultation completed.
- Community Road Safety Fund advertised and allocated to community groups.
- Safety management system adopted and implemented.
- All programmes completed e.g. intersections, merging, bikes, seatbelts, older persons and alcohol.
- Active liaison with Police to provide risk targeted patrol plans, action public concerns e.g. speed, racing etc, and delivery of enforcement hours in the district.
- Close working relationship with LTSA staff both regionally and nationally, acknowledged by LTSA regional manager.
- Rotorua was selected during the year as a trial site for the "Safe Routes" programme. This is a central government initiative to increase the perceived level of safety in the community. A localised area is consulted and an action plan developed to improve the safety of all users who may use the site. This may include pedestrians, cyclists and motorists. The improvements are identified directly by the community involved. A Safer Routes Co-ordinator has been appointed, the project is expected to run for the next year in the Westend and Clayton Road communities.

Rural Fire

- Lake Okareka has a refurbished ex-NZFS appliance.

State Highway Administration

- Low level of complaint/closure on RDC highway network.
- Advanced construction of Old Taupo Road 4 laning.
- Completed Cookson Road passing lane ahead of schedule.
- Gas line curves investigation/route selection completed.
- Pyes Pa/Tauranga Direct Road advance work to complete handover underway.
- State Highway 38/Rerewhakaaitu Road intersection design completed.

Waste Management

- Completion of Waste Strategy.
- Initiation of Cleaner Production Contract.

Waste Water

- Substantially completed the methanol dosing plant – Waste Water Treatment Plant.
- Completed preliminary and detailed design of the Eastern Areas Sewerage Scheme.
- Obtained MOH grant for the Mourea/Okawa Bay Sewerage Scheme.

Water

- Substantially completed the Mihi-Reporoa Deep Creek headworks and reticulation system upgrade.
- Completed the Central/Ngongotaha link main which will enable the transfer of water from Ngongotaha to the Central area.
- Completed Stage I of the Eastern Rising Main duplication, which will increase the output from the main pumps, and provide additional security against pipe failure.
- Completed all programmed water reticulation replacement works.
- Completed construction of a standby bore for Mamaku.
- Completed construction of a new reservoir at Mountain Road to provide additional storage for the Mountain Road/Clayton zone.

Castlecorp

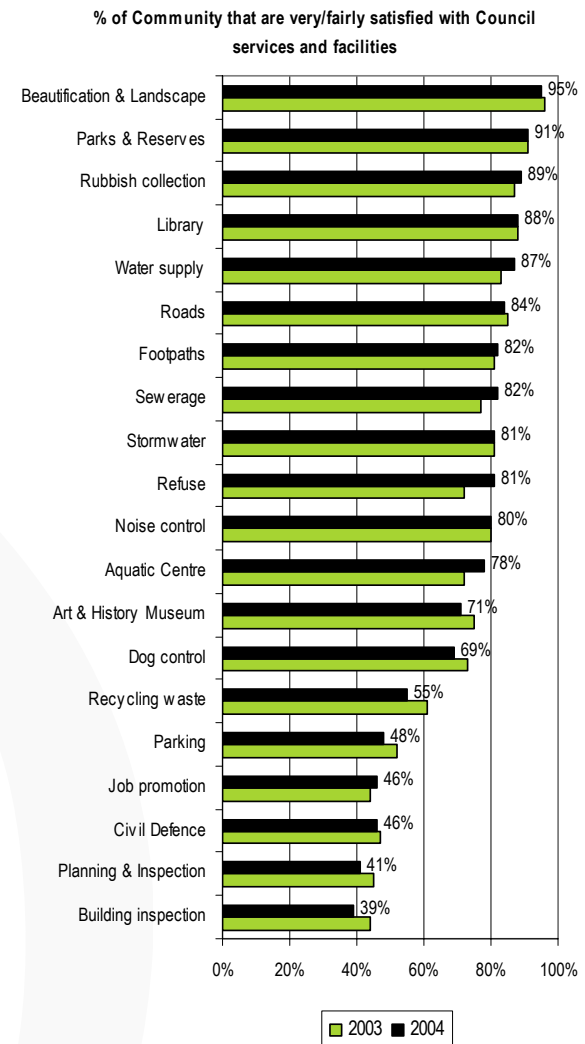
Castlecorp is a separate business unit within the Rotorua District Council whose purpose is to provide infrastructural services to the residents of the District of Rotorua 365 days per year for:

- water
- wastewater
- refuse
- land drainage
- parks and reserves
- sports fields
- public gardens
- fleet maintenance

- 2003 / 2004 financial year represents the first year that Castlecorp has successfully been audited within all requirements of the ISO9001 : 2000 standards and complied with all relevant conditions when audited by the external agency, Telarc. An excellent post-audit report was received with only five compliance conditions requiring attention.
- The development of the new Castlecorp brand has aligned the business unit closer to the RDC structure using the strapline of “*keeping Rotorua*”, while aligning the logo to the corporate entity though colour and style. While the new brand has been gradually introduced to the community, recent advertising of leak detection work has proved the most effective ever, with the highest notification of water leaks through email and by phone ever recorded, representing the new brand communicating more effectively with the public.
- Castlecorp has proactively contributed towards promoting the community outcome of a *safe and caring community*, by attending weekly “Intel” meetings at Rotorua Police Station. Recognising the large number of staff that Castlecorp has working throughout the District 24/7, both organisations have acknowledged that the information exchange between the organisations has lead to better community policing, a safer community, and consequently a safer working environment for our staff.

NRB Customer Satisfaction Survey

Each year Council engages National Research Bureau Ltd (NRB) to prepare a ‘Public Perceptions and Interpretations of Council’s Services and Representations’ report. The survey provides elected members and management with sound information on how the communities perceived the quality of services. The following graph shows levels of satisfaction with services over the last two years.



Elected Members

It has been a particularly demanding year for His Worship the Mayor and Councillors with the preparation of the LTCCP, rates review, revised engineering solution to the eastern sewerage scheme and its funding, commitment to a new funding and ownership structure for Rotorua Regional Airport, increase in airport expenditure, roading policy including a designation for the Victoria Street Expressway, community policy development, to name but a few. These developments have required strong vision and leadership.

It has been my pleasure to work with and provide advice to Mayor Hall and Councillors, and to see the achievements of the past year. The management team and I have enjoyed the challenges and we have enjoyed working through issues and finding solutions that set the district up well for the future.

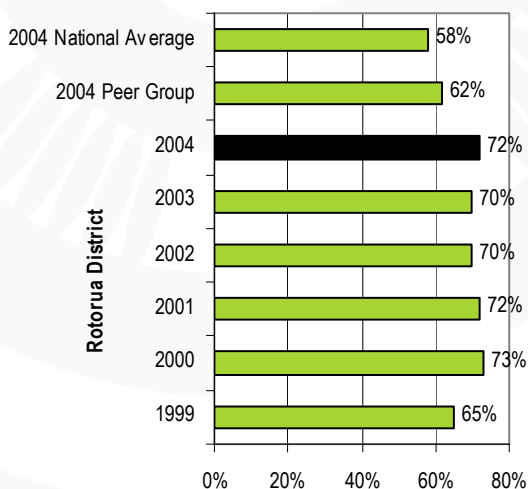
Mayor Hall will not be leading the team after the elections in October 2004. He will stand down as Mayor of the District after 12 years and a total of 27 years as an elected member of local government in Rotorua. In my short two years as Chief Executive of Rotorua District Council I have seen a person with enormous drive, constant vision for the district's future, commitment to maintaining a strategic approach to everything he is involved in, and a sense of community that has made Rotorua a fantastic place to live, work and play. He will leave big shoes to fill.

Mayor Hall has been a great person to work with and a friend who will be greatly missed by me, the management team and staff.

Staff Contribution

I can not speak too highly of our team that collectively ensures we are able to consistently meet the expectations of our community. The NRB survey of community satisfaction with staff performance, reinforces this view. The graph below shows the percentages of residents who rate staff performance as very/fairly good. The peer group is detailed in the Statement of Service Performance Contents page.

% who rate staff performance as very/fairly good



Mr Paul Sampson retired from Council in July 2004. In the 14 years with council as the District Engineer, Mr Sampson lead a number of major projects and policy initiatives. To note just some:

- City centre upgrade including Government Gardens
- Urban waste water treatment plan
- Lakefront development
- Significant contribution to understanding lakes water quality issues
- Major State Highway and local roading enhancement
- Significant risk reduction programmes
- National rural fire representation.

Mr Nico Claaseen has been appointed as the new District Engineer and will continue on from the excellent leadership and strategic management of Mr Sampson.

Conclusion

It has been an exciting and challenging year with major progress on a number of matters including:

- Lakes water quality
- Rotorua Regional Airport
- Rotorua Energy Event Centre
- Urban Transport

All these achievements have occurred in an environment of prudent financial management.

You are encouraged to take some time to read the balance of this report and if you have any further questions do not hesitate to contact us.

Peter Guerin
Chief Executive

REPORT ON LONG TERM FINANCIAL STRATEGY AND POLICIES

Introduction

Council is required to prepare and adopt a long-term financial strategy, funding policy, investment policy, and borrowing management policy.

Transition requirements of the Local Government Act 2002 specify that Council must provide in its annual report sufficient information about each of the documents listed above to enable an informed assessment of the extent to which the objectives and provisions of the strategy and policies have been met during that year. Further annual reports will comply with section 98 of the Local Government Act 2002.

The information required should include an explanation of any significant variation between:

- The objectives and policies of the Long Term Financial Strategy, Funding Policy, Investment Policy and Borrowing Management Policy set out in the Annual Plan for the financial year,

and

- The actual achievement of those objectives and policies.

During 2003/2004 the Council made progress towards the achievement of objectives and policies for the year as set out in the Annual Plan relating to its Long Term Financial Strategy, Funding Policy, Investment Policy and Borrowing Management Policy. Details of achievement against the objectives and policy are set out in the following paragraphs.

1. Long-Term Financial Strategy

Background

The Long Term Financial Strategy (LTFS), as outlined in the Annual Plan, identifies significant activities of the Council and provides for associated estimated future expenses, revenues, cashflows and other movements in the statement of financial position. The general aim of the LTFS is to ensure that the Council has adequately considered and accounted for its future operations in accordance with the following six principles:

- Prudent management of Council activities in the interest of the district and its inhabitants.
- Adequate provision for expenditure needs of the Council.

- Adequate consideration and assessment of benefits and costs of different options.
- Lawful funding mechanisms that on reasonable grounds can be considered as appropriate.
- Maintaining prudent levels of debt in accordance with borrowing management policy.
- Operating revenue to cover all projected operating expenses.

In 2003/2004 the Council was in the first year of its third Long Term Financial Strategy (LTFS). Council adopted its first Long Term Council Community Plan (The Ten Year Plan) in June 2004 and this replaced the LTFS from the next financial year.

Overall performance

Council's significance policy determines that a budget variance of over \$2 million is significant. Listed below are explanations regarding variances from the Long Term Financial Strategy to actual results.

Statement of Financial Performance

for the year ended 30 June 2004

(\$ in thousands)	Actual	Annual Plan	Variance	LTFS	Variance
Income	74,330	70,139	4,191	70,139	4,191
Expenditure	67,072	65,267	1,805	65,267	1,805
Surplus	7,258	4,872	2,386	4,872	2,386

Variance to Long Term Financial Strategy (LTFS)

This is year three of the Long Term Financial Strategy.

Income Changes to LTFS	\$ million
▪ Increase in grants	2.7
▪ Increase in other revenue	0.7
▪ Revaluation change	0.5
▪ Increase in interest	0.3
Total Income Variance	\$4.2

Expenditure Changes to LTFS

▪ Increase in depreciations due to impact of last year's revaluation	2.4
▪ Net other savings	(0.6)
Total Expenditure Variance	\$1.8

Statement of Movements in Equity

for the year ending 30 June 2004

(\$ in thousands)	Actual	Annual Plan	Variance	LTFS	Variance
Opening *	535,553	469,798	65,755	469,798	65,755
Net Surplus	7,258	4,872	2,386	4,872	2,386
Closing	542,811	474,670	68,141	474,670	68,141

* includes any adjustments for change in revaluation reserve

Main increase due to the impact of last year's revaluation reserve and this year's improved net surplus.

Statement of Financial Position as at 30 June 2004

(\$ in thousands)	Actual	Annual Plan	Variance	LTFS	Variance
Working Capital	23,345	(1,900)	25,245	(1,900)	
Non Current Assets	566,387	523,695	42,692	523,695	
Non Current Liabilities	(46,921)	(47,125)	204	(47,125)	
Equity	542,811	474,670	68,141	474,670	

Working Capital

The Annual Plan budget included all work in progress in capital	12.0
Properties intended for resale within the next 12 months now identified	1.0
Additional cash on hand to complete projects that will be completed in 2005	4.6
Change in category from long term to short term investment	4.4
Receivables higher than budgeted due to airport advance budgeted to be repaid by 30 June	4.4
Other changes	(1.4)
	25.0

Assets

Fixed assets not completed and in working capital as work in progress	(12.0)
Properties intended for resale within the next 12 months	(1.0)
Additional capital projects purchased this year	3.0
Increase to last year's revaluation net of depreciation increase as a result	56.4
Change in category from long term to short term investment	(4.4)
	42.0

Equity

Equity increase due to impact of above, particularly the 2003 revaluation increase which was undertaken subsequent to the Annual Plan.

Statement of Cashflow for the year ending 30 June 2004

(\$ in thousands)	Actual	Annual Plan	Variance	LTFS	Variance
Operating	22,758	17,296	5,462	17,296	5,462
Investing	(29,655)	(27,008)	(2,647)	(27,008)	(2,647)
Financial	6,490	6,547	(57)	6,547	(57)
Net change	(407)	(3,165)	2,758	(3,165)	2,758
Opening cash	1,314	5,165	(3,851)	5,165	(3,851)
Closing cash	907	2,000	(1,093)	2,000	(1,093)

- Operating better off mainly due to additional grants received for capital projects. The significant project being the transfer in of the International Stadium.
- Investing up due to spending of the additional capital grant money received.
- Opening cash change reflects more excess funds on investment, rather than held in our current account.

Specific Objectives and Targets

Objective	To maintain the financial direction as specified by Council's Long-Term Financial Strategy.
2003/04 Target	To ensure 2003/2004 operating revenue exceeds expenditure.
Performance	Achieved excluding other adjustments (refer Statement of Financial Performance).
2003/04 Target	To ensure Council rates revenue remains in line with the rating changes as set out in the Long Term Financial Strategy.
Performance	Achieved (refer Statement of Financial Performance).

2. Funding Policy

Background

The Funding Policy as outlined in the Annual Plan, is designed to ensure that the allocation of costs by function is met by the people or groups benefiting from the function.

Overall Performance

The Council has utilised the planned funding mechanisms. The actual allocation of the costs of the Council's functions is not significantly changed from the Annual Plan.

Specific Objectives and Targets

Objective	To maintain a mix of funding mechanisms that will meet the total funding requirements of the district.
2003/04 Target	To collect user charges as indicated for year two of the second Long Term Financial Strategy.
Performance	Not achieved. See below.

Whilst there have been no significant variations to maintaining a mix of funding mechanisms as stated in the funding policy, Council has not yet fully achieved the balance between user charges and general rates indicated in the 2001/2002 Long-Term Financial Strategy. In 2003/04 Council undertook a review of its funding policy for the 2004/14 LTCCP.

3. Investment Policy

Background

The Council delegates responsibility for management, monitoring and reporting of Council investment and activities to its Finance and Strategic Planning Committee, and its Treasury division. A Treasury policy document sets out the parameters for the operation of the Treasury division, and the volume of investments that the Council will be involved with.

The mix of investments between current and non-current is determined according to the Council's working capital needs.

Overall Performance

There are no significant variations or material departures from the Council's investment policy as reported in the Annual Plan.

Specific Objectives and Targets

Objective	To minimise risks arising from debt raising, investments and associated interest rate management activity.
2003/04 Target	To ensure level of investment within each institution of Council is kept within Council policy limits.
Performance	Achieved. All investments within policy limits.
2003/04 Target	With each registered bank of not greater than \$5 million.
Performance	Achieved. Maximum \$5 million.
2003/04 Target	With each local authority of not greater than \$2.5 million.
Performance	Achieved. Maximum \$2 million.
2003/04 Target	With each A-rated corporate of not greater than \$1 million.
Performance	Achieved. No investments held.
2003/04 Target	\$5 million held with maturity less than one year.
Performance	Achieved. Minimum of \$5 million held short term.

4. Borrowing Management Policy

Background

The main function of the Borrowing Management Policy is to ensure that the Council's debt and its associated risks are maintained at prudent levels. Refer to the Annual Plan for a detailed outline of the policy.

Overall Performance

Council had previously reviewed its Balance Sheet structure in 1999. Council had traditionally held its specific reserves and self-funding accounts in cash investments arranged so that maturity dates would allow Council to call on these investments in case of need. This meant that these reserves were funded by realisable investments.

Council identified that new legislation allowed it to streamline its borrowing and investing functions. Accordingly, it amended its policies so that these reserves needed no longer to be separately funded (unless in the nature of a Trust Fund). There are, however, five activities which Council continues to "ring-fence" and identify as separately accounted for activities. These activities are Pensioner Housing, Refuse Collection, Landfill, Wastewater and Water Supply.

Specific Objectives and Targets

Objective	To minimise risks arising from debt raising, investments and associated interest rate management activity.
2003/04 Target	To ensure level of term liabilities maturing each year is kept within Council policy limits.
Performance	Achieved. All loan maturities within policy limits.
2003/04 Target	Refinancing existing borrowing does not exceed \$15 million.
Performance	Achieved. Maximum annual maturity \$9 million.
2003/04 Target	To ensure interest expense is covered by funds flow by at least two times.
Performance	Achieved. Coverage 6.3 times.
2003/04 Target	Gross interest expense not to exceed 15% of total rates revenue.
Performance	Achieved. Interest expense 7.7%.

BRIGHT FUTURE ROTORUA - COMMUNITY OUTCOMES

The Local Government Act requires Council to carry out a process to identify community outcomes for the intermediate and long-term future of the district and, not less than once every 3 years, to report on the progress made by the community in achieving these community outcomes.

The purpose of the community outcomes process is to:

- Provide the Rotorua community with an opportunity to discuss its present situation and prioritise issues in terms of their importance for Rotorua's future
- Influence and guide priorities in relation to the Council and other organisations' activities
- Help the community, council and other organisations to work together in a more efficient and co-ordinated manner, to better promote well-being in the district
- Check how we are progressing towards Rotorua's agreed outcomes

Community Outcomes are overarching strategic goals that councils and other organisations can use to guide their service delivery and resource allocation. They are also a focal point for promoting closer working relationships, to ensure resources are used more effectively and in a coordinated manner.

Rotorua District Council's contribution to promoting the community outcomes is described in the LTCCP (Ten Year Plan). It is a requirement of all LTCCPs to describe which community outcomes different council activities will contribute towards.

In accordance with the letter and spirit of the Local Government Act, Rotorua District Council is taking a collaborative and inclusive approach to identifying and monitoring community outcomes. In mid-2003 the council discussed the community outcomes requirements with other key organisations that promote community well-being in the Rotorua District. These organisations endorsed a process of public consultation which took shape in the latter part of 2003 as the Bright Future Rotorua project.

First, information from previous community feedback was compiled into a set of eight draft community outcomes. This information was used as the basis for a community survey which asked residents to prioritise the draft outcomes according to what they felt was most important for the District over the coming decade. More than 800 responses were received from a broad cross-section of people. The results show that a safe and caring community is the most important outcome for Rotorua residents. Other high priorities include a healthy community, a prosperous community and a community that respects its environment.

Many survey respondents also suggested additional issues they felt were important for Rotorua, including supporting young people, promoting multi-culturalism and ensuring strong leadership. These and other ideas will be considered over the coming two year period as part of a thorough review of the community outcomes pyramid.



Monitoring Reporting

In addition to identifying community outcomes and showing how it will promote them through its LTCCP, Council must also facilitate the development of a framework to monitor the community's progress towards outcomes, and to report on this at least every three years.

Rotorua District Council is continuing to work with other agencies and organisations, in consultation with the community, to develop a monitoring framework. Once a good set of indicators has been agreed, regular monitoring will take place and progress will be regularly reported back to the wider community. The monitoring programme will provide valuable information for Council and other organisations to help them ensure their activities and services are meeting the requirements of the community. Development of the monitoring framework is scheduled for completion in September 2004 with the first report-back to the community in October 2005.

Much of the value of the Bright Future project will only be realised if different organisations and sectors of the community work together. Rotorua District Council is exploring ways in which all agencies and organisations can work collaboratively to ensure service delivery is consistent, effective and aligned with community expectations. Learn more about Rotorua's Bright Future at www.rdc.govt.nz.



COMMUNITY OUTCOMES

A safe and caring community – families and whanau are safe and strong, people are considerate and respect cultural diversity.

He Iwi Whanui e ngakau nui ana ki te manaaki motuhake.

- Safe homes and streets
- Less crime
- Fewer road accidents
- Organisations working together on agreed priorities
- Providing safe public spaces
- Families and whanau work, play and talk together

A community that respects its environment - people value respect and understand the needs of our lakes, streams, forests and geothermal resources, commitment to preserving, monitoring and improving the natural environment is owned by everyone.

He Iwi Whanui tenei e ngakau nui ana ki te Taiao

- Looking after our air, land and water resources
- Improve lake water quality
- Waste reduction
- Kaitiakitanga (guardianship)
- People using and enjoying our natural environment
- Historical sites and buildings are protected and promoted
- Manage and protect geothermal resources and our springs, trout, lakes, forests, geysers

A healthy community - health is holistic, people are supported to enjoy and experience physical, mental, emotional, and spiritual well-being

He Iwi Whanui tenei e ngakau nui ana ki tona oranga

- Increasing recreational opportunities
- Good access to health services
- Safe drinking water
- Improving health status for all
- Improve youth health
- Effective responses to developing health issues
- Improved self esteem/confidence ability
- Partnerships to promote healthy living
- Healthy whanau, healthy communities

A prosperous community - people and businesses are motivated to be successful, jobs are created and rewards are shared

He Iwi Whanui tenei e kokiri whakamua ana i roto inga take Houkura

- Rising average incomes
- Encouraging development of Maori Land
- Reducing unemployment rate
- More investment in our district
- More employment opportunities
- More new business
- Celebrating and promoting our district's unique qualities
- Encouraging growth

A community with excellent facilities and services - a community that plans well to ensure facilities and services are accessible and Rotorua is easy to get around, now and in the future

He Iwi Whanui tenei e mau pu motuhake ana ki ona taonga me ona ratonga

- Easy to get from place to place
- Good, safe, maintained services and roads
- Good quality infrastructure for future
- Excellent reliable communication technology
- Affordable facilities and reserves and services
- A great Airport

A Community that Values its Living Maori Culture – The history of Te Arawa in the district and the value of Maori culture are recognised and fostered.

He Iwi Whanui e manawa nui ana ki te Ao Maori

- Preservation and sustainable development of Maori resources
- Improved opportunities
- A community that recognises the value of partnerships including the Treaty of Waitangi
- Fostering Maori cultural activities and expression
- Respecting Te Arawa as part of the unique heritage of Rotorua District
- Strengthening relationships between cultures

A learning community - people of all ages and backgrounds are inspired to achieve and supported to learn and be well informed.

He Iwi Whanui tenei e ngakau nui ana ki te Ako me te Matauranga

- Learning activities accessible for everyone
- Excellent pre-school/infants facilities
- Addressing skill shortages through the right training
- Improve rate of formal qualification for school leavers
- Quality educational institutions
- Increasing participation in tertiary education
- Whanau supported learning

A “happening” community - Rotorua is an exciting place with lots of activities and events, people welcome diversity and are inspired by creativity

He Iwi Whanui tenei e tumeke ana

- Lots of events including sporting, cultural, festivals, arts
- Leading edge activity events
- Provision of good quality event, conference and tourism facilities
- Celebrating and nurturing traditional Maori culture
- Foster artistic expression, art, music, dancing, public performances and exhibitions

Great facilities to visit eg: museum, arts village, aquatics centre



ABOUT THE DISTRICT

Rotorua lies on the boundary of the Bay of Plenty and Waikato Regional Council areas. With an estimated population count of 67,600, Rotorua ranks 5th in size out of the 59 districts in New Zealand, and 16th in size out of New Zealand's 74 cities and districts. The District is centred around a thriving urban area on the southern shore of Lake Rotorua, and extends to include a substantial rural area as well as lakeside communities. Rotorua is a bicultural District with an increasingly multicultural population. The local environment encompasses 14 lakes, active geothermal areas, and a considerable amount of public open space. Rotorua has an increasingly broad industry base that includes tourism, agriculture, forestry, retail, manufacturing, business services, social services and education.

Some vital statistics:

- The total area of the Rotorua District is 2,708km².
- The District's population is estimated at 67,600 (as at June 2003).
- The population of the main urban area is estimated at 54,800.
- Almost 20% of the population lives in rural and lakeside areas.
- The Rotorua District is a visitor icon in New Zealand and overseas, due in part to its geothermal and cultural attractions. On average, there are more than 5,000 visitors per day staying in Rotorua commercial accommodation.
- There are 1,800 ha of reserves managed by Rotorua District Council.
- There are more than 1,000 km of local roads in the District, of which almost 70% are sealed.
- The gross capital valuation is almost \$6.5 billion and gross land valuation is around \$2.5 billion.
- Rotorua's GDP is estimated at \$2 billion per annum.

Rotorua's Early History

According to oral history, many of Rotorua's Maori residents trace their ancestry to Tamatekapua, the captain of the Arawa canoe that arrived in New Zealand from the fabled homeland of *Hawaiki* more than six centuries ago. The Arawa canoe was beached at Maketu on the Bay of Plenty coast where the new arrivals settled down to live. They had been at Maketu for some time when an ancestor called Kahumatamomoe journeyed inland to explore. He discovered what is now known as Lake Rotorua, and settled at what is now Kawaha Point. Prompted by reports from other explorers, including Tamatekapua's grandson Ihenga, other members of the Arawa tribe eventually moved from the coast and settled in the Rotorua and Taupo areas. The earliest Maori villages in Rotorua were located close to geothermal activity, including Ohinemutu and Whakarewarewa. Descendants of the original settlers have

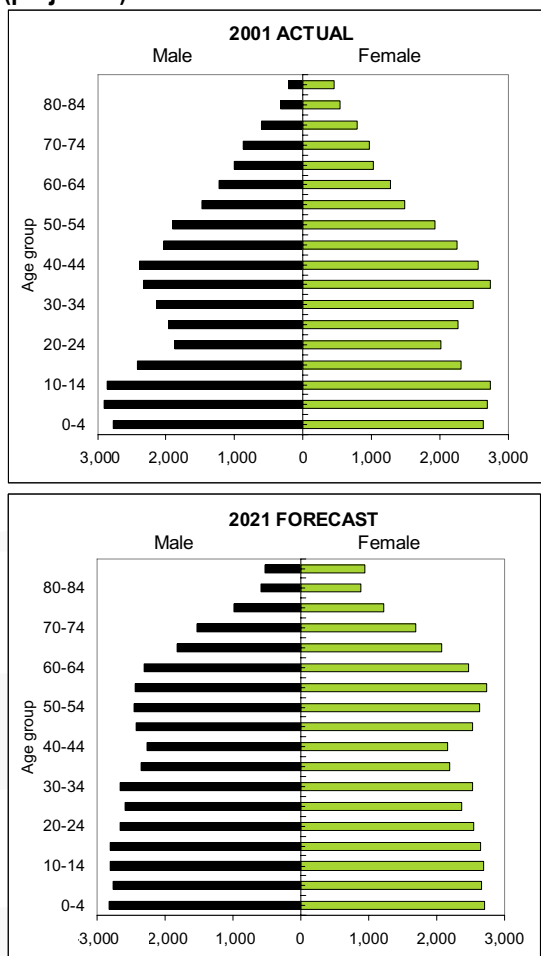
left their mark on modern-day Rotorua through song, dance, legends and place names.

European settlers arrived in New Zealand throughout the 18th century. The subsequent development of the Rotorua area was driven by interest in the unique geothermal and cultural attractions of the area, coupled with the establishment of transport links, forestry and farming. The foundations of today's local government structure were laid by the Thermal Springs District Act of 1881, which made provisions for the establishment of certain amenities in Rotorua. An agreement was also concluded between the Government and the Maori people on the setting up of a Town Board to administer the affairs of the new township. Te Arawa sub-tribe Ngati Whakauae contributed generously to the development of the town through the gifting of more than 120 parcels of land for health and recreational purposes. These include Government Gardens, Kuirau Park, Pukeroa Hill, the Lakefront Reserve, and many other reserves. Today, policy issues in respect of Rotorua's gifted reserves are discussed by a joint committee of the Pukeroa Oruawhata Trust and the District Council.

Rotorua's People

Including people of mixed ethnicity, the major ethnic groups in the Rotorua District are European (72%), Maori (36%), Pacific Islands (4%) and Asian (3%). More than half of Rotorua's young people are of Maori descent. According to Census results, around 8,000 Rotorua residents are affiliated with the Arawa tribe that were the original settlers of the central Bay of Plenty area. In addition, many of Rotorua's Maori residents are affiliated with tribes from other parts of New Zealand. Rotorua's population profile is becoming much more multicultural than it has been in the past, including increases in residents from the Pacific Islands, Asian countries, and many other parts of the world. Rotorua's population profile is also relatively youthful but, like other parts of New Zealand, is gradually growing older. Official projections show that the District is expected to have only moderate residential population growth over the coming decade, with more rapid growth in the eastern suburbs, northern rural areas and eastern lakeside areas.

Age-gender profile, Rotorua District, 2001-2021 (projected)



Source: Statistics New Zealand

Te Arawa and Geothermal Activity of the District

Included in the mythology of the Te Arawa people is an explanation for the origins of the geothermal activity within the district. The story of the tohunga (person of great knowledge) Ngatoroirangi is known and has been recited by both Te Arawa and Tuwharetoa, people of the Rotorua and Taupo regions for hundreds of years.

The following is a brief excerpt of the legend of Ngatoroirangi and the Pacific Ring of Fire:

The explorer Ngatoroirangi of the Arawa canoe was ascending Mount Tongariro when he called to his sisters from Hawaiki to bring him warmth or he would surely die. Ngatoroirangi's prayers were heard and his sisters called upon the fire demons, Te Pupu and Te Hoata, who plunged into the sea and swam to Ngatoroirangi. Te Pupu and Te Hoata surfaced for the 1st time at Whakaari (White Island), where the earth burst into flames, they found that they still had many miles to go so continued on their journey, stopping briefly at Mou-tohora, Okakaru, Rotoehu, Rotoiti, Rotorua, Tarawera, Orakei-Korako and Taupo.

This is but one legend that talks about the geothermal wonders of NZ. These stories act to inform future and current generations about where the geothermal and volcanic activity is, to provide warnings and create an aura of importance about these treasures, whereby they are respected and protected.

Rotorua's Economy

Rotorua's central North Island location provides easy road, rail and air access. The District is enjoying a sustained period of investment, providing a solid infrastructure for growth. Council has invested significantly in improving public amenities in the District, including a \$30 million upgrade of the CBD. Rotorua is home to an increasing number of industry clusters including forestry, tourism and education. These are made up of professional bodies that are committed to working together to improve their operations.

Rotorua's economic base has been changing at a rapid pace, with considerable innovation in the traditional sectors of tourism, forestry and agriculture. These industries jointly contribute an estimated 25% of Rotorua's total economic output. There is an increasing number of smaller lifestyle farming blocks in the District, as well as rationalisation and more intensive use of larger farming blocks. In sectors such as education, manufacturing and retailing, Rotorua's competitive local environment has enabled many businesses and organisations to excel. There is also an internationally recognised depth of local expertise in the transport and engineering sectors.

Labour force participation in Rotorua has increased substantially over the past decade, and unemployment is at a 15-year low. Rotorua's occupational profile is gradually changing, with fewer agricultural workers and increased numbers of manufacturers, professionals, teachers and other service occupations. Career opportunities exist across a wide range of industries. Fast-growing sectors over the coming years are expected to include trade and tourism, manufacturing, health, education and transport. Despite continued uncertainties in the forestry sector, the outlook for forestry and wood processing also remains optimistic. Emerging industries in Rotorua include spa and wellness, biotechnology and film and television. There is also considerable scope for increased commercial development on land and resources owned and managed by local Maori.

Rotorua's Environment

Rotorua's unique environment has shaped the development and identity of the District and provides a wide range of social, cultural, recreational and economic resources. The landscape and its cover have been substantially altered over time by geological events and human activity. Land cover in the District is now dominated by pasture (48%) and planted forest (20%), as well as indigenous forest and lakes. There are 137 Protected Natural Areas in the District, covering

more than 30,620 ha. More than half of this area comprises scenic reserves.

The District's 14 lakes form a backdrop to an abundant variety of natural resources, recreation opportunities, visitor attractions and economic opportunities. The lakes and geysers of Rotorua are icons, recognised in this country and known throughout the world. Around 80% of Rotorua residents visit the District's lakes on at least a monthly basis. Lake water quality is an issue of significant community concern. In general, lake water quality has been declining over the long-term due to increased nutrient levels resulting in sporadic algal blooms on a number of lakes. A collaborative approach is being taken with Environment Bay of Plenty, Te Arawa Maori Trust Board and lakeside communities to better manage lake water quality.

Rotorua is located in close proximity to vast plantation forestry resources, including the extensive Kaingaroa Forest. Forest Research – New Zealand's largest forestry research organisation – is located in Rotorua, as is the Radi Centre of Excellence in Wood Manufacturing, a partnership between Forest Industries Training, the University of Auckland and Waiariki Institute of Technology.

Te Arawa are the traditional kaitiaki (guardians) of Rotorua's environment for future generations, and partnership with Iwi is a key principle in the management of the District's environment. The District Plan lists 235 archaeological sites, 34 marae and 27 other heritage sites or structures that have cultural or historical significance to Iwi. The process of consultation with Maori is evolving as greater efforts are made for improved communication.

Population Projection - 2001 (base) to 2021

Introduction

Each year there are around 5,400 births in the Rotorua District and 2,500 deaths, so natural increase is around 0.8% per year. However, over the period 1996 to 2001 the Rotorua District population remained unchanged due to excess out-migration to other parts of New Zealand and to overseas.

The 2001 Census counted 64,473 residents in the Rotorua District. Allowing for an estimated undercount of around 3.5% on Census night (as estimated by the 2001 Post-enumeration Survey), Statistics New Zealand estimates the Rotorua District population at 66,900 as at June 2001 [67,200 as at June 2002]. This forms the base for the latest official population projections from Statistics New Zealand.

As well as overall population changes, the demographic profile of Rotorua is projected to change. In particular, the population profile is ageing, there is an increasing number of Maori residents, and also an increasing diversity of people belonging to Asian, Pacific Islands, and other ethnic groups.

Latest Projections

Migrational churning is a distinctive feature of the Rotorua District and wider Bay of Plenty. The latest population projections assume that Rotorua will continue to have slightly more out-migration than in-migration each year, resulting in an expected population growth rate of around 0.4% per annum over the coming 20 year period, compared with a national growth rate of 0.8%. The Bay of Plenty as a whole is forecast to grow at 1.25% per annum over this period, due to an expected continuation in the rapid growth in the Tauranga (2.3%) and Western Bay of Plenty districts (1.8%).

The Rotorua District population is forecast to reach 72,300 in 2021. Assuming higher rates of in-migration and births, this figure could be as high as 77,900. Assuming lower rates of migration and births, Rotorua's population could remain at around its current level over the next 20 years. These upper and lower limits are fairly arbitrary, but give some indication of the possible variation.

What The Projections Tell Us - And What They Don't Tell Us

It is important to recognise that these projections are not set in stone. They are simply a "best-guess" based on extrapolating past trends in births, deaths and migration patterns. Key national assumptions include expected average fertility of 1.85 children per woman, increasing life expectancy, and a net national migration gain of 5,000 people per year. Key sub-national assumptions include a continuation of the northward and coastward population drift.

There are four separate components to future population change:

1. The long-term trend.
2. Cyclical changes.
3. One-off changes.
4. Structural changes.

Only the first of these is included in the Statistics New Zealand projections.

1. Cyclical changes might be due, for instance, to semi-regular changes to immigration policy, such as the tightened regulation that we are currently experiencing.

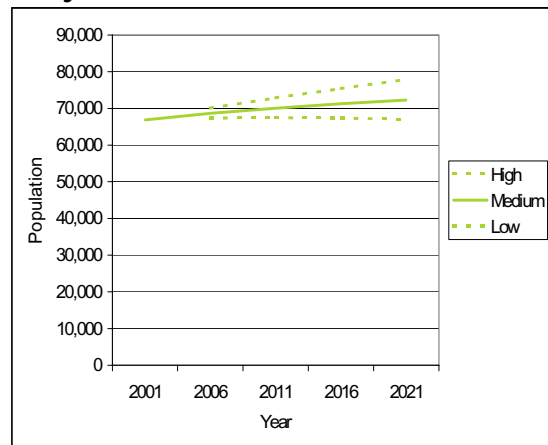
Three scenarios have been prepared that show population growth for the district over the next 20 years. Further work is being undertaken of population churn i.e. movement of population within the district.

2. One-off changes are exactly what they sound like, and may be due to (for instance) a major business relocation.
3. Structural changes affect the long-term trend itself, and may be due to (for instance) strategic migration policies.

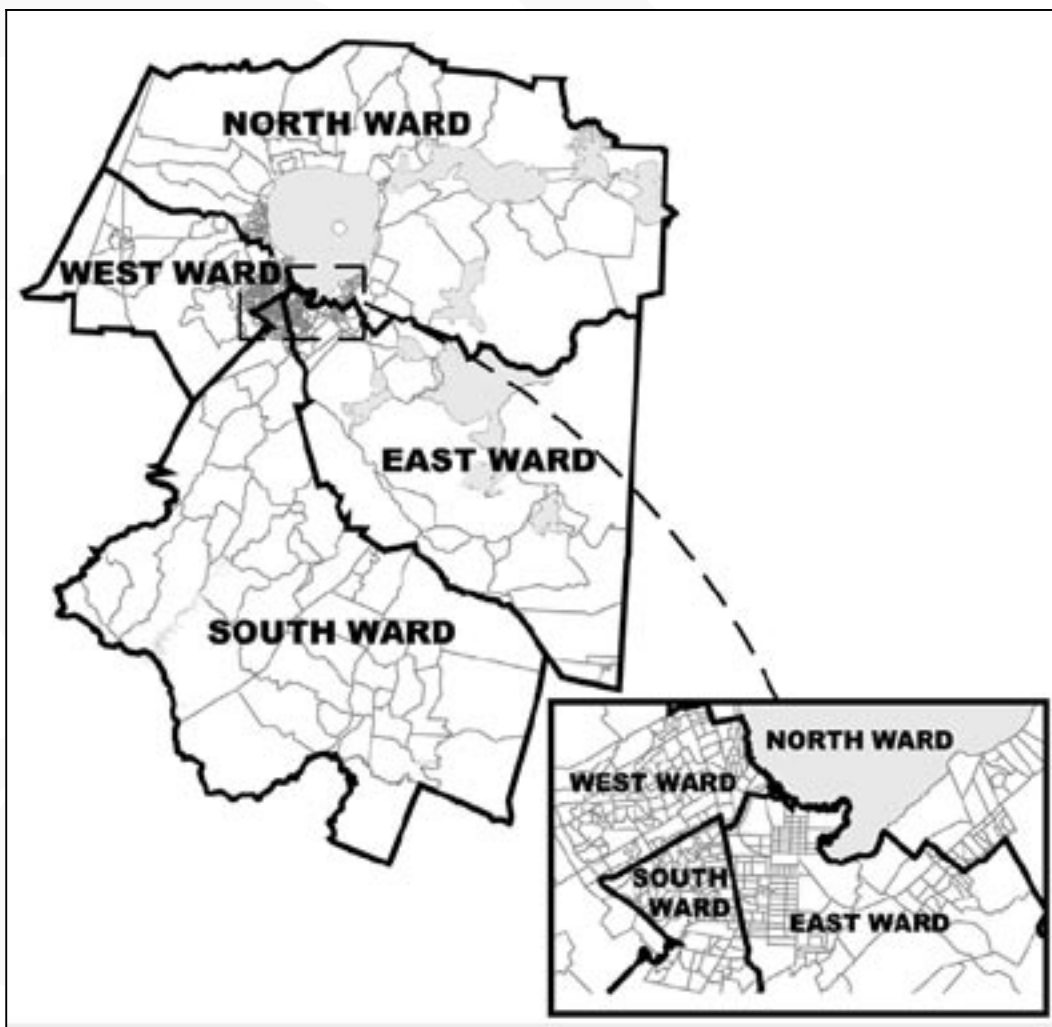
Rotorua District Population Change 1996 to 2001

1996 population	64,509
Population at same address in 2001	24,921
Population at different Rotorua address in 2001	17,172
Population still in Rotorua in 2001:	42,093 65.3%
Population gain:	
Births	5,412
In-migration - other NZ	9,087
In-migration - overseas	2,625
NEC/no fixed abode	5,256
Total gain:	22,380 34.7%
Population loss:	
Deaths	2,429
Ex-migration - other NZ	11,094
NEC/Ex-migration - overseas (inferred = residual)	8,893
Total loss (inferred)	22,416 34.8%
2001 population	64,473

Rotorua District Population Projections 2001 to 2021



Ward Boundaries Map



GOVERNANCE REPORT

Governance of the district relates to the manner of achieving representation of the community's views and how these are translated into actions and work programmes of the Council. This section outlines the structures and processes that promote the following governance themes:

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

Background

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

Role of Council

Council has the overall responsibility for:

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

These roles require stewardship of:

Operation policy and strategic direction

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

Representation

Electoral System

The system of elected member representation is reviewed every three years. Currently there are four Wards with three members elected per Ward:

- North Ward
- South Ward
- East Ward
- West Ward

Ward boundaries are shown in the previous section. Members are remunerated in accordance with the determinations made by the Remuneration Authority.

Elections are being held in October 2004.

Meetings

Council's committee structure and meeting arrangements will be determined by the new Council elected in October 2004.

The Mayor and Councillors

The Mayor is an ex-officio member of all Council Committees, and attends most meetings. The Mayor also holds positions on many trusts, community organisations, and community committees. These positions include acting as trust or board member, committee member or chair, and patron. The Mayor also hosts many meetings to ensure facilitation and transfer of knowledge within the community.

As well as holding the position of Justice of the Peace and celebrant, the Mayor hosts Citizenship Ceremonies, Community Awards, Trustpower Spirit of Rotorua Awards, and Young Achievers' Awards. The Award ceremonies are well attended and recognise the important contribution that others make to the Rotorua community.

For up-to-date information on Governance check the 'About Your Council' document available from Council or on our website www.rdc.govt.nz

Elected Representatives as at 1 July 2004



His Worship the Mayor
Grahame Hall QSO, JP

NORTH WARD MEMBERS



Cr Charles Sturt



Cr Chris Campbell



Cr Bob Martin

SOUTH WARD MEMBERS



Cr Peter Barry MBE



Cr Glenys Searancke QSM



Cr Kevin Winters B.Ag.Sc

EAST WARD MEMBERS



Cr Maureen Waaka MNZM



Cr Cliff Lee



Cr Neil Oppatt

WEST WARD MEMBERS



Cr Trevor Maxwell MNZM

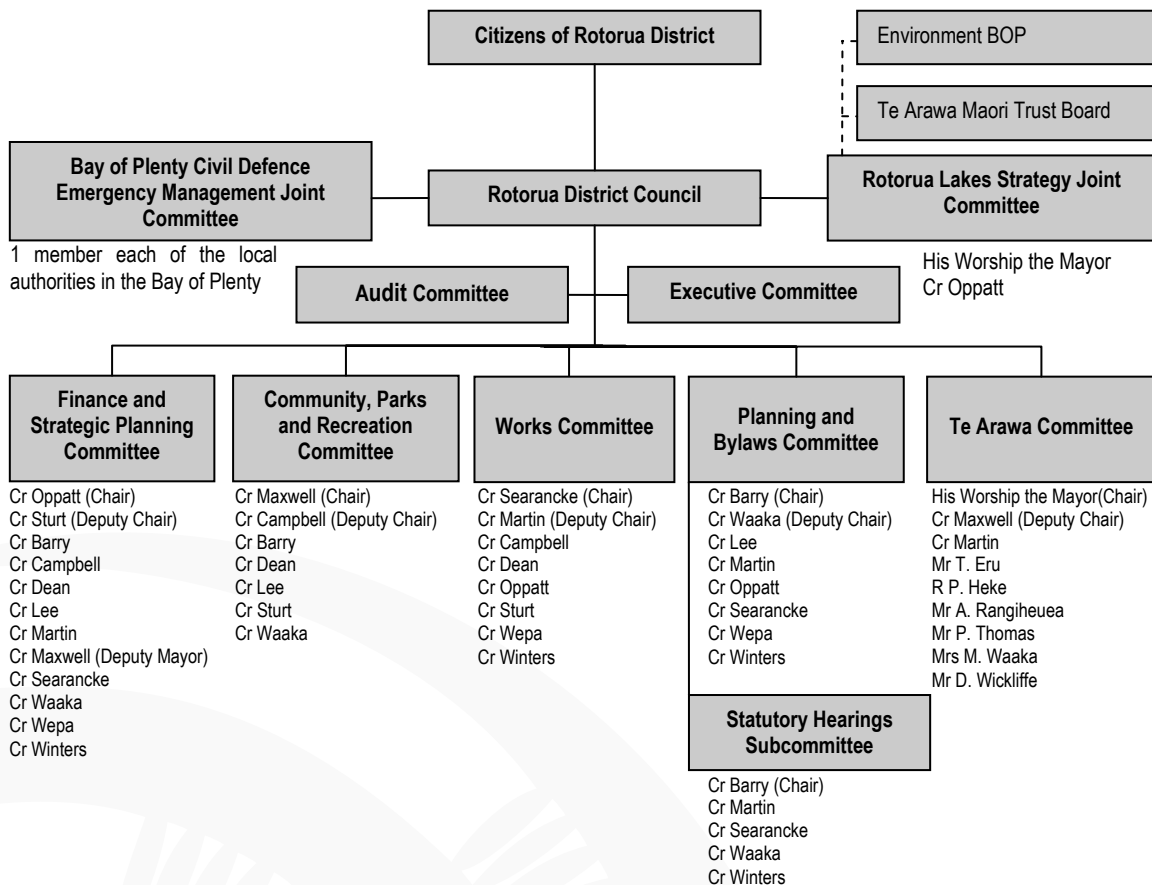


Cr Knocker Dean



Cr Janet Wepa

Committee Structure until October 2004 Elections



Committee Terms of Reference

- Finance and Strategic Planning**
 LTCCP and Annual Planning, financial, general, marketing and development, Castlecorp business unit, and civil defence.
- Community, Parks and Recreation**
 Rotorua's Museum of Art and History, library, community, social policy, monitoring, information and research, community assistance policies, community safety, sister city relationships, parks and reserves, aquatic facilities, cemeteries/crematorium, event facilities.
- Works**
 General roading, road safety, traffic, land drainage, public health, water and lake waters.
- Planning and Bylaws**
 Planning, regulatory, building, health and control of dogs.
- Te Arawa**
 As part of the Rotorua District Council's decision making process Te Arawa Standing Committee has the responsibility to provide a Te Arawa perspective on all matters that affect Maori.
- Executive Committee**
 Comprises His Worship the Mayor, the Deputy Mayor, Chairperson of Finance and Strategic Planning Committee, Chief Executive, and where appropriate, the Chairperson of the affected Committee. Its work includes decisions on applications for remission and/or postponement of rates in cases of extreme hardship, negotiation of leases and emergency matters.
- Statutory Hearings Subcommittee**
 This Committee is chaired by Cr Barry, assisted by four other Councillors who are members of the Planning and Bylaws Committee. It has approximately 12 meetings per year.

- Rotorua Lakes Strategy Joint Committee**
 Rotorua District Council, Environment BOP, and the Te Arawa Maori Trust Board form this joint committee. Lakes water quality is an important issue for the district and the Committee has been charged with ensuring a proactive strategic approach is taken toward co-ordinating lakes quality improvement. Mayor Hall and Councillor Oppatt are Council's representatives, Mayor Hall is Chairperson of the Joint Committee.

- Other Committees**
 These are formed as subcommittees to deal with particular issues as required. They usually meet irregularly and are in existence for as long as required, sometimes being in a period of abeyance between active periods. The Mayor is ex-officio member of all Committees.

- Audit Committee**
 This Committee comprises His Worship the Mayor, the Chairperson and Deputy Chairperson of the Finance and Strategic Planning Committee and an "outside" appointee. Its work includes internal/external audit matters. This Committee meets as required.

Te Arawa Committee

This Committee has representatives appointed and elected from the Te Arawa Iwi. The Committee's terms of reference are "to have responsibility for providing a Te Arawa perspective on all matters affecting Maori".



Back Row (left to right): Peter Guerin (Chief Executive), Piki Thomas, Mauriora Kingi (Director, Kaupapa Maori), Cr Bob Martin, David Wickliffe, Piwiki Heke
 Front Row (left to right): Anaru Rangihueua, Bella Tait (Policy Analyst & Iwi Research Officer), Mayor Grahame Hall (Chairperson), Deputy Mayor Trevor Maxwell, Cr Maureen Waaka, Tai Eru

In February 2004 Anaru Rangihueua resigned from the Committee upon becoming Chairman of the Te Arawa Trust Board. The Trust Board's new representative on the Committee is Sam Hahunga.

Councillor Meeting Attendance

The table below sets out the percentage attendance recorded by Councillors. This is taken from the attendance figures for meetings Councillors are required to attend. If a Councillor is not a member of a particular Standing Committee, they can still attend meetings of that Committee but will not receive payment for such attendance. The 'Other meetings' column below indicates those scheduled meetings over and above councillors' portfolios that they have attended for the 2003/04 year.

Meetings Attended for the year ended 30 June 2004

Committee:	Works	Planning and Bylaws	Community, Parks and Recreation	Finance and Strategic Planning	Te Arawa	Council	Statutory Hearings	Other	Overall Percentage Attendance
Barry		100%	88%	100%		100%	100%	43	97%
Campbell	88%		100%	93%		100%		31	95%
Dean	100%		88%	80%		94%		8	90%
Lee		100%	100%	93%		100%		46	98%
Martin	100%	100%		97%	100%	100%	100%	26	99%
Maxwell *			100%	100%	100%	94%		55	99%
Oppatt	100%	62%		97%		94%		24	88%
Searancke	88%	92%		93%		100%	100%	39	93%
Sturt	100%		100%	90%		88%		36	94%
Waaka **		77%	100%	87%	100%	94%	100%	41	91%
Wepa	100%	100%		100%		100%		51	100%
Winters	100%	100%		97%		94%	100%	43	98%

* Cr Maxwell was not able to attend one Council meeting due to a family bereavement.

** Cr Waaka was not able to attend some meetings due to a family bereavement.

Delegation

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

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

Support for Elected Members

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

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

The Higher Salaries Commission has established a remuneration authority which now determines the overall salary pool for the Mayor and councillors.

Elected members are advised by the Chief Executive (who may seek additional external advice on matters such as legal opinions) and his staff. Resources are also available from such bodies as LGNZ, and professional organisations however, first and foremost, elected members are advised by

the Community which they represent through many formal and informal processes.

Members are elected every three years with the next election being in October 2004. Following elections, members undertake a formal induction programme covering their roles and responsibilities as well as providing a thorough overview of the organisation and its operations.

Risk Management

The Chief Executive is responsible for managing organisational risk to ensure continued provision of services and to minimise financial impacts on residents.

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

An internal audit committee produces a programme for each year outlining areas to be examined to ensure excellent procedures and systems are in place. Overall risk management is supported further through regularly reviewed insurance policies.

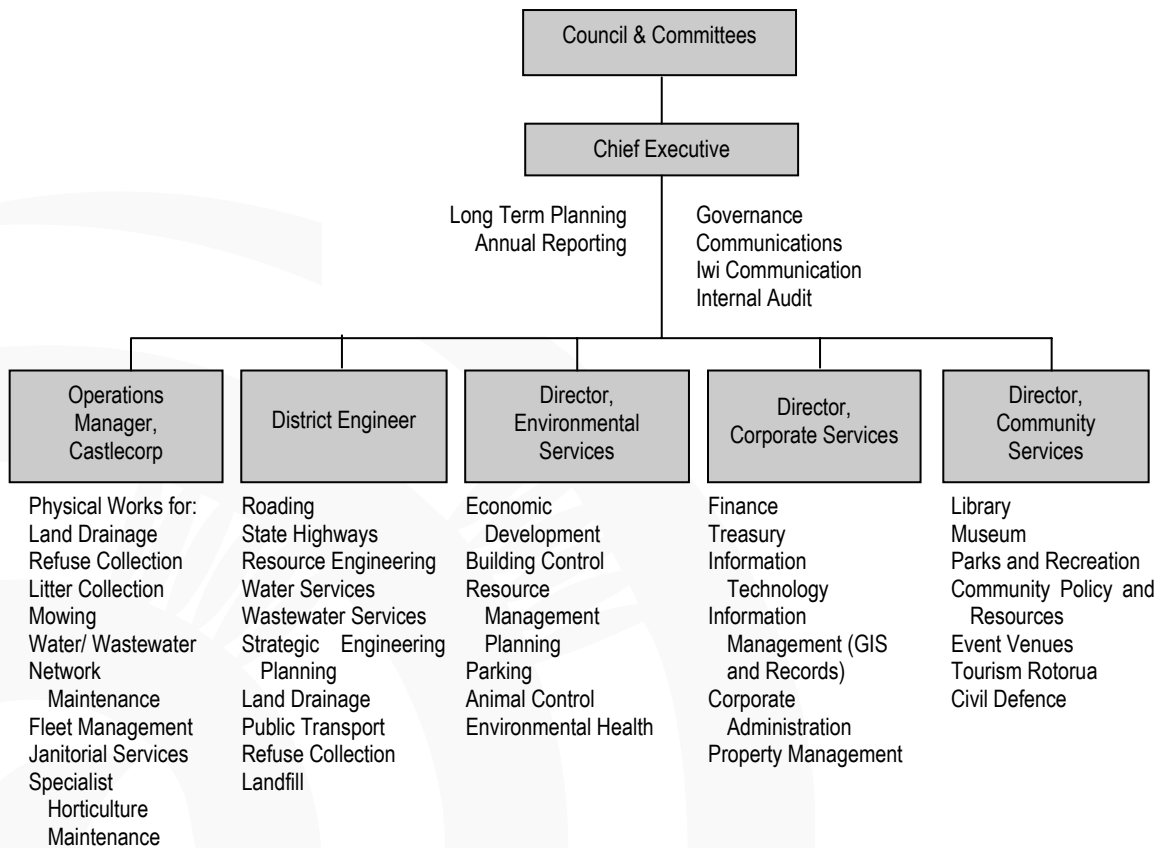
The management team regularly reviews the work of occupational health and safety subcommittees and also ensures appropriate staff are familiar with the SOLGM legal compliance project as it relates to their work area.

A schedule of members' financial interest is maintained and they are required to declare their interests in any matter being considered by them in their role as an elected member at meetings.

Emergency Management

The Mayor and appointed members play a key function in Council's civil defence role. Along with staff, elected members undertake regular training and participate in civil defence exercises.

Management Structure



left to right - Paul Sampson – District Engineer (retired 9 July 2004); Charles Roberts – Director Community Services; Peter Guerin – Chief Executive; Jack Shallard – Director Corporate Services; Nigel Wharton – Director Environmental Services

STRATEGIC DIRECTION

Strategic Framework

A strategic framework has been established which identifies the six key themes of:

- A. Visionary Governance
- B. A great place for locals and visitors to enjoy.
- C. A great natural and physical environment.
- D. A great place to work and do business.
- E. A great community to live in – Tatou Tatou
- F. A efficient, effective and responsible organisation.

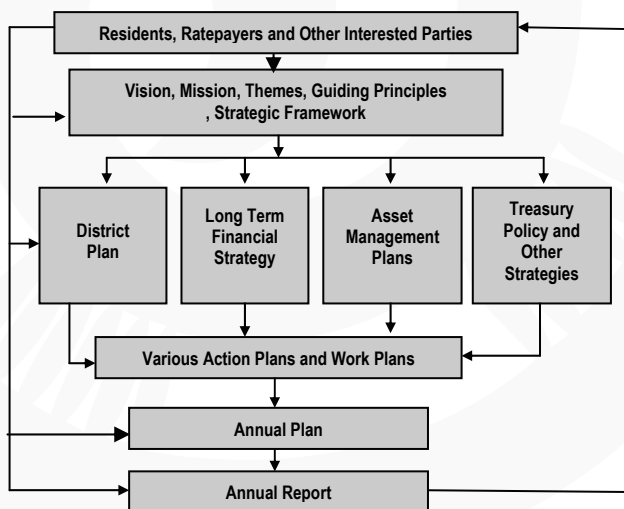
The strategic framework is set out elsewhere in this Annual Report and the contributing planning documents and planning cycle is explained below.

Annual Report

The purpose of this annual report is to compare Council's actual performance for the year with that which was projected in the Annual Plan for the same period. The report has an accountability and informative role. The relative importance of these roles may vary for different users. Accountability is the requirement for Council to account to ratepayers', residents and other interested parties for its performance over the last year. This requires financial reports that:

- Identify the objectives and targets established by formal process.
- Measures actual achievements against those objectives and targets.

Such objectives and targets are both financial and non-financial. The Annual Report is therefore an important link in Council's planning process and annual communication cycle. The diagram below shows how the various other public documents integrate with this Annual Report. The following describe the purpose of each document in the diagram. It is hoped that this will aid in understanding the role of this Annual Report.



District Plan

This document deals with environmental management and significant resource management issues of the District.

Long Term Financial Strategy

This strategy is a requirement of the Local Government Act and provides for: estimates of the expenditure necessary to meet the identified needs of Council over the next 10 years; explanation of the reasons why Council has chosen to engage in various activities; cashflow projections including asset sales and effects on working capital; estimates of reserves, investments, assets, equity, long term borrowing; commitments and contingencies; and links the funding to the Annual Plan.

Asset Management Plans

These documents are prepared to describe how Council proposes to manage major assets (i.e. infrastructural assets) in order to achieve various goals and objectives, and include the levels of service against which performance will be measured; life cycle management plans; policies procedures and timetables for cost effect acquisition, maintenance, operation and disposal of assets to meet agreed levels of service; and cashflows.

Treasury Policy

This document is Council's response to the liberalisation of borrowing powers in the Amendment Act which, in return for increased autonomy, requires policies for "borrowing" and "investments" to be promulgated, and because the two issues are so closely interlinked a single comprehensive Treasury Management Policy has been prepared.

Funding Policy

The funding policy, which includes a number of strategic issues, requires the use of economic principles in the first instance and the political decision to allocate the costs of expenditure for activities Council chooses to engage in. A three step process is required:

Step 1: Expenditure Funding Principles, comprises identification of relevant activities or functions, followed by identification of benefits and costs relating to each activity or function based on economic principles.

Step 2: Modifications – Alternatives, takes into account other dimensions that need to be considered apart from the purely economic, such as fairness and equity, the interests of residents and ratepayers, the need for transition arrangements, and specific policies of Council.

Step 3: Funding Mechanism, addresses the various funding mechanisms that are appropriate, and takes into account issues such as practicability, efficiency and cost of collection in identifying the mechanism with which the expenditure is to be funded.

Annual Plan

The Annual Plan is an action plan produced each year that sets out how Council has prioritised goals, on an annual basis, and over the subsequent two years.

Setting the Strategic platform

With the advent of the Local Government Act 2002, coupled with the Annual Plan submissions of June 2003, a strategic platform has been established for the future direction of the district. This strategic platform will be based around the:

- Long Term Council Community Plan
- Rotorua Growth Strategy
- Rotorua Visitor Industry Strategy
- Retail Strategy
- Funding and Rates Review

Consultation and Events during the Year

Council regularly connects, consults, and communicates with the community over a range of issues, some using formal statutory processes, others using informal processes. Some of the consultative processes that were undertaken this year were:

Tarawera Variation

Council has continued to progress the inclusion in its District Plan of new provisions to manage the sensitive Lake environments of Okataina, Okareka, Tarawera, Tikitapu, Rotokakahi, Rotomahana and Okaro. Variation Twelve, introduces a Lakes A Zone to cater for existing activities and to protect the outstanding natural features and landscapes into the future.

2003/2004 Annual Plan

The Annual Plan for 2003/2004 was adopted on 24 of June 2003 after an extensive public consultation period. There were 153 submissions covering a range of topics. The main issues were:

- Economic growth
- Retail growth
- Review of rating policies
- Council's Seal Extension Programme

A copy of the adopted Annual Plan is available from Council.

Marae meetings

A number of marae meetings were held throughout the year. The meetings were attended by Councillors, Council Officers and members of the community. The meetings proved to be very successful as there was much exchange of information and discussion of issues.

Council projects

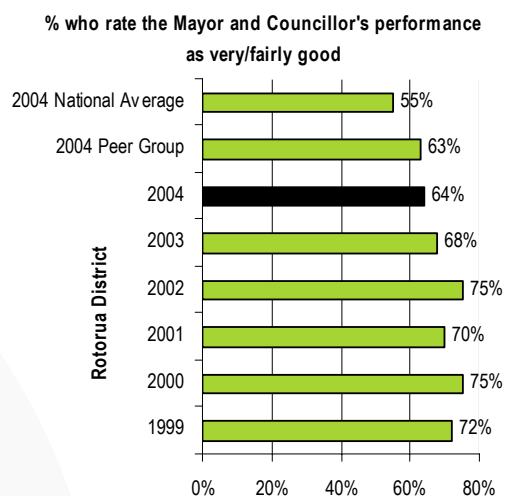
There were a number of Council projects that were undertaken through the year where consultation took place with the community. These include:

- Ngongotaha township upgrade

- Urban Transport Study
- Airport Strategic Issues

Community Satisfaction Survey

The 2004 Community Satisfaction Survey undertaken by National Research Bureau indicated that 64% of those surveyed thought the performance of the Mayor and Council over the past 12 months was very good or fairly good. This is comparable to the peer group average of 63% and the national average of 56%. This is an indicator to Council that their policies and their implementation are very closely meeting the expectations of residents, ratepayers and other interested parties. Of those who contacted Council over the past 12 months, 88% were satisfied with the service received.



Rotorua Regional Airport Ltd

As at 30 June 2003 Council owned 100% of the Rotorua Regional Airport Ltd and appointed all directors to that company. The directors appointed by Council are Chairperson of the Finance and Strategic Planning Committee, Councillor Neil Oppatt; Deputy Chairperson of the Works Committee, Councillor Bob Martin; Ray Cook, businessman; and Bill Kingi, Ngati Rangiteaorere Kahikatea Trust representative. These Directors have represented Council's interests throughout the year in respect of how the Company has been operated at a governance level.

Internal Audit

Council has an Internal Audit Committee with Mayor Hall and Councillor Oppatt as elected members, and Mr B. Lane, a Chartered Accountant, as an external member. The Committee met twice during the year and received:

- Management reports from Audit NZ on end of year reporting.
- Human Resources/Payroll report (there will be reviews of Council's Fraud and 'Sensitive' Spending policies).

Corporate Health Indicators

In addition to performance targets for the individual activities that Council undertakes, there are also some high level strategic indicators that provide a sense of how well the organisation is performing collectively. Each year Council reports on the following corporate health indicators.

	Corporate Health Indicators	Targets	Achievement
1.	Annual Report	Unqualified Audit (NZ) opinion	Achieved
2.	LTCCP	No Audit (NZ) issues	Achieved
3.	LTCCP/Annual Plans	At least 70% targets met annually	Achieved
4.	Complaints/Appeals to External Agencies	No complaints	Achieved
	– Ombudsman	Any complaints determined in Council favour	
	– Privacy Commissioner		
	– Audit		
5.	Litigation Schedule	Risks manageable	Achieved
6.	Serious Fraud Matters (in terms of Council Policy)	Nil	Achieved
7.	NRB Rating (Council and Staff)	At least 10% above national average	Achieved
8.	Staff Turnover (organisationally)	No higher attrition than national statistics per annum (14.4%)	Not achieved - 17.83%
9.	OSH Reports	OSH Audit Reports satisfactory ACC discount rating not less than 15%	Achieved

SUSTAINABLE DEVELOPMENT REPORTS

Sustainable Wellbeing Statements

In addition to its role as a provider of public infrastructure and services, Council makes an important contribution to local development as a leader and an enabler. The Local Government Act 2002 requires Council to facilitate community discussions to identify a shared vision and priorities, and then over time to monitor progress towards improved community well-being.

*Ma te noho marama ki nga tumanakotanga
mo inaianei ka taea e tatou te nuku whakamua*

*Only by having a clear understanding of where we are now
can we hope to move forward to where we want to be in the future*

Over the past several years Council has developed baseline sets of indicators for each of four dimensions of wellbeing – social, economic, environmental and cultural. These indicator sets will be further developed during the coming years. They will also be aligned with the Community Outcomes Monitoring Programme that is currently being developed by an inter-agency working group.

The reports that follow present up-to-date local information on:

- Social wellbeing
- Economic wellbeing
- Environmental wellbeing
- Cultural wellbeing

When interpreting this information it should be recognised that there are many influences on community well-being, including Council activities, Government policies and services, national and international economic conditions, technological advances, and many other factors.

Social Wellbeing Report

A report published in 2002 presented data on more than 40 indicators of social progress in the Rotorua District. This information is kept up-to-date on Council's website as it comes to hand. The information is compiled from a range of sources, including Government agencies and community surveys. The indicators were carefully chosen on the basis of relevance, availability and public feedback. Ongoing consultation is undertaken with local organisations and individuals to continue refining the data set.

Council's social monitoring programme covers the following broad topics:

- Rotorua's People
- Health
- Housing
- Education
- Standard of living
- Community safety
- Social connection
- Democracy

Rotorua's People

Rotorua's demographic profile is the 'canvas' on which social trends are overlaid. Characteristics such as age and ethnicity are determinants of social outcomes such as education, health and employment. Key demographic trends in Rotorua include:

- Moderate population growth averaging 0.4% per annum over the coming 20 year period, with more rapid growth in the eastern suburbs, northern rural and eastern lakes areas.
- Increasing numbers of Māori, Pacific Islands and Asian residents.
- Increasing numbers of older residents.

Health

The annual number of people in the Lakes area who die before age 65 was 31% in 1999 compared with 34% in 1998. More recent figures, to be released next year, will help clarify whether or not this is the start of a positive trend. The comparable 1999 figure for New Zealand overall was 24%. The reason that an above average number of Rotorua people die before age 65 is due at least in part to the relatively poor health status of Māori. Other indicators show that Rotorua has an above average rate of young parenting, low birthweight babies and infant deaths.

Housing

Since the early 1990's, household overcrowding has fallen both locally and nationally. Around 440 dwellings in the Rotorua District could be considered 'high occupancy' as at March 2001. Over the period 1991 to 2001, home ownership in Rotorua fell from 74% to 66%. This compares with a 2001 home ownership rate of 68% throughout New Zealand as a whole. The decline in home ownership over the past decade may be partly due to policy changes such as the introduction of the student loans scheme, and may also be due to changing householder preferences. Housing New Zealand Corporation currently provides a stock of 685 housing units for low-income families in Rotorua, and Rotorua District Council currently provides 146 units for pensioners.

Education

Pre-school education in Rotorua is readily available through the District's many kindergartens, play centres, kohanga reo and pre-school groups. There are around 89 licensed early childhood services in the District providing an early start to the formal education of more than 3,400 Rotorua children. According to Ministry of Education statistics, 47% of Rotorua students attend a school with a decile rating of 3 or lower. There has been a recent positive trend in high school education, with the number of student stand-downs dropping to 257 in 2002 from 286 in 2001. This was in contrast with many other parts of New Zealand which experienced a rise in stand-downs between 2001 and 2002. According to census results, the percentage of working age population in the Rotorua District with some form of academic qualification increased to 69% in 2001 from 60% in 1996. However, the percentage of working age people with an academic qualification remains below the 2001 national average of 72%. More frequent information from the Ministry of Education shows that the percentage of Rotorua school leavers with no formal qualification is around 21% compared with 18% at the national level over this period.

Standard of Living

Around 34% of Rotorua children live in sole-parent families, which is slightly higher than the rate of 33% in 1991. Children growing up in sole-parent families tend to be disadvantaged in terms of health, education and future earning opportunities. In real terms (1999 dollars) median household income in the Rotorua District increased from \$33,337 in 1991 to \$36,569 in 2001. This is around \$1,300 below the national median household income of \$37,920. As at December 2003, 2,920 people were registered as receiving the Unemployment Benefit at the Rotorua work service site, down slightly from 3,046 in December 2002. The Bay of Plenty regional unemployment rate is currently around 5.9%, which is the lowest it has been in many years.

Community safety

As at June 2004, 26% of Rotorua residents thought the District was not really/definitely not a safe place to live, up from 21% in 2003 and above the national average of 17%.

The main reasons people gave for saying the District was not safe included problems with young people, burglaries, and physical violence. There has been an increase in serious crimes in the past several years, particularly violence-related and drug offences. The total number of reported crimes in the Rotorua Police District increased to 12,228 in the year to December 2003 compared with 10,304 in the year to December 2000. This is an increase of 19% over a three-year period. Contributing factors included an increase in reported dishonesty offences, drugs and anti-social offences, violence offences, property damage offences and property abuses. Note that changes in reported offending may partly reflect trends in public awareness rather than actual offending. The annual number of road traffic accidents in the Rotorua District increased to 155 in 2002 compared with a low of 95 in 2000. There were 226 road casualties in the District in 2002 compared with 142 in 2000. On a positive note, the annual number of road fatalities in the District has remained in single figures for the period 2000-2002. The Land Transport Safety Authority estimates that the social cost of crashes in the Rotorua District in 2002 was \$64.7 million.

Social connection

As at June 2004, 57% believed that generally speaking they could trust people, compared with 54% in 2003. Historically, levels of community spirit in Rotorua have been on par with the national average.

Democracy

In 2001 the voter turnout for the Rotorua District Council election dropped to its lowest recorded level of 49%. However, satisfaction with Council services and elected representatives remains fairly high compared with other districts. As at June 2004, 64% of Rotorua residents rated the performance of the Mayor and Councillors as good/very good compared with the national average of 56%. Major issues on which Rotorua residents want consultation include roading, airport development, fluoridation, town planning, lake water quality and rates.

Economic Wellbeing Report

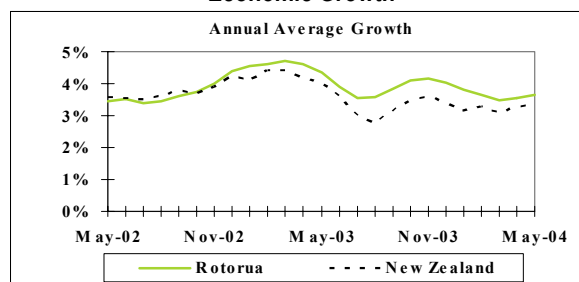
This section presents available information on the Rotorua economy under the following headings:

- Economic overview
- Business confidence
- Agriculture
- Forestry
- Manufacturing
- Construction and real estate
- Transport
- Wholesale and retail
- Tourism and hospitality

Economic overview

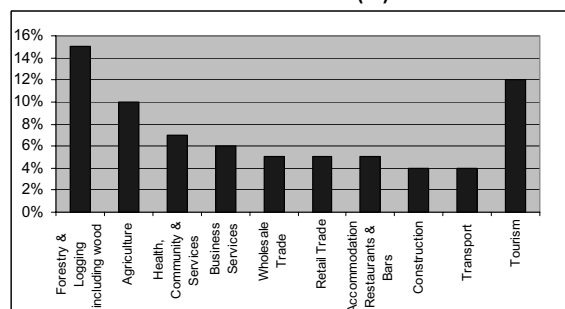
Rotorua's economic output is estimated at \$2 billion per year. Rotorua's estimated economic growth rate is currently steady at around 4% per annum, which is slightly above the national level. A growth rate of around 2.6% per annum is projected in the longer term. Labour force participation has increased substantially over the past decade, and unemployment has recently fallen to record low levels. Rotorua's occupational profile is gradually changing, with fewer agricultural workers and increased numbers of manufacturers, professionals, teachers and other service occupations. Census results show that the most significant industries in the District in terms of employment include retail trade (employing 3,500 people), manufacturing (3,500), property and business services (2,550), health and community services (2,500), agriculture and forestry (2,400), accommodation, cafés and restaurants (2,300) and education (2,300). Fast-growing sectors over the coming years are expected to include trade and tourism, machinery and equipment manufacturing, wood products manufacturing, health, education, forestry and transport. There are a number of available sites for new investment in the Rotorua District, particularly for light industry. Major new developments include a 22-hectare business park opposite Rotorua Airport, as well as a rural 67-hectare greenfield site in Rerewhakaaitu to accommodate strategic wood processing industries. Council is currently initiating community consultation to develop a 'sustainable economic growth' strategy for the District, to be known as the 'Bright Economy Project', which will encompass action plans for specific industry sectors. Economic growth across all industries is also being supported through the implementation of the Rotorua Employment Skills Strategy, which was developed in 2002-03 with support from industry, Council, Waiariki Institute of Technology, Work and Income Bay of Plenty and the Tertiary Education Commission.

Economic Growth



Source: APR Consultants

Estimated Sectorial Contributions to Rotorua GDP (%)



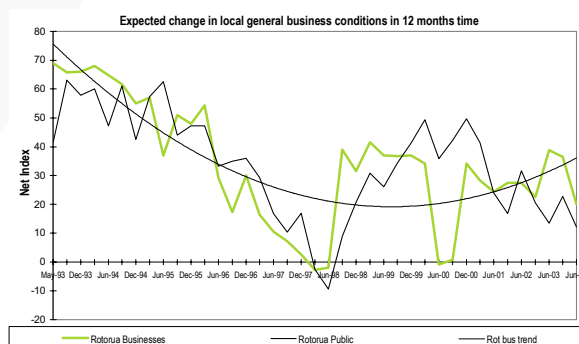
Source: Philip Donnelly, Philip Donnelly & Associates (2003)

Note: No tourism section in the stats NZ classifications, but utilising the Tourism satellite accounts and incorporating the NZ Tourism board and NZIER multiplier of 1.92 the estimated contribution to GDP for the region is approximately 12%.

Business confidence

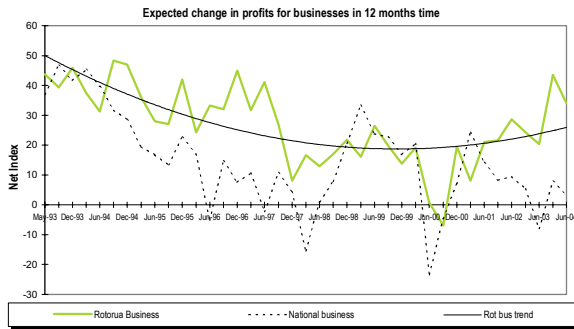
Council commissions a 6 monthly survey of Rotorua firms to assess trends in business confidence. The results are compared with those of a national survey undertaken by the National Bank. The most recent results for June 2004 show that locally the indexes are indicating steady confidence levels. Local general business conditions are expected to improve, economic activity is expected to increase, personal income is expected to increase, business profits are expected to rise, business employment is expected to rise, business investment is expected to be at increased levels and promotional budgets are expected to increase. Exporters are expecting export volumes to increase, and construction businesses are expecting construction levels to remain at current levels or increase. Inflation is expected to remain at current levels or decrease.

Local General Business Conditions



Source: APR Consultants; June 2004 Business & Consumer Confidence Survey

Profits for Businesses



Source: APR Consultants; June 2004 Business & Consumer Confidence Survey

Agriculture

The agricultural industry directly employs around 1,400 people in Rotorua, with a further 180 employed in agricultural services. Most of the 1200 farming units in Rotorua are dedicated to dairy, beef, sheep and deer farming. There is an increasing number of smaller lifestyle blocks in the District, with at least half of the 1200 units being under 5 hectares in size, as well as rationalisation and more intensive use of larger farming blocks. Dairy and deer farming have shown strong profitability in recent years. Horticulture remains a relatively minor industry in the Rotorua District, although there may be scope for introducing new crops based on specific soils and microclimates.

Forestry

Rotorua's forestry sector directly employs more than 750 people. When indirect employment such as manufacturing and transport are accounted for, the local forestry sector accounts for around 3,000 jobs and an estimated \$250 million of income. Rotorua is located in close proximity to vast plantation forestry resources, including the extensive Kaingaroa Forest. The Central North Island supply area produces nearly 56% of New Zealand's annual wood harvest, and is projected to remain the dominant wood-producing region in New Zealand. There are opportunities for further investment in both planted production forestry and timber processing in the Rotorua area. Indirect investment opportunities also exist in terms of forestry inputs, engineering services, consulting, research, and education. The Waiariki Institute of Technology is the site for New Zealand's Centre of Excellence in Wood Processing Education and training known as the RADl centre. Waiariki currently supplies training for approximately 150 persons per annum for the wood processing sector.

Manufacturing

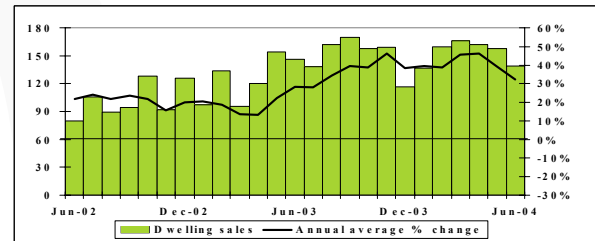
The manufacturing sector accounts for 13% of employment in the District. Around two-thirds of all manufacturing employment in Rotorua relates to wood products and machinery production, which reflects the importance of these sectors within the local economy. In the period 1988 to 2001, employment in Rotorua's wood and paper products sector increased by around 400 full-time equivalents. Food and beverage processing is also a significant local employer.

There are 364 business units involved primarily in manufacturing in the District. Of these, 110 businesses produce machinery and equipment directly related to the forestry and agricultural industries. This compares to a national average of less than 11% relative to all manufacturing. Other manufacturing industries include metal products, printing and publishing, chemicals and associated products, textiles and clothing, and non-metallic mineral products. Many international and domestic companies have recently begun manufacturing in Rotorua and are producing products for both the domestic and export markets. This is a sector which is expected to continue experiencing growth and development in the future.

Construction and real estate

The construction sector, including building-related services such as plumbing and roofing, employs around 1,500 people in Rotorua. Approximately 60% of equivalent full-time jobs in this sector relate to trade services. The continued development of tourism and other business activity will be a key driver of commercial construction growth in the future. The residential building sector is gaining momentum on the back of this development. Overall growth of 89% in the number of building consents issued for both commercial and residential construction in the 2004 year, demonstrates a positive outlook for Rotorua into the future. The local real estate market is active with annual average growth of 32% in the number of Rotorua dwellings sold in the year ended June 2004.

Residential Real Estate Sales



Source: Real Estate Institute of New Zealand

Transport

The District's transport and storage sector accounts for around 3.7% of the labour force in the District, with the majority being in road transport and related services. The agriculture, forestry and tourism industries contribute to most of the road cartage business. Wood products, dairy products and manufactured goods are intensively transported between Rotorua and the Port of Tauranga. The transport industry is forecast to grow at a rate of 4.2% annually to 2006, as a result of increased tourism and primary product exports. The central North Island location of the District provides the potential for further growth in this industry. The airport is being developed and extended over the coming years to future-proof Rotorua's position as a premier visitor destination.

Wholesale and Retail

The wholesale and retail sectors collectively account for around 5,000 jobs in Rotorua, or close to 19% of the total workforce. Increased rural incomes and visitor numbers have been major drivers of growth in recent years, and the opening of major chain stores has increased the attractiveness of Rotorua for shoppers. Survey results from Statistics New Zealand show that there has been a prolonged expansion in the size of the retail sales market both nationally and in the Bay of Plenty Region. Annual average growth in retail sales of 14% for the year ended May 2004, at a regional level demonstrates increasing opportunities in the retail sector. The sector in Rotorua has also been supported by the development of the Rotorua CBD retail strategy over recent times and the subsequent implementation of this strategy over the coming 12 – 24 months will provide sustained opportunities for growth within this sector.

Tourism and Hospitality

Rotorua is one of the leading leisure destinations in the country. More than one third of all international tourists visit the Rotorua District. The Rotorua tourism industry is built on leading attractions including Maori culture and history, a unique natural environment including many lakes, parks, reserves and the geothermal experience, along with an extensive adventure tourism product and growing events sector. Rotorua has a wide range of accommodation, from backpackers and lodges to major hotels. Geothermal attractions remain a strong part of the District's tourism industry, but the range of activities and attractions has diversified over recent years in order to remain competitive in the national marketplace. This reflects an ongoing shift in the focus of tourist demand away from traditional attractions and towards more 'adventure' or 'hands-on' type attractions. The tourism industry in Rotorua is also a major contributor to the District's economy. The District attracts more than 1.8 million visitors annually, approximately half of whom are international. 20% of all jobs in Rotorua are generated by tourism, that's one in five people employed in the industry. Almost 2,500 Rotorua residents are employed in the accommodation, café and restaurant sector alone. Visitors to the region spend around \$400 - \$440 million per annum, which has a large flow on effect. Tourism growth is forecast to continue and expenditure to substantially increase over the next 5 years. This sector is well supported by the development of the Destination Rotorua Visitor Industry Strategic Plan which has assisted to shape the future of the Rotorua Visitor industry product over the next 5 -10 years. The implementation of this plan is well supported by the Destination Rotorua Tourism Marketing section of council along with support and guidance from the Rotorua Tourism Advisory Board.

Environmental Wellbeing Report

Environmental reporting is required by both the Local Government Act 2002 and the Resource Management Act 2001. In addition, reporting of environmental trends helps to educate people about their local environment and inspire community action. An award-winning report published in December 2002 presented data on 37 baseline indicators of environmental progress in the Rotorua District. Council's environmental indicators set will be further developed over the coming year. The indicators are not just focused on the natural environment but also aim to provide a broader picture of how we as a community are interacting with and affecting the resources of our District.

The data in Council's environmental monitoring programme currently covers the following topics:

- Tangata whenua
- Water
- Land
- Urban
- Transport

Tangata whenua

Rotorua District Council has a legal and social responsibility to incorporate Māori values into its environmental reporting programme. The District Plan lists 235 archaeological sites, 34 marae and 27 other heritage sites or structures that have cultural or historical significance to Iwi. Iwi are the traditional kaitiaki (guardians) of the environment for future generations, and partnership with Iwi is a key principle in the management of the District's environment. Te Arawa hapu Ngati Whakaue contributed generously to the development of Rotorua's urban area through the gifting of more than 120 parcels of land for health and recreational purposes. These include Government Gardens, Kuirau Park, Pukeroa Hill, the Lakefront Reserve and many other reserves. Today, policy issues in respect of Rotorua's gifted reserves are discussed by a joint committee of the Pukeroa Oruawhata Trust and the District Council. The process of consultation with Māori is evolving as greater efforts are made for improved communication. A list of all planning applications is reviewed by a panel of kaumatua (elders) and advice is taken on the consents for which additional consultation is required. On the basis of this advice, around 5% of consents receive further Iwi input.

Water

Water is an important resource for all people in Rotorua. The lakes and geysers of Rotorua are icons, recognised in this country and known throughout the world. The cultural, recreational, ecological and functional values of water directly influence the wellbeing of the entire community. Trend data shows that geothermal water levels are recovering. Many of Rotorua's spring fed drinking water supplies are of sufficient quality that they do not require treatment. Around 80% of Rotorua residents visit the District's lakes on at least a

monthly basis. Lake water quality is an issue of significant community concern. In general, lake water quality has been declining over the long-term due to increased nutrient levels resulting in sporadic algal blooms on a number of lakes. A collaborative approach is being taken with Environment Bay of Plenty, Te Arawa Māori Trust Board and lake side communities to better manage lake water quality. Each catchment is different so potential solutions need to be worked through to identify effective, innovative programmes that are acceptable and affordable to local communities. Council continues to support the retirement and replanting of pastoral land through regional council environmental programmes. Council budgets \$50,000 annually for this type of work to improve landscapes, protect lake margins and wetlands and conserve and increase biodiversity in the District.

Land

Rotorua District Council has a responsibility under the Resource Management Act 1991 to control the effects of activities on land. Effective management of land use and subdivision is essential to ensuring the sustainable development of our District. The landscape and its cover have been substantially altered over time by geological events and human activity. Original ecosystems have been predominantly replaced by forestry and pastoral farming. Land cover in the Rotorua District is now dominated by pasture (48%) and planted forest (20%), as well as indigenous forest and lakes. There are 137 Protected Natural Areas in the District, covering more than 30,620 ha. More than half of this area comprises scenic reserves. Subdivision of rural land for residential purposes is occurring around the perimeter of Rotorua's urban area. There are new District Plan provisions to maintain and enhance the outstanding natural features of the area centred around Lake Tarawera (known for planning purposes as the Lakes A Zone). Up to 80% of Rotorua's current waste stream has the potential to be recycled. The recycling centre at the landfill and the 'in-town' recycling centre together divert more than 15,000 tones of material from the landfill each year. Increased use of these recycling facilities should help to reduce Rotorua's waste to landfill from the current rate of 4 kg per person per day.

Urban

More than 80% of Rotorua's population live in urban areas. An Urban Development Strategy is being advanced to accommodate future urban land uses. Council has identified the potential for up to an additional 6,200 greenfield and 1,500 residential lots to be created within the existing urban fence. There is a wide range of living options available, and most existing residents are satisfied with the accessibility of amenities such as health services, reserves and supermarkets. Some 85% of residents are satisfied with their level of privacy, and District Plan guidelines are largely being met with regard to noise levels. The annual number of noise complaints is stable at around 3,200 calls, and 77% of residents are satisfied with Council's noise control service. All residential dwellings within the Rotorua urban fence have access to reserve areas within 500 metres (straight line).

Council has invested significantly in improving public infrastructure in Rotorua, including a \$30 million upgrade of the CBD. Council has also prepared a detailed design guide for development in the central business district. The CBD design guide includes suggestions on architectural and building treatments, colour and design principles. The guide complements Council's past achievements in winning New Zealand's Most Beautiful City awards.

Transport

Land transport infrastructure plays an important part in the way people and communities provide for their social, economic, environmental and cultural wellbeing. Management of the environmental effects of land transport such as pollution, noise, congestion and accidents can have significant community benefits. Rotorua District Council manages approximately 1,000 km of road network and 180 km of state highway. Council has a rural seal extension programme of 10 km per year that equates to an annual spend of \$1 million. Another \$500,000 per year is spent on urban and rural street improvements. A 2002 survey showed that 77% of residents feel there has been an improvement in the visual appearance of Rotorua's three main roadway entrances in recent years. However, more than half of surveyed residents (55%) believe that traffic in and around Rotorua has become worse in the last two years (although the same number also say that it is easy to drive in and around the city centre). NRB survey results show consistently low relative satisfaction with central city parking. Vehicle use and ownership has been steadily increasing over the past decade, placing increased pressures on the environment. Around 40% of residents say they have traffic issues in the area where they live. An improved bus service has recently been implemented, resulting in more frequent trips with a shorter duration. There are more than 15 km of marked cycle ways within Rotorua's urban area, but currently less than 3% of working-age residents use a bicycle as their main mode of transport to work.

Cultural Wellbeing Report

Cultural wellbeing includes pride in one's own culture as well as an appreciation and understanding of cultural diversity. A report released in 2003 presents information on various aspects of cultural wellbeing in Rotorua, including:

- Māori heritage
- Ethnic diversity
- Arts and culture
- Sports and recreation
- Older persons
- Youth culture

Māori heritage

The foundation of Rotorua's cultural profile was established more than six centuries ago when the Arawa tribe settled in the Rotorua and Taupo areas. Māori culture is a major influence within the overall culture of Rotorua, and is reflected in place names and locations throughout the District. The present-day Rotorua District is a heartland of Māori culture in New Zealand, and holds an unrivaled position as a cultural tourism destination. Around eleven percent of residents are bilingual in Māori and English.

Ethnic diversity

The major ethnic groups in the District are currently European (72%), Māori (36%), Pacific Islands (4%) and Asian (3%). (These add to more than 100% because people can classify themselves in more than one group). Immigrants to Rotorua come from many parts of the world. According to survey results, more than half of all residents feel that cultural diversity makes Rotorua a better place to live.

Arts and culture

Rotorua has a wide diversity of arts and cultural activities and events. Local achievers have gained national and international recognition in many artistic fields, including singing, acting and kapa haka. A recent addition to the local arts community is the development of the Rotorua Arts Village with funding from the Rotorua Energy Charitable Trust. The village is managed by a charitable trust, and provides a central venue for clubs to meet and to run classes.

Sports and recreation

Playing and watching sports is an integral part of Rotorua's culture. Residents take pride in Rotorua's sporting achievements and sporting icons. Popular pursuits include rugby, golf, fishing, swimming, mountain biking and running. There are more than 140 sports clubs and organisations in the District, with a combined membership of over 13,000 residents.

Older persons

In twenty years time, around one in every six residents will be aged 65 and over. This age group will become increasingly diverse in terms of ethnicity and culture. Ongoing implementation of Council's Older Persons Policy aims to ensure that older people remain valued and supported in the community, and that older people have input into addressing local issues that affect them.

Youth culture

Rotorua's young people have adopted many features of global youth culture, including musical interests, fashion styles and figures of speech. Popular pastimes for Rotorua young people include hanging out with friends, listening to music and playing sports. Rotorua District Council supports young people's development through the implementation of its Youth Policy and annual Youth Action Plan. Council's approach is to find a balance between responding to the immediate needs identified by young people and developing longer term strategies which strengthen local services and youth involvement in decision making.

EMPLOYEE RELATIONS REPORT

Introduction

Council continues to be one of the highest performing local authorities in New Zealand according to NRB surveys. One of the key reasons for this is the sterling efforts of the staff. Council continues to be committed to the staff's physical and mental health, including ensuring that their remuneration and employment terms and conditions are competitive with the market place.

Employment Situation

Council staff are employed under a variety of agreements. As at 30 June 2004, 116 salaried staff belonged to a union (Public Service Association) and were employed under the Salaried Officers Collective Agreement, and 11 third tier managers were employed under a Third Tier Managers' Collective Agreement. Only 36% of salaried staff employed by Council are union members, with the remainder being employed on individual employment agreements.

Some 116 employees are members of the Amalgamated Workers Union, with 14 employees being members of the Northern Distribution Union. These 130 employees are employed under the Labourers and Drivers Collective Agreement terms and conditions. A further three employees employed at the workshop are members of the NZ Engineering, Printing and Manufacturing Union and employed under a Trades Staff Collective Agreement terms and conditions.

A variation to the Salaried Officers Collective Agreement was recently negotiated which allows greater flexibility for Event Venues staff and management, to meet Council's unique needs at this worksite.

Staff Turnover

The staff turnover for the year ending 30 June 2004 was 17.83% compared with 18.09% for the previous year. The average turnover for the local government sector during this period was 14.4%, however, 36% of councils participating in this national remuneration survey experienced a turnover of more than 15%. The local government sector has experienced recruitment and retention problems which will almost certainly continue to be a major issue in the short to medium term. This has been recognised by Local Government NZ and the Society of Local Government Managers (SOLGM) and has resulted in the setting up of a national working party to develop a national strategy by way of a Strategic Plan to assure the industry a supply of talent in the longer term.

Staff Numbers

The total number of staff employed by Council for the year ending 30 June 2004 was 450 fulltime equivalents, compared with 425 fulltime equivalents for the previous year.

Remuneration Committee

The Remuneration Committee reviewed 39 positions during the year. Twelve of these positions reviewed were due to some restructuring within several sections of Council. Two position reviews resulted in a designation change only, with five positions remaining at their pre-committee review grading levels and associated remuneration. Fifteen new positions were reviewed and seventeen positions received regradings.

Health and Safety Committee

An agreement for employee participation in health and safety was negotiated with our site unions which include the Public Service Association, Northern Amalgamated Workers Union, National Distribution Union, and the Engineers, Printers and Manufacturers Union.

This is a legislative requirement in terms of Part 2A of the Health and Safety in Employment Act.

The purpose of this agreement is to improve health and safety in the workplace by promoting cooperation and information sharing between the parties and ensuring that employees are provided with reasonable opportunity to be actively involved in the ongoing management of health and safety in the workplace.

There are 22 elected health and safety representatives on the 5 Health and Safety Committees who represent the following work sites:

	Number of Reps
1. Parks and Recreation	
• Aquatic Centre	3
• Nursery	1
2. Waste Water Treatment Plant	
• Treatment Plant	1
3. Castlecorp	
• Water Reticulation	1
• Sewage	1
• Refuse/Land Drainage/General	1
• Parks	2
• Arborists	1

	Number of Reps
<ul style="list-style-type: none"> • Mowers • Workshop 	1 1
4. Environmental Services	
<ul style="list-style-type: none"> • Regulatory Services • Building/Planning Services 	1 1
5. Corporate Services	
<ul style="list-style-type: none"> • Accounting/Finance/IT • IM/Administration 	2 1
6. Community Services	
<ul style="list-style-type: none"> • Event Venues/Tourism Rotorua • Library • Museum • Parks and Recreation 	1 1 1 1
7. Engineers	
<ul style="list-style-type: none"> • Engineers (all) 	<u>1</u>
Total	<u>23</u>

Occupational Safety and Health Inspectors have continued to consistently commend Council and staff for the efforts that have gone into ensuring safe work practices are maintained thus preventing injury accidents.

During the year ended 30 June 2004 there were 110 reported accidents, compared with 101 accidents for the previous year.

Time off as a result of these accidents amounted to 208 days for the period covered by this report, compared with 153.5 days for the previous year. However, one accident accounted for 105 of the 208 days lost through injury.

Flu injections continue to be provided for staff. Some 123 staff were vaccinated during the year, compared with 120 the previous year.

Training

Council continues to provide technical and core training for staff as identified by supervisors through performance reviews. Human Resources have arranged training by external providers for core training such as team leadership, file management, retirement, customer service, time management, dealing with difficult behaviour and project management. Specific technical training for individual staff where identified through the performance development review process is also provided

Grievances

Council was not involved in any personal grievances during the year and no personal grievances are outstanding.

Long Service

During the year His Worship the Mayor and our Chief Executive made formal presentations to 44 staff in recognition of completing 20 years or more continuous service with Council. Twenty-three of these staff had completed more than 25 years service with the two longest serving staff having completed 42 years and 43 years respectively. These staff were commended for their dedication and loyal service.

The 44 staff between them had completed 1,125 years of continuous service with Council, which is a great achievement and a credit to those concerned, and worthy of celebration.

Diversity of Staff

In 1991 Te Waka Awhina Aotearoa was established and is an annual national conference that exists to provide appropriate and timely training for Maori within the local and regional government setting. The annual conference/seminar is a vehicle for discussion and debate about the various social, economic and political issues that impact on Maori, plus it also provides an excellent opportunity to network with other Maori staff employed throughout local and regional government.

The 2003 conference was hosted for the first time by our Council, with our staff both organising and attending the event.

Council is committed to making sure that all worksites have the same opportunities to contribute to and share in the successes. Other initiatives that have been implemented for managing diversity are:

- Cultural Awareness Programmes
- Te Reo and Tikanga Maori – Maori language and customs workshops

Employee Assistance Programme/ Support Systems

Council has a number of initiatives to support staff health and wellbeing. One of the initiatives most used is the Employee Assistance Programme (EAP) which provides staff with an independent confidential counselling service for both work and personal issues impacting negatively on their work performance, or that have the potential to.

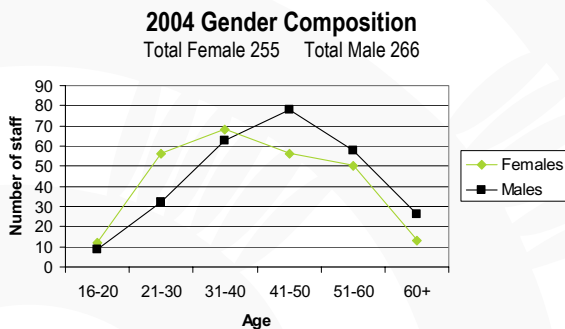
Subsidised holiday programmes for children of staff were again provided during the year in conjunction with Forest Research. However, Forest Research have elected not to be involved in the running of the programme from July 2004. We will organise and run the programmes on a trial basis for the remainder of the 2004 calendar year. The programme will then be reviewed and a decision made at the end of the year as to whether to continue with it or not.

Work/life balance and stress awareness are becoming significant issues for all employers and Council is no exception. We are currently working on ways to encourage staff to find an appropriate balance between work and family life. Appropriate training courses and seminars are being organised for the ensuing year to assist staff in finding that appropriate work/life balance.

Gender Composition of Council

As at 30 June 2004 there were 255 female and 266 male staff employed by Council either in fulltime, part-time or casual on-call positions. The highest number of male employees (78) were in the 41-50 years age group, compared with the highest number of female employees (68) who were in the 31-40 years age group.

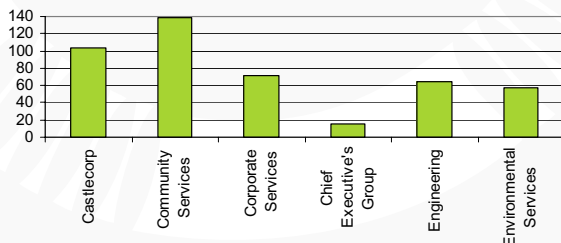
There is a greater number of female employees (124) in the 21-40 years age group than males (95). However, overall the difference between the number of females employed compared to the number of males is relatively small (255 females, 266 males) which indicates that we are a good equal opportunities employer.



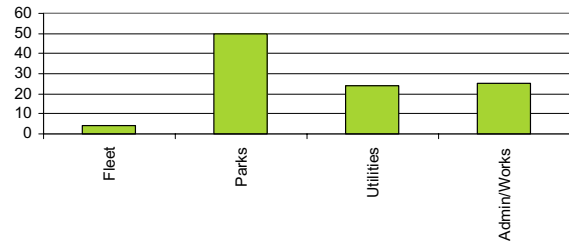
Staff Numbers

The following graphs show staff numbers by department and by section within each department. The staff numbers represent fulltime equivalents (FTE's).

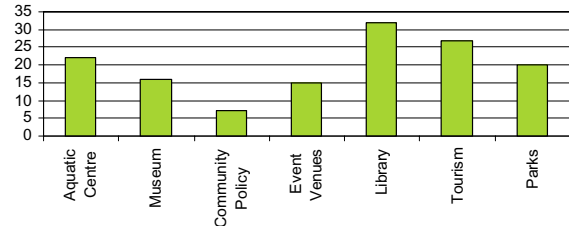
Staff Numbers by Department
 Total - 450



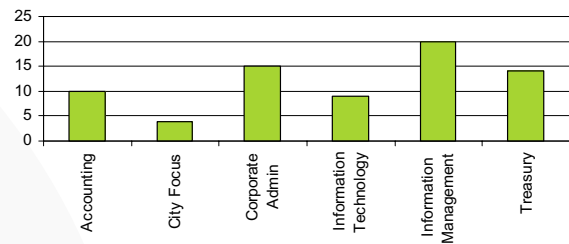
Castlecorp
 Total - 103



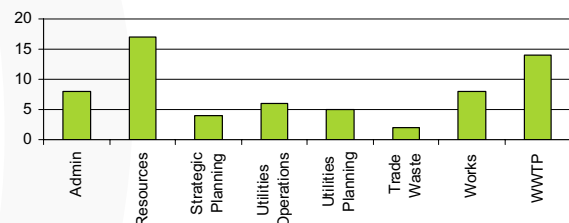
Community Services
 Total - 139



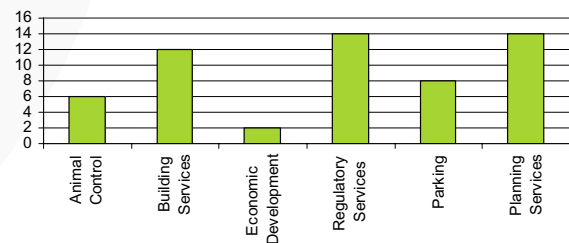
Corporate Services
 Total - 72



Engineering
 Total - 64



Environmental Services
 Total - 56



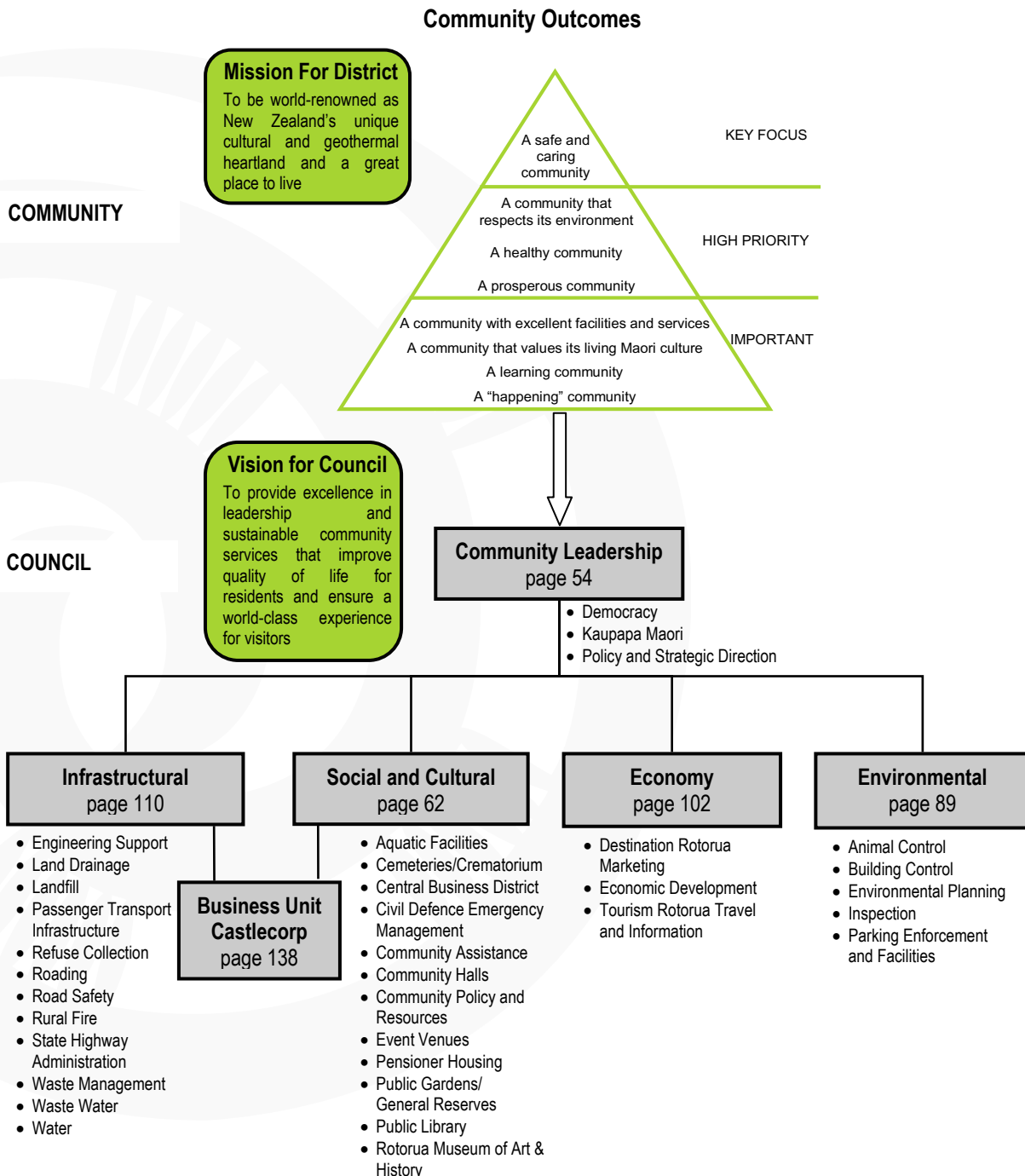
STATEMENTS OF SERVICE PERFORMANCE

Council is responsible and accountable for giving effect to community identified priorities and desired outcomes in an efficient and effective manner. To provide further transparency, Council operations have been divided into six key areas of responsibility (Activity Groups), each linked back to the publicly consulted Rotorua community outcomes.

Each activity group has a limited amount of funding and resources to achieve priorities and identified outcomes. One way that Council is held accountable to the community is to initially consult on proposed plans and then report back on the achievements at the

end of each financial year. This section of the Annual Report is the detailed reporting back to the community on:

- The achievement of both financial and performance targets of the activities and their respective functions.
- The effects of any activity on the social, environmental or cultural wellbeing of the community.
- The reasons for any significant variance between actual service provision and expected service provision.
- The reasons for any significant changes in the capital acquisitions and replacement programmes.



Further details:

1. Council's Annual Plan, which covered the 12 month period to 30 June 2004, outlined Council's intentions for the year according to each of its significant activities.

The significant activities were expressed in financial terms as 'Net Cost of Service' Statements and in non-financial terms as key result areas, performance measures and performance targets.

2. There is a statutory requirement to report on how well Council's significant activities have performed during the year, and specifically against its stated objectives.

3. Surveys

Some performance targets refer to a NRB survey. This is an annual community satisfaction survey relating to Council, its policies, its operations, its level of service and how well it is meeting the needs of the community. The survey was first conducted in 1991 by the National Research Bureau using a telephone poll of 400 people selected at random with 100 from each electoral ward. The survey has been conducted again in subsequent years. The margin of error for the latest survey was $\pm 4.9\%$. The results obtained from the May 2004 survey are the ones used in this report.

NRB has defined the Provincial Peer Group as those Territorial Authorities where between 68% and 91% of meshblocks belong within an urban area, as classified by Statistics New Zealand's 2001 Census data.

In this group are:

Gisborne District Council
 Gore District Council
 Grey District Council
 Hastings District Council
 Horowhenua District Council
 Marlborough District Council
 Masterton District Council
 New Plymouth District Council
 Queenstown-Lakes District Council
 Rodney District Council
 South Waikato District Council
 Taupo District Council
 Timaru District Council
 Waikato District Council
 Waimakariri District Council
 Waipa District Council
 Wanganui District Council
 Whangarei District Council

5. Council has made minor alterations to some measures so as to improve their understanding for the reader. None, however, affect the intent of the original measure as stated in Council's Annual Plan.

6. Quality

Council employs a number of professional, qualified staff in such areas as water, sewerage, planning, inspection, roading and a range of other Council activities. They continually monitor and review the quality of processes and outputs in their respective areas to ensure the maintenance of professional and Council standards. A considerable amount of Council's operational work is carried out under contract either externally or by Council's Castlecop Business Unit. These areas include roading, waste management, land drainage, janitorial and reserve maintenance. Council's professional staff are fully responsible for the planning, programming and total management of these contracts to ensure professional and Council standards are maintained.

COMMUNITY LEADERSHIP GROUP

Contribution to Outcomes

Page	Activities within this Group	Community Outcomes							
		A safe and caring community	A community that respects its environment	A healthy community	A prosperous community	A community with excellent facilities and services	A community that values its living Maori culture	A learning community	A "happening" community
55	Democracy	✓	✓	✓	✓	✓	✓	✓	✓
57	Kaupapa Maori	✓	✓	✓	✓	✓	✓	✓	✓
59	Policy and Strategic Direction	✓	✓	✓	✓	✓	✓	✓	✓

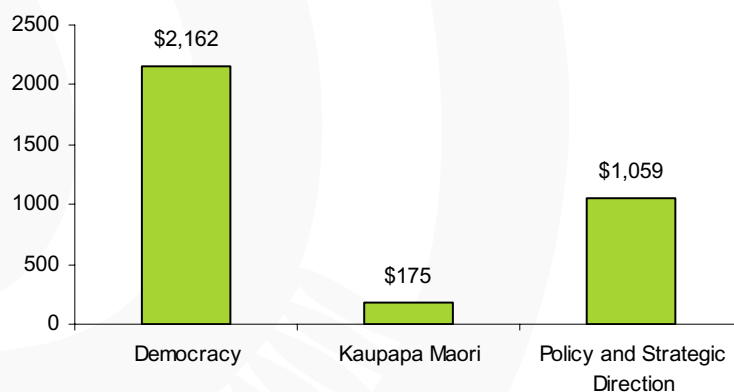
Overview of Group

This group of activities underpins Council's democratic processes and provides the policy and priorities for strategic direction, advocacy, and delivery of services to best meet the community's needs.

The activities in this group are central to ensuring that Rotorua District Council's services are contributing towards the promotion of community outcomes and improving social, cultural, economic and environmental wellbeing for the people of the District.

How the Money is Used

COMMUNITY LEADERSHIP
Net Cost of Service
 (thousands)



Democracy

Overall aim of the Activity

To provide strong representation and advocacy through open and transparent decision-making processes that seeks to balance stewardship, growth and affordability, and ensures community involvement.

This Year's Highlights and Achievements Included

- A Guide to Good Governance was prepared under the new Local Government Act 2002 which provides guidance on relations between elected members, staff, and community.
- A Governance Statement was developed that details the governance structure and responsibilities of Council.
- Rates review and compliance with Local Government Act 2002 requirements.

Activity Purpose

This activity provides leadership for Council as an organisation, and political leadership for the district.

The political structure which provides a representative local government for the people of the Rotorua District is a Council consisting of a Mayor and 12 Councillors, representing four wards. The Te Arawa Standing Committee has three representatives from Council and six representatives elected by Te Arawa, and is a full Standing Committee of Council.

The Council provides a forum for debating how resources should best be allocated to meet community needs and aspirations, and makes decisions in this regard.

This activity comprises election costs, remuneration of members, policy formulation, costs of servicing Council meetings, District and civic functions, and specific archive requirements.

Allowance is made in this activity for the many costs associated with the statutory requirements of a Council conducting normal business.

Four staff are employed in meeting the administrative and secretarial needs of Mayor and Council.

Community Outcomes

A safe and caring community

A prosperous community

A community that respects its environment

A community that values its living Maori culture

A community with excellent facilities and services

A healthy community

A learning community

A "happening" community

This activity provides the governance structures to ensure that Council's decisions are made in relation to activities that are relevant to each of the community outcomes.

Cost of Service

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Operating Expenditure	2,162	2,018	2,720
Revenue	-	-	-
Net Costs	2,162	2,018	2,720

Capital Expenditure

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Computers	2	2	6
Total Capital	2	2	6

Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To provide a general administrative and secretarial service to meet the requirements of the Mayor, Councillors and Management.	To produce all reports and minutes from Council and Committee meetings within five working days of any meeting	100%	Achieved.
	To prepare and distribute notification of matters requiring action arising from all Council and Committee meetings within 10 working days of any meeting.	100%	Achieved.
	To update all applicable registers within 10 working days of ordinary Council meetings and minute indexes within 20 working days.	100%	Achieved.

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To achieve public approval for Council's policies and performance.	That all Council meetings have a quorum of members at the nominated starting time, during and at the completion of meetings by year end.	100%	Achieved.
	That Councillors collectively attend all full Council meetings by year end.	95%	Achieved.
	That Councillors collectively attend all Committee meetings of which they are members by year end. (see Councillors attendance figures, page 37)	95%	Not achieved.
	To achieve public approval for the performance of the Mayor and Councillors as determined by community survey.	NRB 75% Fairly good/very good rating or higher.	Not achieved – 64%.
	That all Councillors support Mayoral functions and respond to Mayoral invitations by due date.	100% response rate 80% attendance	Not achieved – 21%. Not achieved – 20%.
	To review and determine the basis for the 2004 triennial election in accordance with the provisions of the Local Government Act.	To determine the basis of the 2004 triennial elections in accordance with relevant legislation.	Achieved.

Kaupapa Maori

Overall aim of the Activity

To create bridges of understanding between Council and the Maori community.

This Year's Highlights and Achievements Included

- Completion of two historical tours conducted by Dr Don Stafford. Historical tours series 3 being planned for October/November 2004.
- Twenty week Te Reo Classes for Rotorua District Council and Castlecorp staff in progress.
- Completion of Iwi Management Plans - funding of three applicants being Ngati Tarawhai Trust, Te Maru o Ngati Rangiwewehi, Te Runanga o Ngati Pikiiao.
- Completion of five Marae hui for the Te Arawa Standing Committee. Issues raised at each hui are nearly complete.
- Formation of Memorandum of Understanding with Tuhourangi.
- Development of Memorandum of Understanding with Te Runanga o Ngati Pikiiao.
- Initiation of Memorandum of Understanding with Ngati Tura/Ngati Te Ngakau.
- Kaupapa Maori Unit established to address all Maori issues. This has been supported by Te Arawa.
- Completion of Strategic Plan by the Kaumatua Advisory Council of the Whare Taonga o Te Arawa.
- Draft Consultation Strategy document complete. This document assists the organisation to consult Maori, and with protocols and etiquette related to consultation. It also assists officers and staff as to which iwi or hapu they should consult with when dealing with Maori land.
- Te Waka Awhina Maori Council workers annual hui, facilitated, resourced, supported and organised by Rotorua and Tauranga Council staff, management and councillors, very successful.
- Appointment of Director Kaupapa Maori to the Advisory Board of the State Services Commission, NZ Qualifications Authority, Intellectual Property Rights Board of NZ, Ministerial Advisory Board on Tikanga Maori to Cabinet, Maori Land Law Reform Board, Te Puni Kokiri Advisory Board, Ministerial Advisory Board Member to the Governor General.

Activity Purpose

This activity employs the Director Kaupapa Maori and its key outcome revolves around the following operation directions:

- Policy development which explicitly addresses issues of greatest importance for Tangata Whenua and Maori of the district.
- Enhancement of the social, cultural and economic well-being of Tangata Whenua and Maori in the district.
- Provision of expert advice and assistance in the development of appropriate policies to promote and enhance the efficient employment and management of

Tangata Whenua resources consistent with the environmentally prudent development of all the district resources.

- Ensuring that the specific interests of Tangata Whenua and Maori are included in relevant areas of the Council's core business.
- Ensuring that the specific needs and values of Tangata Whenua and Maori are taken into account in the formulation of Council policy.
- Fostering positive partnership between Tangata Whenua and Maori and the Council; and
- Encouraging and improving the awareness and understanding of appropriate Maori perspectives within Council.
- Assisting the facilitation of Council and Te Arawa relationships through appropriate protocols.
- Managing Council's relationships with Te Arawa and Tangata Whenua, providing advice to the organisation (RDC) and advising the organisation on Tikanga Maori.
- Forging/creating a better relationship between the Mayor, Chief Executive, staff and Tangata Whenua.
- Increasing the organisation's capacity to align with Maori through joint projects.
- Developing and implementing cultural training.
- Providing leadership at a senior management level.
- Creating bridges of understanding between Council and the Maori community.

Community Outcomes

A safe and caring community

A prosperous community

A community that respects its environment

A community that values its living Maori culture

A community with excellent facilities and services

A healthy community

A learning community

A "happening" community

This activity supports Council in promoting all community outcomes.

Cost of Service

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Operating Expenditure	175	217	176
Revenue	-	-	-
Net Costs	175	217	176
Capital Expenditure			
For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Computers	4	5	6
Total Capital	4	5	6

Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To ensure the inclusion of a Maori perspective in existing Council policies.	To have all new Council policies assessed from a Maori perspective.	100% achieved	Achieved. Policies have been assessed and updated on the manual.
To assist and encourage the understanding of Maori cultural values in areas of Council core business including Te Reo Maori and Tikanga Maori.	To have management approved training programmes in Te Reo Maori and Tikanga Maori including Waiata available to staff and Councillors each year.	Available by 31.12.04	Achieved. Te Reo classes have been a success with staff. Good numbers attending and there is an interest for them to continue.
To liaise with Maori of the District as necessary to facilitate appropriate policies.	To arrange marae meetings with Maori within the District each year.	6 meetings held. Minutes distributed. Actions completed.	3 Marae meetings held from June to December 2003. All issues distributed. Actions are being addressed now and will be complete by October 2004.
To work with Maori of the District to facilitate appropriate policies.	Iwi Management Plans supported where requested.	Plans supported and completed when requested by 30.06.04.	Council funding 3 applications: Rangiwewehi, Pikiaro and Tarawhai Half funding given to applicants. Progress reports due in August 2004.

Policy and Strategic Development

Overall aim of the Activity

To guide the organisation with inspiring competent leadership and direction.

This Year's Highlights and Achievements Included

- Development of new Maori regional environmental indicators for 'State of Environment' reporting.
- Te Arawa Standing Committee policy reviewed.
- Maori Communications Strategy formulated and being implemented through various departments in Council.
- Managing Council's real estate interests in terms of prevailing market conditions, relevant Council policy, and compliance with legal and regulatory requirements
- Providing premises which are fitting for their purpose and are well maintained and serviced to the satisfaction of users.
- Maintained 100% leasing of commercial real estate at market rentals.
- Upgraded server environment to Windows 2003 which brought improvements in manageability of network.
- Prepared IT environment for new financial system.
- Upgraded wide area network to remote sites to improve access to corporate application.
- Successful Implementation of Corporate Document Management System TRIM.
- The Rotorua District Council website has seen an increase of use greater than ten fold for unique visitors to the site.
- Selected new Financial Management System.
- A complete redevelopment of Geyserview allowing enhanced display of Council held data delivering greater efficiencies
- Substantially completed all the necessary background work and planning involved in the major upgrade of the Human Resources/Payroll Software from CHRIS 5 to CHRIS 21.
- Negotiated with all site unions an "Agreement for Employee Participation in Health and Safety" in terms of Part 2A of the Health and Safety in Employment Act.
- Negotiated a variation to the hours of work provisions for Event Venues staff which provides greater flexibility for more efficiently and effectively managing Council venues under Event Venues' control.

Accounting

In addition to business as usual, completed:

- Three year asset revaluation.
- Ten year budgets for new LTCCP.
- Made significant progress in the implementation of the new financial system.

Treasury

- Implementation of Local Government (Rating) Act 2002 effective from 1 July 2003.
- Reviewed rating information database into 43 differential categories.
- Management of a comprehensive rating review.
- Work on linkages between Navision (new Corporate system), Corporate Vision and BNZ.

Activity Purpose

This activity ensures the implementation of corporate policies and activities determined by the democratic processes.

The Local Government Act (LGA 2002) puts a new rigor on how decisions are made and hence policy developed. Coupled with this is the long list of policy areas that both Council and Management have requested. The areas exceed our resources in the short term and therefore some prioritisation is required.

In order to get some corporate priorities, there is a need to have a full understanding of:

- what policies have been identified for development,
- timing - when the policy is needed,
- resource requirements.

To do this in an integrated way is important. This will ensure a greater likelihood of compliance with the LGA 2002, more efficiency and effectiveness, and a transparent prioritisation system. By centralising the overview of policy development and giving greater attention to allocating the necessary resources, more informed decisions can be made.

It will be important to make distinction between:

- Policy
- Delegations
- Procedures
- Guidelines

Community Outcomes

A safe and caring community

A prosperous community

A community that respects its environment

A community that values its living Maori culture

A community with excellent facilities and services

A healthy community

A learning community

A "happening" community

The activity supports Council in promoting all community outcomes by providing strategic directions.

Cost of Service

For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Operating Expenditure	2,979	2,220	2,342
Revenue	1,920	1,551	2,208
Net Costs	1,059	669	134

Capital Expenditure

For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Property Management			
Policy & Strategy Computers	9	2	2
Nursery - Glasshouse	-	-	77
Library - Air Conditioning	5	8	-
Community House	23	25	-
Depot	3	-	-
Public Seating	-	8	-
Strategic Properties	864	950	1,568
Civic Building - Carpet	41	46	-
Civic Building - Alterations	-	-	54
Civic Building - Plant	52	30	121
Civic Building - Furniture	37	37	74
Information Technology			
Hardware / Software	234	348	1,074
Information Management			
Software	31	50	45
Computers	27	39	-
Corporate System	644	670	-
Furniture & Office equipment	-	-	3
Records - Computers	3	9	6
Geographic Information System	37	87	98
Human Resources -			
Computers & Office Equip	-	10	7
Corporate Administration			
Computers	7	7	23
Office Equipment/Photocopy	9	8	14
Finance Group - Computers	38	41	47
Total Capital	2,064	2,375	3,213

Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To report and inform citizens of Council's policies and directions and the results thereof, and provide for a process of public consultation.	To report to the public on the Long-Term Council Community Plan (LTCCP) in accordance with the Local Government Act 2002.	Draft LTCCP adopted by 30.06.04.	Achieved.
	To report to the public on financial and management performance in the 2002/2003 Annual Report in accordance with the Local Government Act.	Report adopted by 30.10.2003. Unqualified Audit opinion.	Achieved.
To ensure Council operates within its means.	That operating revenue exceeds operating expenditure.	100% achievement	Achieved.
To ensure Council rating policy follows the direction as specified by the Annual Plan.	That Council rates revenue remains in line with the rating changes as set out in the Annual Plan and subsequent Long-Term Council Community Plans (LTCCP).	100% compliance with 2003/04 Annual Plan	Achieved.
To maintain a mix of funding mechanisms that will meet the total funding requirements of the district.	To collect user charges each year as indicated in the Annual Plan and subsequent Long-Term Council Community Plans (LTCCP).	100% compliance with 2003/04 Annual Plan	Achieved.
To maintain the integrity and reliability of Council functions.	To review Council's procedures in accordance with an internal audit programme as approved by Council's Audit Committee.	Programme completed by 30.06.04.	Programmed for 30.06.04 achieved.

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To formally plan and monitor Council's Strategic Direction.	To monitor and review implementation of the Strategic Plan and Long Term Financial Strategy annually.	Target under review pending new legislation.	Not required under new legislation.
To effectively promote awareness of Council's activities.	To produce Rotorua District News updates during the year.	6 updates during the year	Not achieved. District News rescheduled to align with LTCCP process. One edition held over into new year to report on submissions process.
	To complete the programme of staff updates during the year.	8 updates during the year	Achieved.
To achieve public approval for Council's policies and performance.	To complete and report on the annual NRB Community Satisfaction Survey.	Survey completed and reported by 31.08.04.	Achieved.
	To maintain a high public approval rating for Council staff.	70% NRB	Achieved – 72%.
To establish "Destination Rotorua" as a district marketing strategy.	To gauge Rotorua community support for "Destination Rotorua".	Establish benchmark of support.	Achieved.

SOCIAL AND CULTURAL GROUP

Contribution to Outcomes

Page	Activities within this Group	Community Outcomes							
		A safe and caring community	A community that respects its environment	A healthy community	A prosperous community	A community with excellent facilities and services	A community that values its living Maori culture	A learning community	A "happening" community
63	Aquatic Facilities	✓		✓		✓		✓	✓
66	Cemeteries/Crematorium	✓		✓		✓			
67	Central Business District	✓				✓			✓
68	Civil Defence Emergency Management	✓							
70	Community Assistance	✓		✓		✓			✓
71	Community Halls	✓				✓			
72	Community Policy and Resources	✓		✓	✓				
74	Event Venues	✓	✓		✓	✓	✓		
77	Nursery		✓			✓			
78	Pensioner Housing	✓							
79	Public Gardens/General Reserves	✓	✓	✓	✓	✓			✓
84	Public Library	✓	✓	✓	✓	✓	✓	✓	✓
87	Rotorua Museum of Art & History	✓	✓		✓			✓	

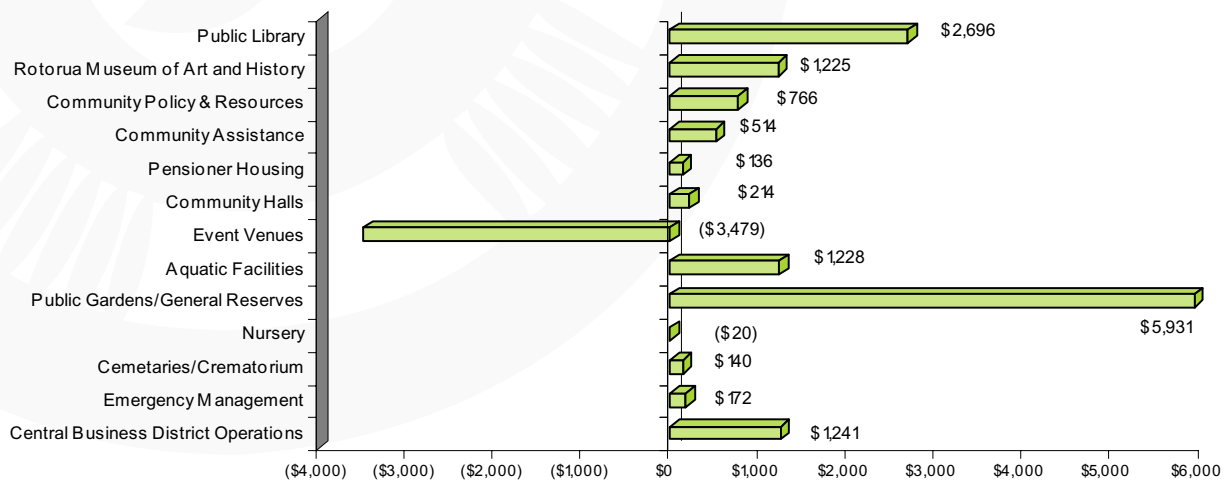
Overview of Group

The activities in this group enhance the district as a place to live. Many of the services provided through these activities are recognised as very important to the community and could

not be provided to the level expected without Council's contribution and involvement.

How the Money is Used

SOCIAL AND CULTURAL Net Cost of Service (thousands)



Aquatic Facilities

Overall aim of the Activity

To provide affordable and safe aquatic facilities that meet the needs and requirements of the local community.

This Year's Highlights and Achievements Included

- Completion and opening of the new upgrade including the 'Hot Spot' areas i.e. spas, lazy river, splash pad, steam cave, family changing rooms and the entrance foyer decor package.
- Opening of the new community arts platform area in the foyer of the centre.
- Swimsation, the centre's swim school won "Best Customer Service Award" at the national Swimsation Conference.
- New Programme development and implementation i.e. Unison Lake Safety Programme, Ripple Efx Teenage Rage Parties and Seniors' Mornings.
- Marketing and brand development i.e. new logo design and implementation plus branding with new web-site, advertising material and staff uniforms.
- Improved NRB rating both in very/fairly satisfied and reduction in not very satisfied with service/facility.

Activity Purpose

Council undertakes this activity because of demand from the community for a multi-purpose swimming and aquatic leisure facility that is unlikely to be satisfied by the private sector. It is also consistent with the Rotorua District Recreation Strategy, which promotes healthy communities through opportunities for physical activity.

The Centre provides a Learn to Swim School (Swimsation) that is available to all members of the public. This is demand driven, with water safety and swimming being particularly important in the lakes district.

Also included within this activity is the administration of the lease of the Waikite Valley Thermal Pools. This facility provides a hot geothermal bathing facility that offers a unique, safe and enjoyable experience in a friendly rural environment. It was originally a community facility built on Council reserve but is now managed by a private operator under a long-term lease arrangement. Council is involved in this activity as a legal requirement of being the administering body for the reserve.

The Rotorua Aquatic Centre is a recreational and competitive swimming and aquatic leisure facility that is open 7 days per week from 6.00am to 9.00pm and which is available to all the community. To provide adequate supervision there are 16 fulltime and 13 part-time staff employed at the Centre with a number of casual staff to cover the peak periods, to ensure the safety of patrons and the effective operation of the aquatic centre. Predictions are for over 305,000 admissions each year. The water quality is to New Zealand Standards and supervision levels are as promoted by Water Safety NZ.

Community Outcomes

A safe and caring community

- Learn to swim classes promote safety in the water.
- Encourages participation and provides water space for the diversity of users of the aquatic centre.
- Providing programmes that encourage the working together of organisations on agreed priorities.
- Promoting and providing facilities and programmes that promote the growth and strengthening of families to work, play and talk together
- Providing programmes that offer training for employment in the aquatic industry.

A community with excellent facilities and services

- The Rotorua Aquatic Centre is an excellent facility that is increasingly well patronised.
- Waikite Valley Thermal Pools are run on a joint venture basis with a private operator, and fill an important niche for family orientated low cost thermal bathing.
- Providing an affordable aquatic facility for the local community.
- Investing in additional facility upgrades to provide excellent facilities.
- Providing qualified, friendly and helpful staff

A healthy community

- By maintaining and actively promoting the Rotorua Aquatic Centre for health and recreation.
- Providing programmes which promote a healthy community.
- Providing programmes which encourage youth health through activities which promote interaction, improve self-esteem, confidence and provide interaction.

A learning community

- The Aquatic Centre provides learn to swim classes.
- The Aquatic Centre provides teaching for Swim School Instructor qualifications.

A "happening" community

- Providing 'fun and enjoyable' events and programmes that cater for all ages and ethnicities of the community.

Cost of Service

For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Operating Expenditure	2,114	1,955	1,838
Revenue	886	793	632
Net Costs	1,228	1,162	1,206

Capital Expenditure

For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Aquatic Centre	19	-	32
Aquatic Centre - Computers / Office Equipment	32	10	22
Aquatic Centre	1,056	540	43
Total Capital	1,107	550	97

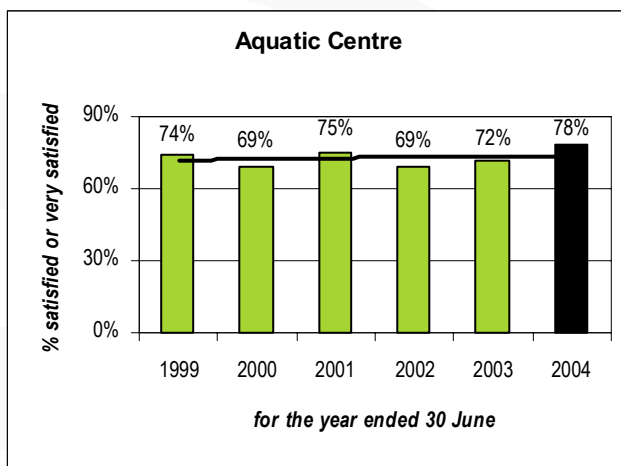
Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To maintain and actively promote the Rotorua Aquatic Centre for health and recreation.	To provide an Aquatic Centre facility within budget whilst achieving the targeted community satisfaction level.	<ul style="list-style-type: none"> 70% NRB Fairly good/very good rating or higher. 75% User Survey Within budget. 	<ul style="list-style-type: none"> Achieved and exceeded with 78% (last year 72%). Achieved and exceeded with 90% satisfaction. 0.25% over net cost of service budget. Budget: \$1,163,000 Actual: \$1,166,000
	Build up and sustain usage levels above targeted admissions per annum. (15% increase in patronage once redevelopments completed)	320,000 ($\pm 10\%$) by 30.06.04	Achieved with 304,065 admissions.
	To review Annual Business Plan for following financial year.	Completed by 31.12.04	Completed February 2004.
	To improve the average individual customer spending level per visit.	\$2.25 ($\pm 10\%$) (\$2.03 - \$2.48)	Achieved and exceeded with \$2.75 average customer spend per visit.
Maintain high standards of professionalism and safety.	Levels of Service Agreements with seasonal users reviewed twice yearly	Levels of Service Agreements completed in September 2003 and March 2004.	
	Compliance with new Pool Safe Quality Management Scheme.	Achieved.	
	Work within the SPARC Swimming Pool Guidelines.	Achieved.	
	To achieve compliance of water quality in accordance with nationally recognised standards.	90% compliance	Achieved 90% compliance.
	To complete new developments for the facility incorporating features identified in Needs Assessment report	Developments fully commissioned by 31.10.03	Not achieved by due date. Commissioned December 2003.
To enhance the core philosophies that "Learn to Swim" is within the reach financially and physically for all residents of the Rotorua District.	To deliver a quality Learn to Swim teaching service at the centre that is available to users of the facility.	95% programme availability.	Achieved 95% availability.
		User survey undertaken first and third terms.	Completed
		93% satisfaction user survey.	Not achieved – 78% satisfaction.
	To continue to grow the Learn to Swim market.	<ul style="list-style-type: none"> 32,000 ($\pm 10\%$) individual lessons 75% re-enrolment rate 	<ul style="list-style-type: none"> Achieved with 31,818 paid lessons. Achieved and exceeded with 85% re-enrolment.

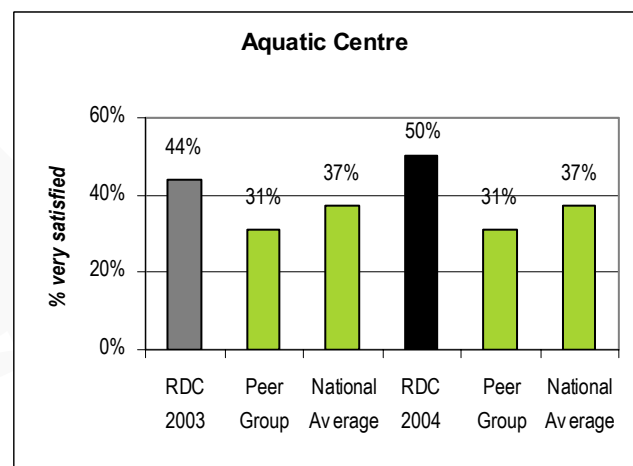
Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
	To introduce one additional new swim school programme each year.	One new programme by 30.06.04	Achieved and exceeded with introduction of 3 new programmes: <ul style="list-style-type: none"> • Unison Lake Safety Programme • Ripple Efx Teenage Rage Parties • Seniors mornings
	To undertake customer service agreements for everyone enrolling in Swim School programmes.	95% compliance	Achieved with 95% compliance.

NRB Community Survey

The two graphs below have been prepared from the annual Communitrack Survey conducted by National Research Bureau Ltd (NRB) Public Perception and Interpretations of Council Services and Representation Report.



This graph shows the percentage of survey respondents that are satisfied and very satisfied with this service over the last 6 years. There is a trend line which helps show the general direction of service satisfaction over time.



This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last 2 years and compares it with our peer group and the national average. The peer group is described on page 53.

Cemeteries/Crematorium

Overall aim of the Activity

To provide for the burial and cremation of deceased persons of Rotorua and the surrounding District in a manner that is appropriate to the needs of the community.

This Year's Highlights and Achievements Included

- Installed a new sound system in the Rotorua Crematorium Chapel.

Activity Purpose

Council provides this service for legislative compliance reasons and to enhance community health and safety.

This activity involves the provision, operation and maintenance of the Council owned Crematorium, and Rotorua, Reporoa, Ngakuru and Mamaku Cemeteries. Council also administers and maintains Rotorua's main public cemetery at Ngongotaha for the Kauae Cemetery Trust Board of Trustees with the administrative and corporate support costs met by Council.

Community Outcomes

A safe and caring community

- Respectful and caring provision of services to bereaved families.

A community with excellent facilities and services

- Access to quality crematorium and cemetery facilities at an affordable price.

A healthy community

- Provision of cemetery and crematorium services in accordance with legislative requirements is a public health requirement.

Cost of Service

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Operating Expenditure	300	322	332
Revenue	160	140	142
Net Costs	140	182	190

Capital Expenditure

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Kauae Cemetery	-	35	-
Crematorium – Plant	4	3	10
Total Capital	4	38	10

Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To provide for the burial and cremation of deceased persons of Rotorua and the surrounding District in a manner that is appropriate to the needs of the public.	Meet all legislative requirements relating to burials and cremations.	100% compliant	Achieved.
	To provide a burial and cremation booking service responding to all requests promptly.	<ul style="list-style-type: none"> 24 hour service 30 minutes response time 	Achieved.
	To have cremated remains ready for dispatch.	Within 16 working hours of accepting the body for cremation.	Achieved.
	To complete the contracts for maintenance and scheduled works for cemeteries by year end according to contract specifications and within budget.	Contract Completion Certificates	Achieved 9.5% under budget: Budget: \$82,898 Actual: \$74,991
	New Cemetery Extension	Detailed design plan completed by 30.06.04.	Not achieved. Still negotiating to procure suitable land.

Central Business District Operations

Overall aim of the Activity

To create a well presented, pleasant and vibrant city centre environment.

This Year's Highlights and Achievements Included

- Combining off street parking/parking building operations successfully with CBD operations to enable more prudent facilities management.
- Increased our street activity and entertainment with events reaching the 280+ mark.
- Extremely successful staging of Rotorua Rally ceremonial start and finish in the city centre.
- Rationalisation of meter technicians building in Pukaki Street with closure of, and integration with, already leased building at 1140 Pukuatua Street.

Activity Purpose

This service is provided in order to meet ratepayers' expectations and involves keeping the central city area clean and tidy, welcoming and alive, as well as management and maintenance of:

- City Focus
- Central Business District
- Government Gardens
- Lakefront
- Parking Building
- CBD Off-Street parking lots
- Meter parking facilities
- Public conveniences
- Tourism kiosks and signage
- Street banners and decorative lighting features
- Crime prevention camera network

It also involves management of a range of regulations, engineering, property management, promotional and administrative tasks.

Community Outcomes

A community with excellent facilities and services

A safe and caring community

- By ensuring a very high standard of cleaning and maintenance in the Central Business District.
- By maintaining public conveniences to a very high standard of upkeep and cleanliness.
- By providing a crime prevention camera network.

A "happening" community

- By ensuring activity in the City Focus and Central Business District is encouraged and adds flavour, enhances Rotorua's character and is well managed.
- By ensuring the central city area is always neat and tidy.

Cost of Service

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Operating Expenditure	1,248	1,096	1,001
Revenue	7	8	7
Net Costs	1,241	1,088	994

Capital Expenditure

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Computers / Equipment	8	18	2
Security Cameras	-	-	16
Lighting	8	24	-
Total Capital	16	42	18

Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To enhance a safe CBD environment for all users.	To maintain the operation of the crime prevention camera system.	100% achieved.	Achieved.
To ensure high standards of CBD cleaning and maintenance.	To ensure CBD, Lakefront and Government Gardens cleaning and maintenance is completed within approved budget and to approved standards.	Budget achieved 95% contractor compliance.	Achieved.
To provide efficient and effective sanitary janitorial services for all public conveniences.	To have janitorial services programmes completed within approved budget.	Budget achieved Janitorial programme completed 100%.	Achieved.
	To ensure all janitorial services policies are complied with.	100% compliance	Achieved.
	To respond to all complaints on sanitary standards promptly.	Within 1 hour	Achieved.

Civil Defence Emergency Management

Overall aim of the Activity

To provide for the maintenance and operation of a Civil Defence organisation suitable for the needs of the District.

This Year's Highlights and Achievements Included

- Establishment of the Bay of Plenty Civil Defence Emergency Management Group.
- Appointment of John Thurston to develop the first Civil Defence Emergency Management Group Plan.
- Series of training programmes focussing on recovery and building assessment.

Activity Purpose

The primary functions of the activity are the maintenance and improvement of Civil Defence Emergency Management operations to standards necessary for the efficient and effective implementation of the Civil Defence Emergency Management Act (CDEM). This activity is undertaken primarily by contract.

The activity also covers the cost of conducting training exercises and competitions such as rescue training, casualty handling, communications, search and rescue etc. These functions provide valuable training for the large volunteer component of the Civil Defence Emergency Management organisation.

The CDEM 2002 Act was passed by Government on December 1st 2002. It is a requirement of the act that all territorial local authorities belong to one and only one Regional Civil Defence Emergency Group. Rotorua chose to

join the Bay of Plenty CDEM Group. The CDEM Group will, over a two year period commencing 1 June 2003, develop a Regional Civil Defence Emergency Management Plan. This plan must be approved by the Minister. Local authorities remain responsible for civil defence emergency management within their boundaries.

Rotorua District Council will also be seeking to increase its reimbursement from the Ministry of Civil Defence Emergency Management for approved expenditure. To date claims for reimbursement by Rotorua have been at the lower end of the scale.

Community Outcomes

A safe and caring community.

- An efficient, effective and responsive organisation.

Cost of Service

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Operating Expenditure	187	197	176
Revenue	15	20	9
Net Costs	172	177	167

Capital Expenditure

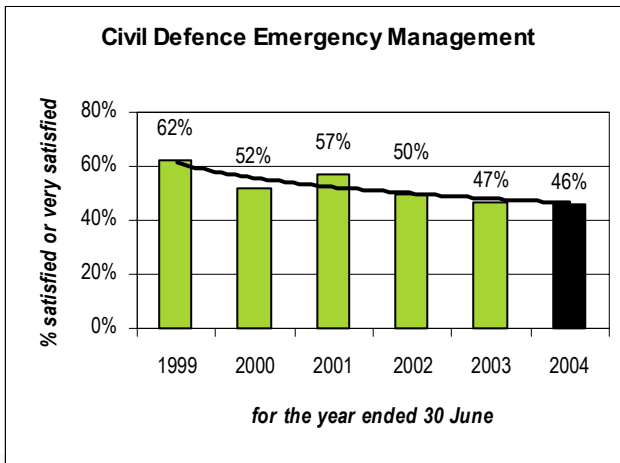
For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
	-	-	21
Total Capital	-	-	21

Performance for 2004

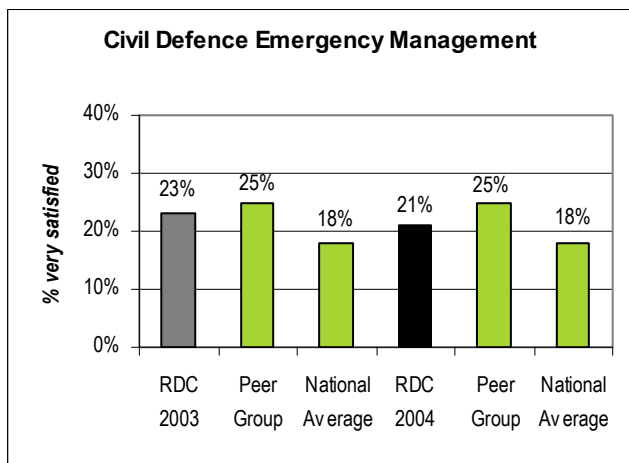
Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To maintain efficient and effective Civil Defence operations to standards necessary to provide for adequate protection for residents of the District in the event of Civil Disaster in terms of the Civil Defence Act.	To hold a major internal (district) Civil Defence exercise involving the full mobilisation and exercising of the Rotorua District Council Civil Defence Headquarters, and to participate fully in a regional Civil Defence exercise as required by Environment BOP.	1 internal exercise 1 joint exercise	Internal exercise held on 7.7.04. Achieved. Joint regional exercise held on 24.11.03.
	To identify the status of home preparedness for a Civil Defence Emergency and mount a campaign to reinforce this.	Status identified.	Achieved. Baseline identified as part of annual NRB Survey.
	To establish a Civil Defence 2004 Emergency Management Group.	CDEM Group established and operative.	Achieved. Established and operative.
	To prepare a Civil Defence Emergency Management Group Plan and have approved by Minister of Civil Defence/ Emergency Management.	N/A	N/A

NRB Community Survey

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This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last 2 years and compares it with our peer group and the national average. The peer group is described on page 53.

Community Assistance

Overall aim of the Activity

To manage resources through strategic policies which assist community development in priority areas defined by Council.

This Year's Highlights and Achievements Included

- Successful Funding Expo for not-for-profit agencies held in August 2003.
- Effective co-ordination of the popular 2004 Picnic on the Green event to celebrate Rotorua's volunteers and community organisations

Activity Purpose

Over many decades Council has developed a range of policies and processes through which to support the work of local not-for-profit organisations in addressing local needs and issues, and enhancing community wellbeing.

The Community Assistance area includes a wide range of policies and functions including:

- Facility provision and support through Community House, the Rotorua Arts Village
- Community Grants scheme
- Community Asset Development Fund
- Contracts with the not-for-profit sector;
- Council's Annual and Rates grants;
- Creative Communities Rotorua Fund (on behalf of Creative NZ).

Community Outcomes

A safe and caring community

- Much of the resource invested by Council each year supports "caring" and "safety" community organisations which provide community development and service functions

A community with excellent facilities and services

- Community House and the Rotorua Arts Village provide the community with great facilities for social and cultural use

A healthy Community

- A number of Community Assistance policies support the promotion of health and healthy lifestyles, for example contracts and facilities for recreation organisations, grants for health and wellbeing, Community House which is tenanted by many health services.

A happening Community

- Council's Community Assistance Policies support many large and small community events including the Mardi Gras, Picnic on the Green and many small events run by youth, social and community service organisations.

Cost of Service

For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Operating Expenditure	559	889	561
Revenue	45	164	122
Net Costs	514	725	439

Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
Community funding management to support local community initiatives which improve wellbeing.	Council Community Assistance Policies implemented and monitored and annual report prepared.	By 30.06.04	Achieved.
	Annual liaison with other key local funders.	Reporting by 30.06.04	Not achieved. meetings held with some funders, but annual gathering coordinated by BOP Community Trust scheduled for August 2004.
	Administration of Creative New Zealand funding within agreed guidelines and timeframes.	Funding rounds completed. 100% compliance with guidelines.	Achieved. Achieved.
	To provide grants, loans and guarantees to support community development of facilities.	100% compliance with policy	Achieved.

Community Halls

Overall aim of the Activity

To provide access to quality rural halls.

This Year's Highlights and Achievements Included

- Publication of a history of Rotorua Rural Halls.

Activity Purpose

Historically Council has built, or been gifted, halls which serve rural community purposes. Council has regarded this as a way of providing for social and community activity in rural areas.

RDC owns nine community centres and halls in the rural District. Council assists the management committee of each hall by way of maintenance and on-going liaison in respect of operational matters.

In addition, Council makes an annual grant towards two independently owned halls, one at Rotoma and one outside the District boundary at Atiamuri, but used by a number of Rotorua ratepayers.

Community Outcomes

A safe and caring community

- Council supports rural communities to have meeting and gathering places by owning and maintaining nine community centres and halls at Waikite Valley, Kaharoa, Broadlands, Okareka, Mamaku, Reporoa, Rerewhakaaitu, Ngakuru, and Ngongotaha.
- Each has its own local management committee or contacts who oversee the day-to-day use of the facilities and liaise with Council.
- Council also provides grants to two independently owned halls at Atiamuri and Rotoma, to ensure that those communities have an accessible meeting place.

A community with excellent facilities and services

- Eleven facilities are supported in rural communities.

Cost of Service

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Operating Expenditure	228	209	214
Revenue	14	15	16
Net Costs	214	194	198

Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
The management of Council's Community Halls.	To manage Council's rural halls within Council policy and budget and to monitor and report annually on the activity.	100% policy compliance within general rate.	Achieved.
		Activity report presented by 30.06.04	Achieved.
	To upgrade halls as required.	N/A	N/A

Community Policy and Resources

Overall aim of the Activity

To foster community wellbeing through advocacy, facilitation, research, information provision, co-ordination, and community policy development and implementation.

This Year's Highlights and Achievements Included

- Inception of the Rotorua Pathways Project in collaboration with Work and Income - a project focussing on creating more effective training and sustainable employment pathways for local young people, aged 15-17 years, as they leave school. Funding to continue the project has been secured through the Mayors' Taskforce for Jobs and the Ministry for Trade and Enterprise.
- Development of the inaugural "Pu Maia Rangatahi - Youth in Local Government Awards", gifted by Rotorua District Council to the local government sector in Aotearoa/New Zealand to celebrate and encourage good practice by local authorities in youth development within our communities.
- Significant input and support to the consultation processes to develop Rotorua's Community Outcomes and monitoring processes.
- Development of a well researched and consulted Gambling Venue Policy for the Rotorua District
- Refocussing of Council's approach to community safety agendas and development of a draft Ten Year Crime Prevention Strategy for the district.
- Inception of new annual events and networks among the Rotorua arts and creative communities including the celebration of "Matariki", the Maori New Year.

Activity Purpose

For many years successive Rotorua Councils have prioritised a focus on social, cultural and community needs. The Local Government Act 2002 now requires that all local authorities consider these dimensions of wellbeing in their priority setting, decision-making, and actions. The Community Policy and Resources Division activities provide leadership for Council in the areas of social and community development within the District through a wide range of strategies.

These include:

- Facilitating community consultation, research and activities around local social and cultural issues as directed by Council
- Monitoring Rotorua social and cultural trends and keeping Council and the community informed
- Developing policy through which Council can effectively address local issues and needs (e.g. Community Assistance Policies, ICT Strategy)
- Implementing Action Plans within policies adopted by Council (e.g. Youth Policy and Action Plans)

- Establishing and maintaining relationships with a wide range of organisations and groups with a commitment to Rotorua's community and social fabric (eg Community Safety Forums)
- Facilitating planning, events, activities and services relevant to Council priorities (e.g. Anzac Day Civic Service, the development of comprehensive Arts Sector databases)
- Providing support to Council and the community's relationships with our Sister Cities including with Beppu – Japan, Lake Macquarie – Australia, Klamath Falls – Oregon USA and Wuzhong City – China; and international programmes to which RDC is committed including People to People
- Advising Council on social policy issues and matters in support of Council's advocacy and leadership roles
- The Division also undertakes the management of resources and services which enhance community wellbeing including Council's Community Halls, Pensioner Housing and Community Assistance Policies (including various grant and loan schemes, community contracts and community group facilities including the Arts Village and Community House)

Community Outcomes

A safe and caring community

- Much of the Division's work is focussed on this Community Outcome, including research, information provision, community directories, Social Policy development and implementation in the Arts, Youth, Older Persons and Community Assistance areas
- A current priority in response to the Community Outcomes "Key Focus" (A safe and caring community) is on developing a more strategic approach by Council to community safety
- A further related priority is to explore the most appropriate roles Council should play in supporting the not-for-profit sector, and facilitating cross-sectoral approaches which more effectively involve the not-for-profit sector

A Prosperous Community

- Youth Policy focus on creating better local pathways for young people into work
- Art Policy focus on the potential for cultural tourism and employment creation within arts sectors
- Leadership of the Community ICT Strategy

Cost of Service

For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Operating Expenditure	789	836	764
Revenue	23	1	8
Net Costs	766	835	756

Capital Expenditure

For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Computers	5	5	1
Total Capital	5	5	1

Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
Community information to inform and support local community development.	Provide accessible information about community wellbeing to inform local community development planning.	Accessible updated information available by year end.	Achieved.
	Produce and distribute Good Health booklet.	By 30.06.04	Achieved.
	Provide Fundview and Breakout in public locations.	3 public locations - Mokoia Community Association - Public Library - Citizens Advice	Achieved.
<u>Social Policy and Research Projects</u>			
Youth Policy implementation of annual plans.	Youth Policy Annual Report on Action Plans and annual update of plans.	By 30.06.04	Achieved.
Older Persons Policy implementation of Annual Plans	Older Persons Annual Report on Action Plans and update of plans	By 30.06.04	Achieved.
Computers in the Community	Development of Council Policy and Action Plans	By 30.06.04	Achieved.
Community Safety Strategy	Development and implementation of Annual Action Plans	By 30.06.04	Achieved.
Art Policy implementation of Action Plans.	Art Policy Annual Report on Action Plans and update of plans.	By 30.06.04	Achieved.
Social Monitoring Annual Report.	Social Monitoring Annual Report produced.	By 30.06.04	Achieved.
Unemployment Response Action Plan implementation.	Action Plans implemented and reported.	By 30.06.04	Achieved.

Event Venues

Overall aim of the Activity

To provide venues for conventions, theatre shows, entertainment, sporting events and community use for local residents and visitors to Rotorua.

To provide the best event facilities for Rotorua that supports the destination in its endeavours to attract large, high yielding events. (local, regional, national and international)

- Local amateur performance venues
- Sport and recreation venues
- Conference and incentive venues
- Social function venues
- Touring and local professional performing venues

This Year's Highlights and Achievements Included

- **Qualmark Accreditation** - The Rotorua Convention Centre (and Civic Theatre) has received a 'Four Star Plus' rating with Qualmark NZ, being one of the first venues in the country to go through the new assessment procedures for stand alone convention centres.
- **'Get Active Stay Active' Recreation Programme** – A grant of \$350,000 over three years has been received from SPARC (Sport and Recreation New Zealand) to develop recreation programmes for the Rotorua community.
- **Rotorua Energy Events Centre** – The Rotorua Energy Charitable Trust has generously donated \$10 million towards the redevelopment of the site adjacent to the Sportsdrome. Council has provided a further \$4 million commitment to the project within the Ten Year Plan with further fundraising underway.
- **Te Runanga Tea House** - Celebrated its 100 year anniversary on 14 December 2003. Approximately 50 spectators were present for the formalities and up to 200 people visited the venue throughout the day.
- **Convention Centre/Civic Theatre** – Has been well booked hosting a huge range of events. Two of the larger and very successful conferences were the FPIA Conference consisting of 600 delegates and the ANZ Mental Health Nurses Conference hosting 550 delegates. By the end of the current financial year, 15 conferences of significant size would have been held in the Rotorua Convention Centre contributing an estimated economic impact of \$8.5 million to the city.
- **2006 UCI World Mountain Bike Championships** – Won the rights to host this event through a joint venture with representatives of various departments of Rotorua District Council, the Rotorua Mountain Bike Club, Mountain Bike NZ, Cycling NZ, Sports Impact and invaluable support from other Rotorua agencies and trusts.

- **'Duck Campaign'** - Five of Rotorua's key operators have joined with Event Venues in a joint marketing venture, to further strengthen and provide a greater awareness of event facilities that are available to the Conference and Incentive markets nationally.
- **Lions Tour 2005** – The Bay of Plenty Steamers will play the first game of the Lions Tour at the Rotorua International Stadium during the first week in June 2005.
- **Rotorua Event Strategy** - Was officially adopted by the Rotorua District Council setting a framework for RDC on eventing for the future.
- **Rotorua Wearable Colour n' Creation Awards** – Brainchild of three Rotorua event enthusiasts catering for young people and corporates alike with an event designed to bring out creativity, individuality and imagination from all walks of life. A great success highlighted to become a prestigious annual event and something that Event Venues are proud to be a driver and contributor of.
- **Fletcher Challenge 40th Anniversary Marathon** – The introduction of the 5km and 10km events has seen entries double this year with an extra 1200 participants.
- **New Events** – Event Venues have secured Ekiden and Special K as new events for Rotorua.
- **The Inaugural Maori Media Awards** - Were held in the Rotorua Convention Centre in March 2004. It was the first time TVNZ had made a formal outside broadcast of an awards dinner. The awards were screened live to 15,000 subscribers with the recorded show being broadcasted on Marae on Easter Sunday.

Activity Purpose

This activity covers the operation of the Rotorua Convention Centre, Civic Theatre, Ticketek, Soundshell and Sportsdrome, the development of the Rotorua Energy Events Centre, International Stadium (including Number 2 field) and Community Sports and Events in terms of Council policy. Funding is required to cover operations, maintenance and caretaking costs to keep the buildings in order to obtain optimum return. Current usage varies for each centre. The Convention Centre was opened in March 1995 and the 2003/2004 financial year was its ninth full year of operation.

To assist Rotorua District Council's proactive approach creating employment opportunities within the tourism sector for the citizens of Rotorua.

This activity employs eleven staff in total plus three cleaning staff for all facilities.

Council provides the Event Venues facilities and services in order to meet ratepayer expectations.

Community Outcomes

A safe and caring community

- Community encouraged to use facilities.
- Multi-use facilities to keep costs down.
- Contributes facilities that encourage community growth in performing arts.
- Develop up and coming sports to ensure the growth in 'get active stay active'.

A prosperous community

- By providing facilities that can attract events.
- Working in partnership with the business community.
- More events attract more visitors which equals greater business opportunities.

A community that respects its environment

- Blending historical buildings with today's requirements.

A community with excellent facilities and services

- Provides a conference centre in the heart of the city.
- Provides historic buildings for public and private use.
- Provides an indoor multi-purpose sporting venue.
- Provides the Stadium for big day or night events.
- Provides an outdoor facility for all codes.
- Provides professional support and assistance in the deliverance of events.

A community that values its living Maori culture

- Increases opportunities to experience diverse cultural events.

Cost of Service

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Operating Expenditure	2,438	2,716	2,407
Revenue	5,917	3,241	800
Net Costs	(3,479)	(525)	1,607

Capital Expenditure

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Computers	15	14	10
Soundshell	1	5	-
Sportsdrome	2	24	47
Event Venue	462	2,300	-
Recreation Scheme	-	48	-
Convention Centre	26	537	46
Arts Village	22	-	61
Tea Room	-	5	13
Stadium Improvements	5,800	-	-
Transfer	-	-	-
International Stadium	-	20	13
Total Capital	6,328	2,953	190

Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To provide venue operations that meet the needs of customers in all aspects.	To undertake client surveys and achieve required satisfaction levels.	90% requirement	Achieved – 98%.
To benefit the Rotorua District economically by attracting events.	Obtain National/ International Conferences/Events of significance size (that could not be held without Event Venues).	15	Achieved.
To provide facilities for community use.	Ensure that community bookings are at least 40% of total bookings.	40%	Achieved.
	To increase community functions at Te Runanga Tea House.	5%	Achieved. More community weekend usage.
	To increase weekday use of Te Runanga Tea House.	5%	Not achieved. 4 day a week booking cancelled.
	To increase community functions at the Soundshell.	5%	Achieved.
To enhance and grow community health in sports through facility usage.	To increase audience attendance of touring shows.	5%	Not achieved.
	To increase community usage of the Sportsdrome..	Implement Rec programmes	Not achieved.
To increase and enhance community events and sports activities.	New community events.	5 events	Achieved.
	Awareness of Events Calendar.	60% aware or used database	Achieved.

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
	'Revamped' community events.	8 events	Achieved. 11 'revamped' community events. 5 new community events. 7 cultural/non sport events.
To diversify marketability of facilities.	To increase diversity of use of the International Stadium by attracting: a) cultural events b) non sporting events	a) 2 b) 5	Achieved.
To provide and maintain amenity facilities for public use and enjoyment that enhance people's appreciation of the environment and encourage active lifestyles.	To complete the contracts for maintenance and scheduled works for the International Stadium complex by year end in accordance with contract specifications and within budget.	Within budget. Contract Completion Certificates	Achieved. Budget: \$140,044 Actual: \$136,103

Nursery

Overall aim of the Activity

To provide high quality plants and trees for the parks and reserves activity.

This Year's Highlights and Achievements Included

- Revenue up 9.7% on budget.

Activity Purpose

Council undertakes this activity in order to:

- Produce sufficient numbers of high quality plants for Council's parks, gardens and displays (indoor and outdoor).
- Have available appropriate plants for use in environmental improvement projects.
- Have available large, high quality trees for streetscaping.
- Provide high quality plant material to other local authorities which in turn subsidises the cost of plants to Rotorua District Council.
- Provide educational opportunities for horticultural students (able bodied and disabled)

Plants produced include annuals, perennials, trees, shrubs, and house plants. Experience has shown that sourcing these plants from other suppliers can be a 'hit and miss' process. If Council is to maintain high standards in parks and gardens, it is necessary to control the production process. Sale prices of plants include a return on the capital value of the stock on hand.

This activity employs seven full time staff.

Community Outcomes

A community that respects its environment

- Provides premises for growing both native and exotic plants, so more can be incorporated into the Council's landscape.
- Provides plants that enhance amenity values.
- Provides plants that contribute towards the continued sustainability of the natural environment.

A community with excellent facilities and services

- A well run nursery producing quality plants at competitive rates
- Provides plants that enhance council facilities

Cost of Service

For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Operating Expenditure	236	182	223
Revenue	256	197	220
Net Costs	(20)	(15)	3

Capital Expenditure

For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Computers	4	4	6
Total Capital	4	4	6

Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To ensure suitable plants are available in sufficient numbers for Council use.	To provide and move on required levels of plant units by year-end.	450,000 annuals	Achieved and exceeded with productivity up 4.5% on last year: 656,860 annuals
		2,500 perennials	2,675 perennials
		20,000 trees and shrubs	29,370 trees/shrubs
		1,000 house plants	1,033 house plants
			dispatched

Pensioner Housing

Overall aim of the Activity

To provide quality pensioner housing

This Year's Highlights and Achievements Included

- Development of a partnership relationship with Housing New Zealand Corporation to plan the redevelopment of the Rawhiti complex.

Activity Purpose

For over four decades Council has provided housing for older people within a "social housing" philosophy. Currently 146 units are owned and managed by Council. Of these, 24 are double units having one separate bedroom, and there are 126 single units, 105 of which are bed-sitter units, with the remaining 21 having one separate bedroom.

Vacancies are filled from a waiting list based on assessment criteria and date of receipt of application with the majority of applicants having their housing needs met within six to nine months.

Community Outcomes

A safe and caring community

- Council owns and rents 146 pensioner units in various parts of Rotorua.
- This accommodation was built between the 1950s and 1980s with low interest loans from central government.
- The housing has to date been managed within a "social housing" philosophy.

Cost of Service

For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Operating Expenditure	612	507	571
Revenue	476	488	438
Net Costs	136	19	133

Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
The management of Council's pensioner housing.	To manage Council's pensioner housing within Council policy and budget and to monitor and report annually on the activity.	<ul style="list-style-type: none"> • 100% policy compliance • Within budget • Activity report presented by 30.06.04 	<ul style="list-style-type: none"> • Achieved. • Achieved. • Achieved.
	To plan and implement upgrading of older units.	To implement Council decision on upgrading requirements for housing stock.	Achieved. Council decision implemented and awaiting final HNZA decision.

Public Gardens/General Reserves

Overall aim of the Activity

Active people, healthy communities – to enhance community wellbeing through appropriate development and maintenance of recreation and community assets on Council's parks and reserves, and to provide high quality plants and trees for the parks and reserves activity.

This Year's Highlights and Achievements Included

- Kuirau Park Tschopp Parklands area design concept public launching and commenced year 1 of planned four year development programme.
- CPTED (Crime Prevention Thru Environmental Design) principles have been implemented in Kuirau Park by opening up the park, removing undergrowth and raising tree canopies to provide a safer environment for visitors and locals.
- New playgrounds installed at Pohutukawa Drive, Okareka Hall, Amun Place, Murray Linton Gardens, Mamaku, and replacement of undersurfacing at the Rotorua Lakefront Volcanic Playground.
- Established a close working relationship with representatives of Timber Management Company over management of the Tokorangi Triangle forest.
- Renewed utility services to the Visitor Information Centre on Long Mile Drive.
- Continued implementation of Parks Interpretation Strategy with development of new signage and brochures.
- Development and distribution of a suite of parks information brochures covering walkways, lakes reserves, natural and cultural heritage trails, and where to wed.

Activity Purpose

Council provides this service to meet ratepayers' expectations and statutory requirements.

The activity is responsible for management of all parks assets including trees, gardens, turf, structures, outdoor furniture and Council owned buildings. Council undertakes the activity for the most part to meet community expectations in terms of keeping parks and reserves well maintained and providing new and replacement facilities for public use. Council also undertakes this activity for legislative compliance reasons (Local Government Act, Reserves Act, Resource Management Act), in particular the asset management requirements of the Local Government Act. This activity also includes the Council nursery.

The activity is significant in that it deals with development and maintenance of strategic assets i.e. parks and reserves. The activity also deals with the development, maintenance and replacement of assets within those parks and reserves which are provided for the use and enjoyment of the public and for the benefit of the community.

Activities include:

- Legislative compliance in development and management of parks assets.
- Policy implementation, compliance and review.
- Planning and implementation of parks' capital works and replacement of parks' assets.
- Scheduling and implementation of parks maintenance and capital works contracts.
- The maintenance of high profile parks, gardens and lawns.
- The maintenance of all sports fields, urban and rural reserves, street trees, local purpose reserves, drainage easements and traffic islands
- The maintenance of structures on and bordering reserves including buildings, fences, playgrounds, jetties, boat ramps, furniture.
- Reserves amenity lighting and water supply to reserves.
- Janitorial services for reserves' amenities.
- The management of the Tokorangi forest ensuring continued public access to at least the current level.
- Financial overview for the entire Parks and Recreation division.
- Administrative support for Parks and Recreation and Community Policy and Resources.
- Provision of landscape and visual amenity advice to Parks and Recreation development plans and Environmental Services consent and planning processes.
- Effective planning to enable the current and future open space needs of the community to be met.
- Management of the use of reserve land by the general public, sporting groups, community organisations, commercial recreation providers and other legitimate users through concessions, bookings and service level agreements.
- Preparation, management and supervision of all Parks and Recreation contracts for parks maintenance and capital works of all on all urban and rural reserves, urban streets, local purpose reserves and drainage easements.

Of the 11 full time staff employed in the Parks and Recreation division, four provide asset management and contract supervision services for the various activities with the Parks and Recreation Division. This includes looking after 390 ha of parks, 21 sports field sites, 73 playgrounds, 74 kilometres of walkways and 33 boat ramps.

Community Outcomes

A safe and caring community

- Regular inspections and safety audits of parks assets.
- Contribution to crime prevention through application of safe environmental design principles in reserve development and maintenance.
- Provision of parks assets that encourage community use and "ownership" of local reserves.

A prosperous community

- Development and maintenance of selected high quality venues to attract significant sporting events.
- The Most Beautiful City – an attractive visitor destination and place to live and do business.

A community that respects its environment

- Be active in the beautification of parks, reserves and the urban streetscape.
- Provide opportunities for community and school planting programmes to enhance reserves and promote environmental awareness.
- Provide opportunities for environmental appreciation e.g. trees, lake edge walkways etc.
- Management of parks and reserves that sets a good example to the community in terms of environmental care and respect.
- Green team school holiday programmes educate children about parks maintenance and care.
- Community involvement in revegetation and eco-restoration programmes.

A community with excellent facilities and services

- Provide and maintain a range of open spaces, gardens, parks, sportsfields, playgrounds, walkways and other facilities for recreation and amenity value.
- Provide boat ramps and jetties for access to the District's lakes.
- Maintain assets to the standard required by the community.
- Planning and policy development to promote efficient and effective use of community resources.
- Provision of reserve land and funding where appropriate for establishment and operation of recreational and sporting facilities by clubs and organisations.

A "happening" community

- Great spaces and facilities help to make Rotorua an attractive visitor destination.
- Development and maintenance of sporting and recreational venues for local, regional, national and international events.

A healthy community

- Active people, healthy communities – planning and policy development to achieve health outcomes through provision of recreation opportunities and protection of other open space values.

Cost of Service

For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Operating Expenditure	6,894	6,760	6,885
Revenue	963	906	809
Net Costs	5,931	5,854	6,076

Capital Expenditure

For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Parks Administration – Computers	9	17	10
Parks Administration - Equipment	-	2	-
Reserve Upgrade fund	-	300	-
Kuirau Park Development	49	142	-
Westbrook Pavilion / Development	1	164	-
Parks & Reserves Capital Development	453	469	618
Total Capital	512	1,094	628

Performance for 2004

Parks Administration

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To provide the administrative service and support for the efficient and effective operation of the Division .	To follow up complaints promptly after receipt and to achieve a high success rate resolving issues with the appropriate action being taken.	Follow up within 10 working days 95% complaint 90% successfully resolved	Achieved – 95% compliant. Achieved – 94% successfully resolved.
	To maintain an accurate Reserves Lease information database that enables a review of all leases due for rental review, expiry or negotiation in each year to be undertaken.	95% achieved	Achieved.
To promote good usage of sportsgrounds and reserves.	To undertake specific promotional programmes that continue to raise the profile of the District's Parks and Reserves.	4 programmes undertaken	Achieved: <ul style="list-style-type: none"> • The Wedding Planner • Outdoor Action and Adventure article • Government Gardens Open Day • "Clean Up" advertisement • Eco Fest

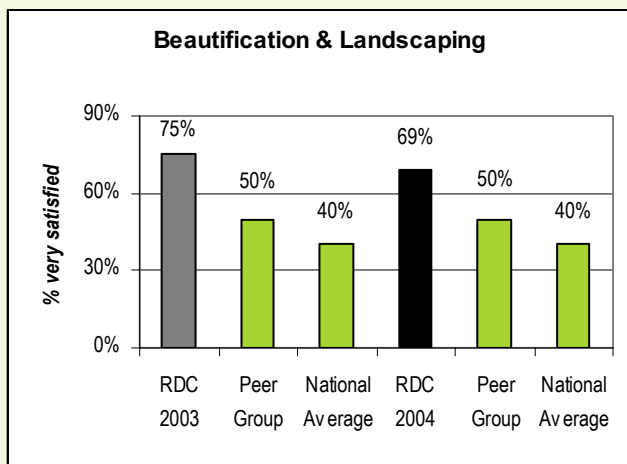
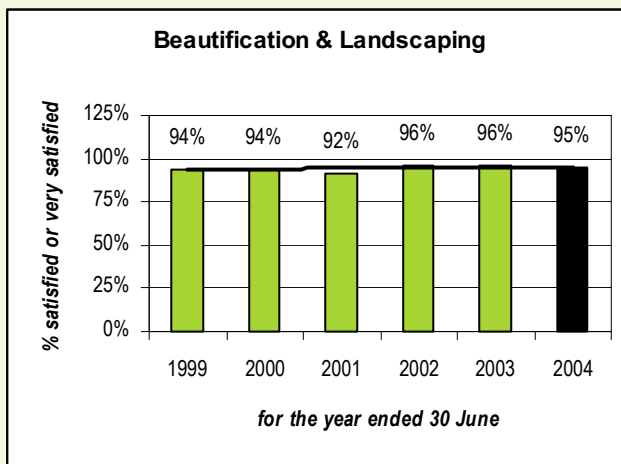
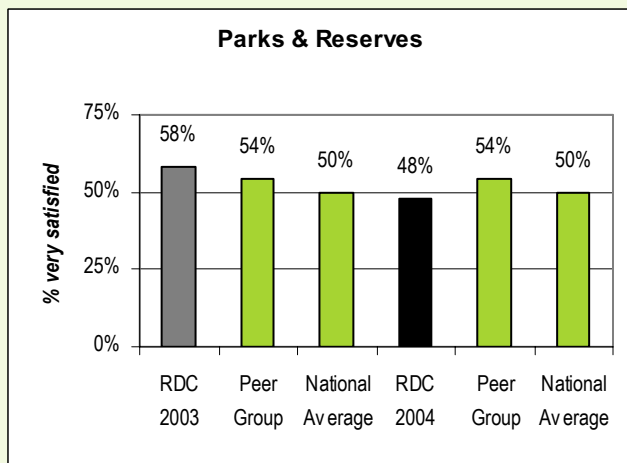
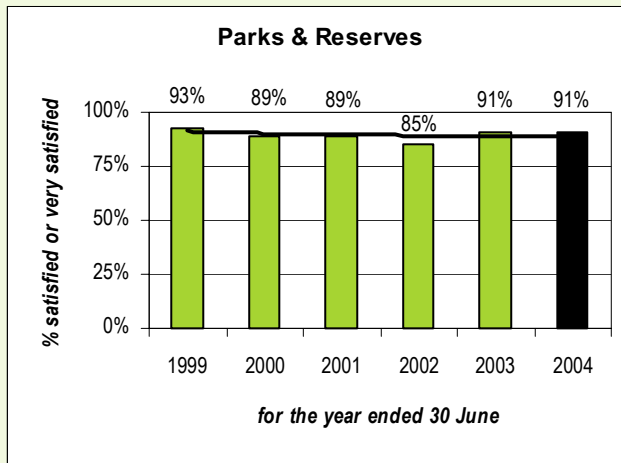
Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
	Provide School Holiday Programmes based around Parks and Recreation activity.	Programmes provided every school term holiday break.	Achieved. Programmes run every school holiday period.
	To have levels of service agreements in place for all sporting bodies requiring seasonal allocation of sportsfields.	Reviewed Summer Users 31.10.03 Winter Users 30.04.04	Achieved.
To provide planning policy advice and management of the total Parks operation.	To hold meetings with Pukeroa Oruawhata Trust representatives in terms of the protocol on gifted reserves by year end.	2 meetings held	1 meeting held 19.04.04. Meeting planned for 15 or 16.06.04 cancelled by Council due to lack of response from Pukeroa Oruawhata Trust.
	To develop a model for long term joint management between Council and Ngati Whakaue for the gifted reserves.	Draft proposal accepted by Council by 31.12.03.	Not achieved. The settlement process between the Crown and Ngati Whakaue has been put on hold.
	To complete the Management Plan for Reserves covered by the Ngati Whakaue Protocol Agreement.	Completion of public consultation by 30.09.03. Adoption of operative plan by 30.12.03.	Not achieved due to delays in consultation feedback from Pukeroa Oruawhata Trust.
	To develop an Open Space Strategy for inclusion into the District Plan and other plans as appropriate.	Completed and adopted by 30.06.04.	Not achieved. Programmed for August 2004.
	To maintain the integrity of the Rotorua District Recreation Strategy.	1 meeting held with stakeholders by 30.06.04.	Not achieved.
	To maintain an RDC Recreation Action Plan with annual review and updating.	Reviewed by 30.12.03. Approved by 30.03.04.	Reviewed and approved 10.03.04.
	To complete the Management Plan for the Tokorangi Forest.	Completion of public consultation by 30.08.03. Adoption of operative plan by 30.12.03.	Not achieved due to delays in iwi consultation.

Public Gardens/General Reserves

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To provide, maintain and protect parks, gardens, trees, landscaped trees, streetscapes and general open spaces that both meet the needs of the public and protect the environment.	To plant a minimum number of new tree plantings in accordance with Council policy by year end.	Minimum 300 street trees 350 reserve trees 30.06.04	Achieved with 301 street trees and 369 reserve trees planted.
	To undertake public planting programmes on reserve land during the year.	Three public plantings. Completed 30.06.04.	Achieved and exceeded: <ul style="list-style-type: none"> • Conservation Day planting at Linton Park • Tree Trust Grove of Honour plantings • Arbour Day planting at Jackson Park • Tschopp Parklands planting at Kuirau Park
	To complete the contracts for maintenance and scheduled works for public gardens and general reserves by year end in accordance with contract specifications and within budget.	Contract Completion Certificates	Achieved 0.7% under budget. Budget: \$3,486,735 Actual: \$3,463,851
To provide and maintain amenity facilities for public use and enjoyment that enhances people's appreciation of the environment and encourages active lifestyles.	To undertake a safety audit for all Council's playgrounds with a view to all playgrounds meeting the approve criteria.	96% compliance by 30.06.04	Achieved and exceeded with 97.8% compliance.
	To complete the annual capital works programme within budget. (As listed below.) <ul style="list-style-type: none"> • Okareka & Stoney Pt, Tarawera Jetties Replacement • New Play Apparatus at Okareka Hall, Emery Park, Pohutukawa Dr Res & Murray Linton Gardens • Secure public access to streamside land as part of Ngongotaha Town Centre upgrade • Provide continuity of utility and telecommunication services to Tokorangi Forest visitor centre • Westbrook Playing Fields 	<ul style="list-style-type: none"> • By 31.12.03 • By 30.06.04 • By 30.06.04 • By 30.06.04 • By 30.06.04 	<ul style="list-style-type: none"> Completed. Budget: \$12,035 Actual: \$12,035 Completed. Emery Park substituted with Mamaku Budget: \$154,700 Actual: \$156,112 Deferred to 2005. Completed. Budget: \$85,000 Actual: \$80,712 Deferred to 2005.

NRB Community Survey

The four graphs below have been prepared from the annual Communitrack Survey conducted by National Research Bureau Ltd (NRB) Public Perception and Interpretations of Council Services and Representation Report.



These graphs show the percentage of survey respondents that are satisfied and very satisfied with these services over the last 6 years. There is a trend line which helps show the general direction of service satisfaction over time.

These graphs show the percentage of survey respondents that are "very" satisfied with these services over the last 2 years and compares it with our peer group and the national average. The peer group is described on page 53.

Public Library

Overall aim of the Activity

To provide education, information, cultural and recreation resources, to all people of the Rotorua District and minimise economic, social and cultural barriers to access. To be a repository for local history including Maori history for future generations.

This Year's Highlights and Achievements Included

- Introduction of a new Teens' Library Card.
- Successful holiday programmes in which participation exceeded expectations.
- Teens' FRESH programme for summer attracted three times the number of expected participants.
- Internet/IPAC access provided for Mobile Library.
- Launch of EPIC database. EPIC is a collection of databases purchased as part of an agreement obtained by a nationwide consortia of libraries and providing online reference sources.
- Launch of IPAC+ (a public catalogue including community databases and websites such as government sites, newspapers, council websites, phone books, other libraries etc).

Activity Purpose

Providing a library service meets the community expectation for excellent educational, recreational and cultural experiences with a local flavour. There is no equivalent to the library service provided by commercial operators and it is unlikely that this would eventuate if Council did not undertake the activity.

Community Outcomes

A safe and caring community

- A safe public space for a wide range of indoor activities for families.
- Accessible to all, including disabled access, Mobile library and house-bound service.
- Provides a help desk service for finding information and referral.
- Promotes non-discriminatory, free access to information.
- Access to government information enables people to participate knowledgeably in democracy.

A prosperous community

- Quality Library facilities attract potential new residents and visitors to the region.
- Supporting the information needs of small businesses.
- Benefiting Export Education sector by providing an attractive place for students to study and practice English.

A community that respects its environment

- Provides educational and information resources about our natural environment and its management.
- Preservation and protection of historic books and information about the Rotorua region.

A community with excellent facilities and services

- An accessible and excellent library service.
- Hours of opening reflect commercial trends and public requirements.
- Attractive facilities for study, reading, computer use and family entertainment.
- All ratepayers and residents are entitled to free Library membership.

A healthy community

- Resources for life-long learning contribute to self-esteem and personal development.
- Children and youth learn skills for accessing information about their personal and health needs.

A learning community

- Children and teens develop literacy and learning skills.
- Information resources about Rotorua are created for the benefit of current and future generations. (e.g. Daily Post Index and Rotorua Index)
- A breadth and range of quality information resources is available to the region's pre-schools, schools, tertiary institutes and educational providers.
- Increasing participation in tertiary study and lifelong learning is supported.

A "happening" community

- Showcases local artists and community work.
- Community groups are promoted through Community Contacts Database and free display space.
- Programmes for children and young people and literary events.

A community that values its living Maori culture

- Enhance understanding of Maori history and culture by providing public access to resources and specialist staff.
- A repository of documents and publications that relate to Te Arawa.

Cost of Service

For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Operating Expenditure	3,022	3,044	3,100
Revenue	326	320	320
Net Costs	2,696	2,724	2,780

Capital Expenditure

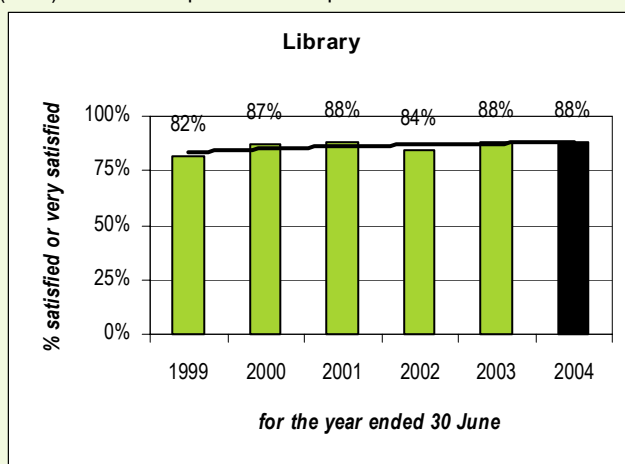
For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Public Library			
Renewal Books	397	400	393
Carpet	74	84	-
Equipment / Plant	61	72	28
Computers	52	87	52
Total Capital	584	643	473

Performance for 2004

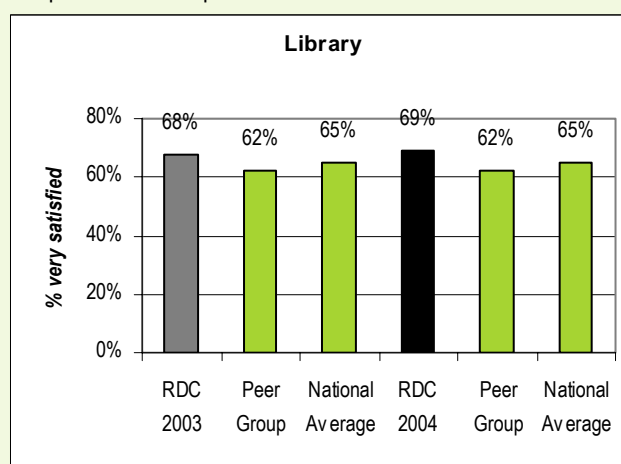
Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To operate and maintain an information, cultural, educational and recreational resource for the District.	To provide a public library service that meets with the targeted level of community satisfaction.	NRB 90% Fairly good/very good rating or higher.	Not achieved – 88%.
	To increase issues per capita.	11.8 per capita	11.96 achieved.
	To increase library membership	64% of population	Achieved. 64% of population.
	To maintain cost of library service per transaction.	Less than \$2.90 per transaction	Achieved. \$2.82 per transaction.
	To maintain the level of library visits.	6 times per annum per capita	Achieved.
	To provide a library service 55 hours per week within budget.	Budget not exceeded.	Achieved. Library service provided 55.5 hours per week within budget.

NRB Community Survey

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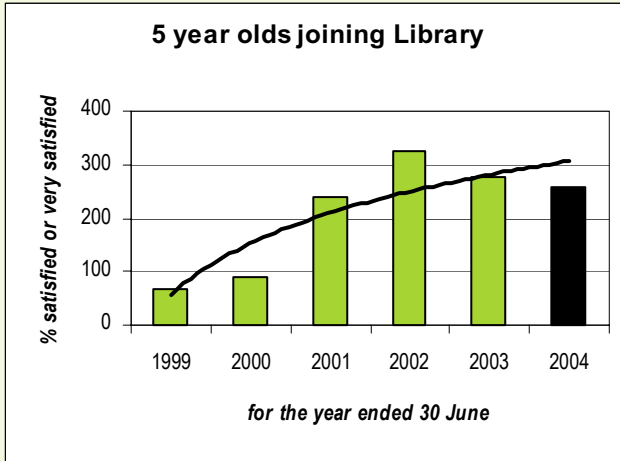


This graph shows the percentage of survey respondents that are satisfied and very satisfied with this service over the last 6 years. There is a trend line which helps show the general direction of service satisfaction over time.

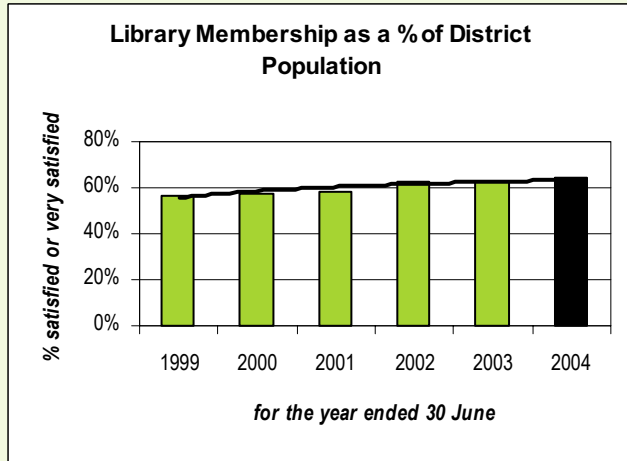


This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last 2 years and compares it with our peer group and the national average. The peer group is described on page 53.

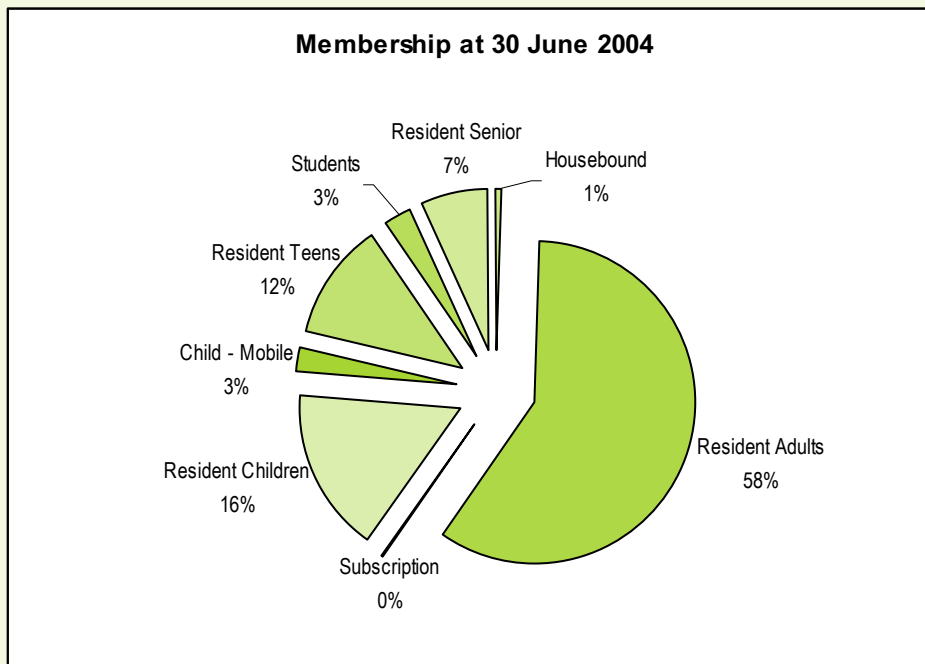
Other Indicators



Before the Fletcher Tuatara New Entrants pack programme began an average of 70 children joined the library at age five. In 2001, when the programme first began, 240 children joined and in 2002, 326 children joined.



This graph shows the changes over the last five years to the percentage of the population belonging to the library.



Rotorua Museum of Art and History

Overall aim of the Activity

To provide an outstanding Museum for the benefit of the Rotorua community and its visitors.

This Year's Highlights and Achievements Included

- The only southern hemisphere museum invited to present at the Best In Heritage Conference in Europe, winning the major award for Best Presentation.
- Exceeded 100,000 visitors for the second year in a row.
- Exceeded \$600,000 in admissions revenue for the first time.
- Successfully tendered for a new three year contract from the Ministry of Education to deliver education programmes to over 13,000 school students per annum.
- Launch of major redevelopment and extension project for the museum to coincide with the centenary of the opening of the Bath House in 2008.
- Community satisfaction with museum, as measured in 2003 and 2004 NRB surveys, is significantly higher than peer group museums and the national average.

Activity Purpose

The Rotorua Museum of Art & History, Te Whare Taonga O Te Arawa is situated in the Bath House, an historic landmark building sited strategically in the Government Gardens. This activity also includes the Blue Baths complex, also located in the Government Gardens and other heritage features in the District.

The Museum employs 15 full time and eight part time staff and opens to the public every day except Christmas Day, from 9.00am to 8.00pm daily during NZ Daylight Saving Time, and from 9.00am to 5.00pm the rest of the year.

The Museum presents a diverse range of long and short term exhibitions focusing primarily on the unique history and cultures of the region.

Seven important collections are at the heart of the Museum's identity. They are:

- Ethnology (1,000 items est)
- Fine Arts (2,500 items est)
- Natural Environment (500 items est)
- Photography (75,000-100,000 items est)
- Resource Library (2,500 items est)
- Social History (4,000 items est)
- Taonga Maori (1,500 items est)

Contained within the Museum's Collections are an estimated total of between 100,000 - 125,000 items. These collections are developed through gift and purchase.

The Museum's collections are housed off site in a customised building where they are stored in an optimum environment, thereby protecting the community's cultural heritage for future generations. A number of important functions associated with the successful relocation of the

collections need to be continued and new initiatives implemented.

The Museum is in the middle of important developments. Aided by funding from the Rotorua Energy Charitable Trust a theatre experience detailing the stories of Rotorua was added to the Museum's attractions in 1998. A cafe has also been established at the Museum and major new permanent exhibitions featuring the 1886 eruption of Mount Tarawera, and the story of B Company of 28 Maori Battalion have been developed. The North Wing Art Galleries underwent a significant redevelopment in late 2001 enabling the Museum to host important art exhibitions for the first time.

Areas previously unavailable to visitors, such as the infamous Mudbath Basement, have also been developed, highlighting the unique use of the building as a Sanatorium and Health Spa for over 50 years. Other areas, such as the magnificent foyer, have been renovated and major new developments, depending on availability of grant funds, will see the building finished and renovated in time for its centenary in 2008.

The Museum has developed into a flagship facility for Rotorua District Council and the Rotorua community as a whole. The Museum is now regarded as a leader in the museum sector in New Zealand and has become a "must-see" attraction for visitors to the district. The Museum has won five New Zealand Tourism Awards since 2000, being named the country's Best Heritage Attraction three years in a row, culminating in a Distinction Award in 2002. Important new developments are planned for the next five years which will ensure the Museum retains its position as a centre of community pride and as an excellent visitor attraction in its own right.

Community Outcomes

A safe and caring community

- The purpose of the Museum is to interpret the unique culture and heritage of Rotorua, delivering an experience which gives visitors a clearer understanding of where they are in terms of space, time and culture.
- The Museum collects and preserves the material heritage of the Rotorua District for the benefit of future generations.

A prosperous community

- The Museum is recognised as one of the premier cultural attractions in New Zealand, winning five NZ Tourism Awards in 2000 (x2), 2001 and again in 2002 (x2).

A community that respects its environment

- The Museum is responsible for the care and protection of the historic Bath House building, in which it is housed.

A learning community

- The Museum provides curriculum-based learning opportunities for school students and has an active programme of adult education.

Cost of Service

For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Operating Expenditure	2,176	2,298	2,148
Revenue	951	925	1,018
Net Costs	1,225	1,373	1,130

Capital Expenditure

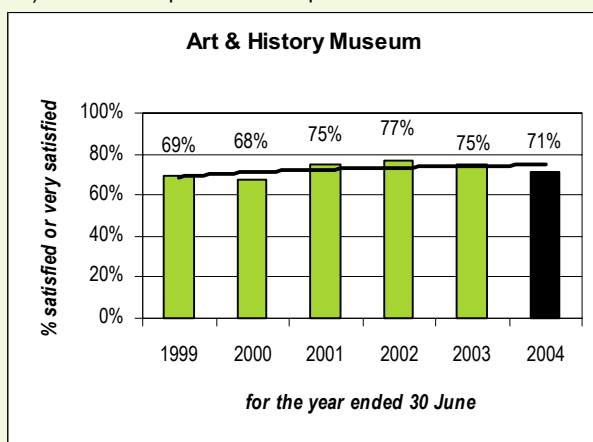
For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Computers	11	17	16
Office Equipment	7	5	16
Cinema/Theatre/Exhibition Equipment	-	-	55
Storage Equipment onsite & offsite	-	-	8
North Wing / Te Arawa Gallery	-	22	-
Café Development	9	5	11
Bathroom Restoration	15	18	-
Collections/Exhibitions	14	13	3
Furniture/Equipment/Sundry	3	20	-
Basement Project	34	-	114
Total Capital	93	100	223

Performance for 2004

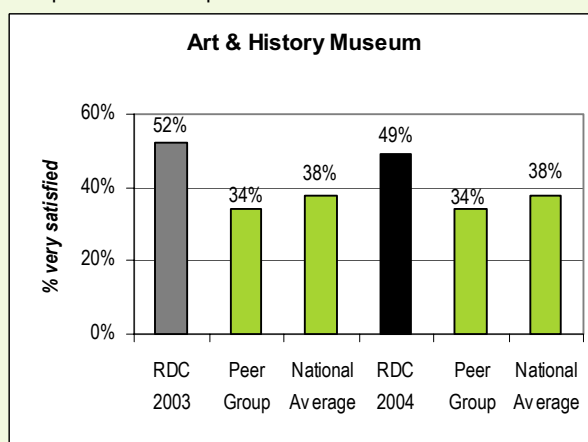
Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To provide an outstanding museum for both Rotorua residents and for visitors to Rotorua.	To operate the museum 364 days a year within budget.	Budget not exceeded.	Achieved.
	To achieve targeted levels of community satisfaction.	NRB 70% Fairly good/very good rating or higher.	Achieved. Actual result 71%.
	To achieve targeted levels of visitor patronage.	105,000	Achieved. Actual – 106,244.
	To meet all Ministry of Education contract requirements.	All met 100%	All met 100%. New contract awarded for 2004-2007.
	To achieve targeted levels of admission revenue inclusive of Museum, School and Blue Baths.	Within budget.	Achieved. Actual \$601,000.

NRB Community Survey

The two graphs below have been prepared from the annual Communitrack Survey conducted by National Research Bureau Ltd (NRB) Public Perception and Interpretations of Council Services and Representation Report.



This graph shows the percentage of survey respondents that are satisfied and very satisfied with this service over the last 6 years. There is a trend line which helps show the general direction of service satisfaction over time.



This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last 2 years and compares it with our peer group and the national average. The peer group is described on page 53.

ENVIRONMENTAL GROUP

Contribution to Outcomes

Page	Activities within this Group	Community Outcomes							
		A safe and caring community	A community that respects its environment	A healthy community	A prosperous community	A community with excellent facilities and services	A community that values its living Maori culture	A learning community	A "happening" community
90	Animal Control	✓	✓						
92	Building Control	✓	✓	✓					
94	Environmental Planning		✓	✓	✓				
97	Inspection	✓	✓	✓					
100	Parking Enforcement and Facilities	✓				✓			

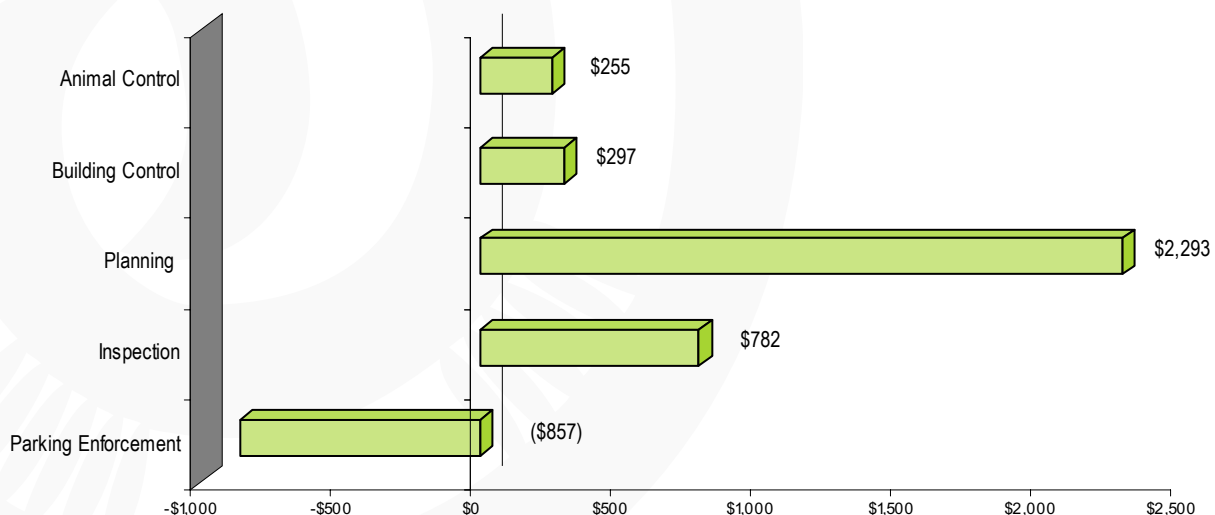
Overview of Group

These activities reflect Council's role in natural resources management and regulation. The activities help us to plan for the future and make sure that everyone gets a fair deal, often

having to balance competing rights of individuals and groups to do different things in the community.

How the Money is Used

ENVIRONMENTAL SERVICES
Net Cost of Service
(thousands)



Animal Control

Overall aim of the Activity

To ensure the safety of the public by the control of nuisance dogs and stock wandering in public places.

Activity Purpose

Council provides this service in order to meet a statutory requirement and to meet community expectations. The activity involves the following:

Control Function

This involves registration of dogs, inspection of kennelling standards, investigation/resolution of nuisances/complaints and impounding of wandering/stray dogs and other animals. Also provided is an educational programme on dog control to be shown on a demand basis to primary and intermediate schools in the Rotorua District.

Pound Keeping Function

Impounded dogs are kept in humane conditions, with those not claimed by their owners after seven days from the date of the impounding of each individual dog, disposed of.

Stray stock are impounded and kept with ample pasture feed until their disposal to owners, or by way of public auction.

Five full time staff work in this activity.

Community Outcomes

A safe and caring community

- By resolution of complaints/nuisances created by uncontrolled wandering and/or barking dogs.
- By removing wandering livestock from public roads.

A community that respects its environment

- By the provision of dog exercise areas where dogs may run free of a leash.

Cost of Service

For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Operating Expenditure	640	655	673
Revenue	385	357	350
Net Costs	255	298	323

Capital Expenditure

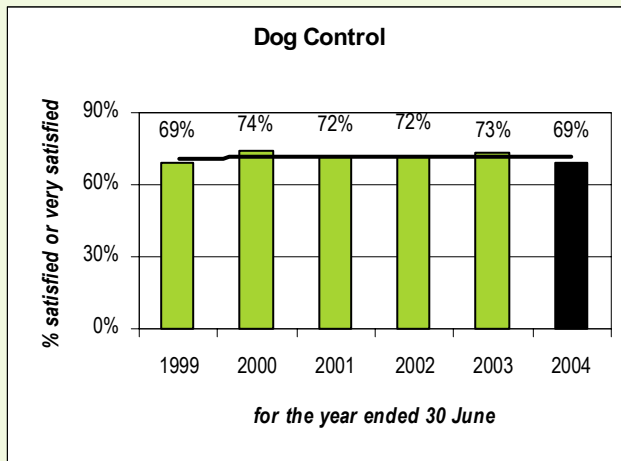
For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Computers	3	2	8
Total Capital	3	2	8

Performance for 2004

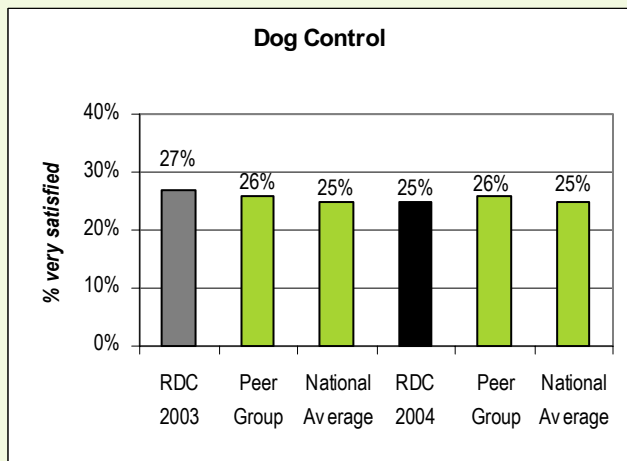
Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To provide an Animal Control service.	To take appropriate action to respond to complaints about dogs within 1½ working days based on a 7 day a week service provision.	87% response rate	Achieved. Response rate of 94.27%
To maintain an up-to-date register of all known dogs.	To achieve registration of known dogs by 30 June.	95%	Achieved – 104.94%.
	To maintain an acceptable level of community satisfaction with dog control services.	66% NRB Survey	Achieved. 69% level of satisfaction.
To provide a service for the control and impounding of stock found wandering on roads in the District.	To respond to all complaints immediately.	100%	Achieved. 100% immediate response.

NRB Community Survey

The two graphs below have been prepared from the annual Communitrack Survey conducted by National Research Bureau Ltd (NRB) Public Perception and Interpretations of Council Services and Representation Report.



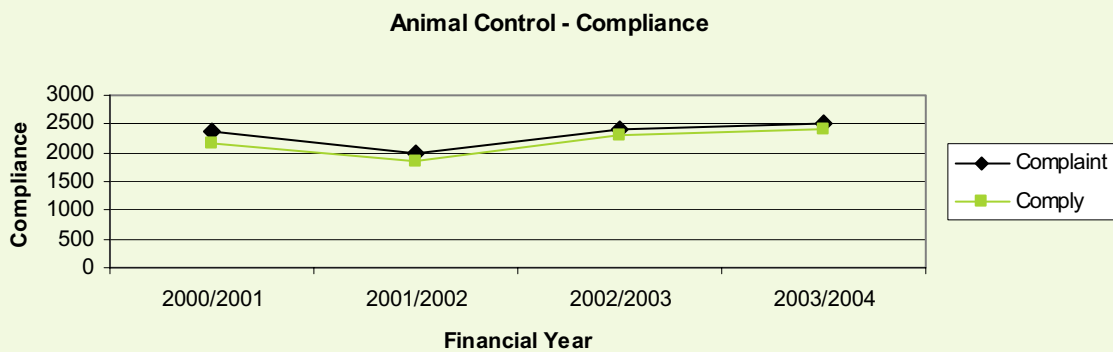
This graph shows the percentage of survey respondents that are satisfied and very satisfied with this service over the last 6 years. There is a trend line which helps show the general direction of service satisfaction over time.



This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last 2 years and compares it with our peer group and the national average. The peer group is described on page 53.

Other Indicators

Animal Control Compliance Levels



Building Control

Overall aim of the Activity

To ensure the safety of people occupying buildings.

This Year's Highlights and Achievements Included

- Building consents issued have exceeded \$100 million for the first time.
- All consents were issued within the required time frames to the value of \$122 million.
- 89% increase in building consent numbers.
- 84% increase in Land Information Memoranda.

Activity Purpose

Council provides this service in order to meet a statutory requirement and to enhance community health and safety.

The primary goal of this activity is to ensure the health and safety of persons occupying various categories of buildings by the enforcement of the provisions of Statute and Bylaw.

Council's policy is to operate the activity on a 70% self-funding basis with receipts from consent fees.

Workload is dependent upon public-generated demand.

12 staff are currently involved in this activity.

Community Outcomes

A safe and caring community

- By providing information on building matters.
- By being an organisation that excels in fulfilling its statutory and financial duties.

A community that respects its environment

- By implementation of environmental monitoring programmes, which have a particular emphasis on natural features.

A healthy community

- By effectively protecting the safety and health of the occupants of buildings.
- By making sure infrastructure is maintained and enhanced for the health and safety of the community.

Cost of Service

For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Operating Expenditure	1,109	1,071	1,080
Revenue	812	748	752
Net Costs	297	323	328

Capital Expenditure

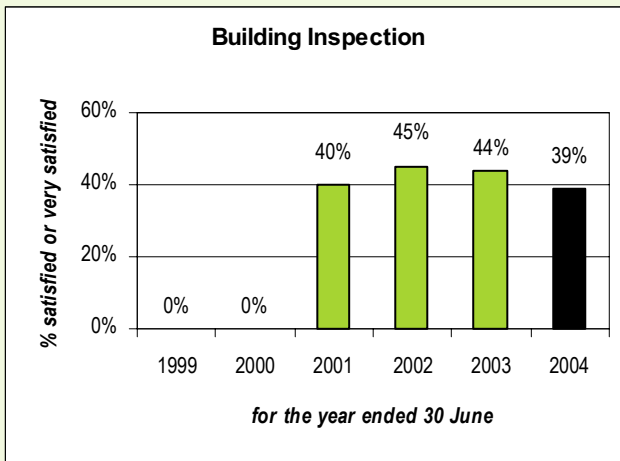
For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Computers / Photocopy	7	23	7
Total Capital	7	23	7

Performance for 2004

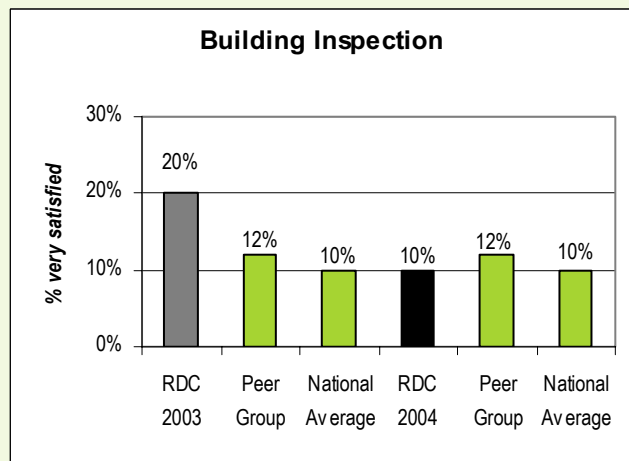
Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To process all Building Consents.	Within the legislative timeframe as required by the Building Act and to a standard set by the Building Act.	100%	100%
To process all Project Information Memoranda.	Within the timeframes and criteria imposed by the Building Act.	100%	100%
To ensure the safety of people occupying buildings.	To complete all inspections to enable issue of Code Compliance Certificates within 10 working days of notification.	100%	100%
	To issue Statement of Fitness and Compliance Schedules within 10 working days of notification.	100%	100%
	To site review current Building Warrants of Fitness.	60% of Warrants of Fitness sites reviewed 100%	Not achieved due to staff changes. 59% of Warrants of Fitness sites reviewed 100%.
To respond to general complaints.	Take appropriate action on all complaints within 2 working days of notification.	100%	100%
To provide public information on building matters.	To have a Technical Officer available during office hours.	100% of the time	100%

NRB Community Survey

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This graph shows the percentage of survey respondents that are satisfied and very satisfied with this service over the last 6 years.

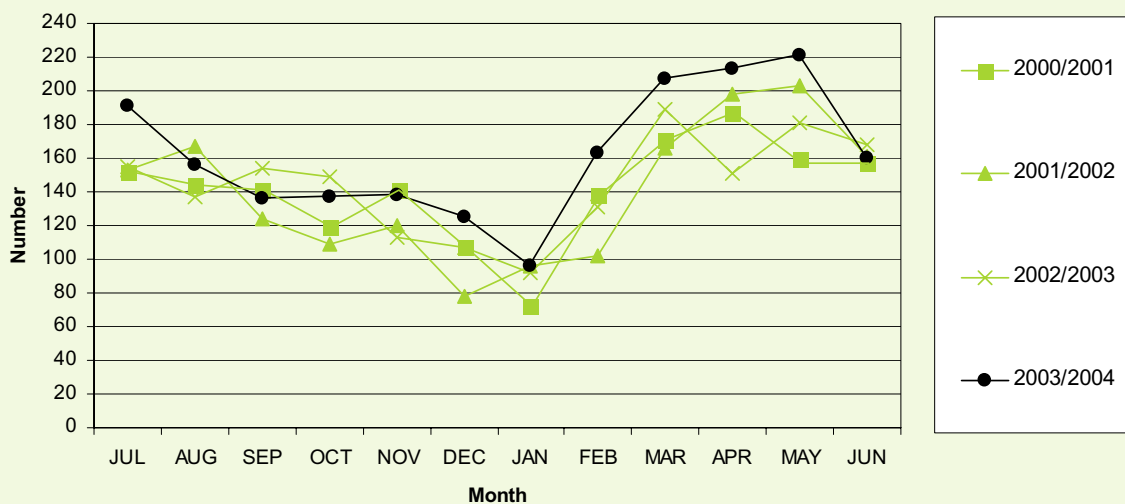


This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last 2 years and compares it with our peer group and the national average. The peer group is described in on page 53.

Other Indicators

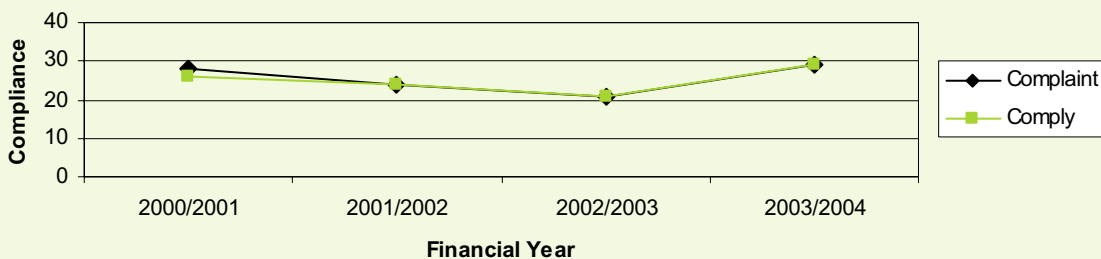
Building Consents Levels

Building Consents by Month (Last 4 years)



Building Control Compliance Levels

Building Control - Compliance



Environmental Planning

Overall aim of the Activity

To manage changes in land use so that quality of the environment is maintained or improved for current and future generations.

This Year's Highlights and Achievements Included

- The Environment Court process to resolve appeals to the Council's decisions in respect of Proposed Variation Twelve Lakes A Zone to the Rotorua District Plan is drawing to a close. The Plan can be made operative when the decisions of the Court are finalised.
- Rotorua City Design Principles were adopted and District Plan Changes to implement the Design Principles and Noise Standards for CBD completed. A high level of support gained from the community in this regard.
- **Rotorua Lakes Catchment Management Action Plans**
 - During 2004 the Lake Okareka Catchment Management Action Plan was completed and adopted into Council's LTCCP. This Action Plan for Lake Okareka was the first of what will become a series of action plans for the lakes of Rotorua District.
 - Commenced in early 2003, the plan was developed through an evaluation of the options to reduce nutrient loads in the catchment, by working parties made up of community and stakeholder representatives.
 - The plan was progressed through a public hearing process with key recommendations being endorsed by both Rotorua District Council and Environment BOP.
 - The key actions arising from the Action Plan for Lake Okareka now being pursued are:
 - Construction of a reticulated sewerage scheme for the Lake Okareka catchment and public amenities at Lake Tikitapu.
 - Establishment of wetlands in the catchment to intercept run-off.
 - Discussion with rural landowners on nutrient reduction and information provision of agricultural best management practices.
 - Investigation of long term land use changes and a possible land retirement.

Activity Purpose

Council provides this service in order to comply with its statutory responsibility.

Functions of the Planning Division are derived mainly from the Resource Management Act (RMA). Council's policies on the environment are set out in the Rotorua District Plan.

A growing focus will be to monitor changes in the environment and to identify where changes in environmental policy may have merit. Implementation of current policy remains a key function.

Policy activities include:

- Progressive development of the Council's District Plan. Commence next District Plan review cycle in 2005/06.
- Monitoring the state of the environment and reporting of environmental outcomes in the Long Term Community Plan.
- Advice to Council on environmental issues.
- Consultation with the public, interest groups and affected parties where changes to policy are contemplated.
- Working with other resource management agencies.
- Responding to central and regional government policy proposals where these affect resource management within the District.

Administration of the District Plan includes activities such as:

- processing land use and subdivision resource consents
- providing information about the District Plan in response to public enquiries
- monitoring compliance with resource consent conditions
- enforcement of provisions of the District Plan and RMA.

Council currently employs 13 permanent staff in its Planning Division.

Community Outcomes

A prosperous community

- A District where planned growth ensures sensitive development within the natural environment and easy access to and from the District as well as within.

A community that respects its environment

- A District that values and protects its uniqueness as the world's premier geothermal wonderland and looks after its lakes, forests, rivers and historic places.

A healthy community

- A District where infrastructure is maintained and enhanced for the health and safety of the community and the environment.

Cost of Service

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Operating Expenditure	2,519	2,428	2,295
Revenue	226	250	192
Net Costs	2,293	2,178	2,103

Capital Expenditure

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Computers / Equipment	13	38	12
Total Capital	13	38	12

Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To have the District Plan updated regularly through changes and reviews.	Plan Changes progressed.	Programme reported to Council each Planning and Bylaws Committee meeting.	Achieved.
To monitor the state of the natural and physical resources of the Rotorua District and the effectiveness of the District Plan.	To prepare the Annual Highlights Report.	Annual Highlights Report by 01.12.04.	2004/05 target.
To administer the District Plan in an effective and efficient manner.	To process non-notified land use consent applications within 20 working days of receipt of adequate information.	90%	Not achieved – 83%. (Note A below)
	To process non-notified subdivision consent applications within 20 working days of receipt of adequate information.	90%	Not achieved – 54%. (Note A below)
	To respond to all complaints within three working days of receiving a complaint and where necessary carry out a site visit.	100%	Not achieved. (Note B below)
To monitor compliance with resource consent conditions.	Report to Planning and Bylaws Committee on level of compliance with resource consent conditions.	By 30.09.2003 for 2002/03 year	Not achieved. (Note B below)
To monitor complaints.	Report to Council on any trends evident from complaints.	Six monthly.	Not achieved. (Note B below)
Advocate Policy Changes that assist resource management in the District.	Respond to relevant central and regional government policy proposals by lodging submissions in time.	100%	100% (Note C below)

Note A An independent review of the resource consent process was undertaken early in the financial year and this identified a range of initiatives needed to bring an improvement in performance. In terms of the percentage of applications processed in under 20 days, the implementation of many of these initiatives has seen the following improvement in performance between the first quarter and the fourth quarter of the year as follows:

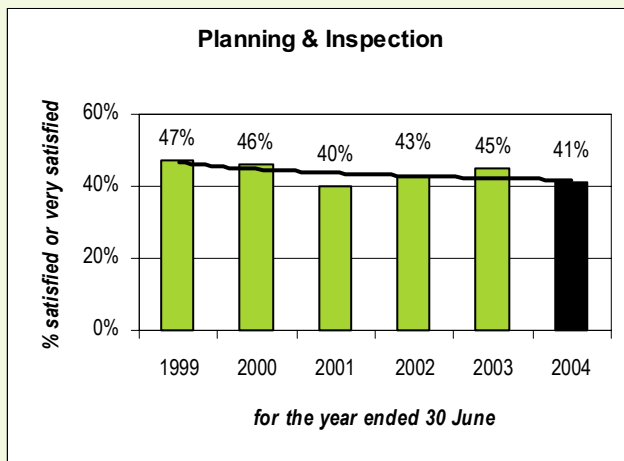
	<u>First Quarter</u>	<u>Fourth Quarter</u>
Non notified land use consents	81%	87%
Non notified subdivision consents	36%	82%

Note B Vacancy of the Monitoring Compliance position through much of the year meant we were unable to achieve the compliance reporting within the timelines set.

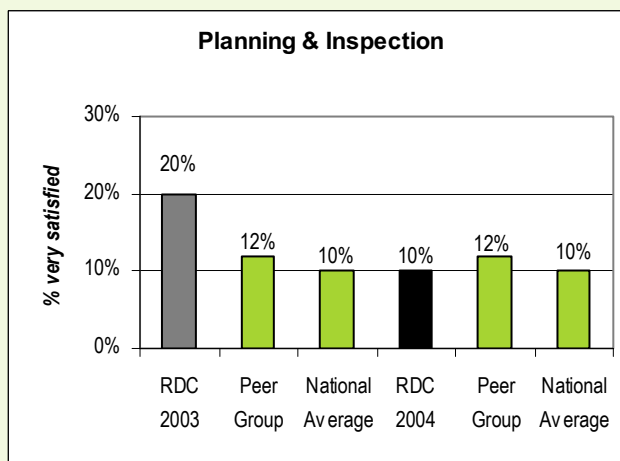
Note C Submissions to Environment Waikato Geothermal Plan by 19 September 2003, and Further Submissions by 10 November 2003.
 Submissions on Environment BOP Heritage Changes by 30 June 2004.
 Joining party notices amended.
 Environment BOP Water & Land Plan appeals lodged 25 May 2004.

NRB Community Survey

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This graph shows the percentage of survey respondents that are satisfied and very satisfied with this service over the last 6 years. There is a trend line which helps show the general direction of service satisfaction over time.



This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last 2 years and compares it with our peer group and the national average. The peer group is described on page 53.

Inspection

Overall aim of the Activity

To ensure the health, safety, comfort and wellbeing of the inhabitants and visitors within the District, with reference to wise use and protection of the environment and sustainable resource management.

This Year's Highlights and Achievements Included

- Promulgation of Liquor Ban Bylaw which has had a positive influence on reducing both crime and maintenance/cleaning costs in the CBD.
- Continuing positive working relationship with the Police.
- Building and commissioning of a new Patrol Boat MV Marama.

Activity Purpose

Council provides this service to meet its statutory responsibilities and to enhance community health and safety.

This activity employs inspectors in the following activities:

i) Lakewaters Control

To ensure the safe sporting/recreational enjoyment of lake amenities by enforcing the provisions of the Lakewaters Bylaw and maintaining an educational/advisory service. Activities include the installation and maintenance of marker-buoys, signs, and other navigation aids. Council's function of policing the Bylaw is supplemented by Honorary Lakes Inspectors. The role also involves the annual licensing of commercial vessels plying for hire and foreshore structures.

ii) Hazardous Substances

To ensure public safety in the handling and storage of hazardous substances by the enforcement of the Hazardous Substances and New Organisms Act and Regulations.

iii) Geothermal

The geothermal inspection function is limited to health and safety issues in an advisory role and includes undertaking testing for the emission of hydrogen sulphide gas.

iv) General

To ensure the enforcement of the Standard Model Bylaw. A diverse range of activities is involved including licensing signs and hoardings, obstruction of public property, and disposal of abandoned vehicles.

v) District Licensing Agency

The management of the District Liquor Licensing Agency in relation to the administration of the Sale of Liquor Act and Regulations and Council's Liquor Policy.

vi) Environmental Health

The promotion and conservation of public health by the enforcement of the provisions of the Health Act, Resource Management Act and Bylaws. Activities include inspection of food premises, licensed premises, hairdressers and camping grounds, investigation of noise and health complaints, and monitoring of water supplies and swimming pools.

Community Outcomes

A safe and caring community

This activity employs inspectors in the following activities:

- Hazardous substances
- Geothermal
- General
- Liquor licensing
- Environmental health
- Ensuring safety of navigation on District waterways.

A community that respects its environment

- By minimising the effect of health, noise, litter and general nuisances.

A healthy community

- By ensuring safe health standards of:
 - food prepared for public consumption
 - reduction of noise nuisance
 - compliance with liquor licence conditions

Cost of Service

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Operating Expenditure	1,490	1,603	1,414
Revenue	708	697	621
Net Costs	782	906	793

Capital Expenditure

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Computers / Equipment	10	24	14
Lakewaters control	2	-	47
Lakes Boating Solutions	109	101	-
Total Capital	121	125	61

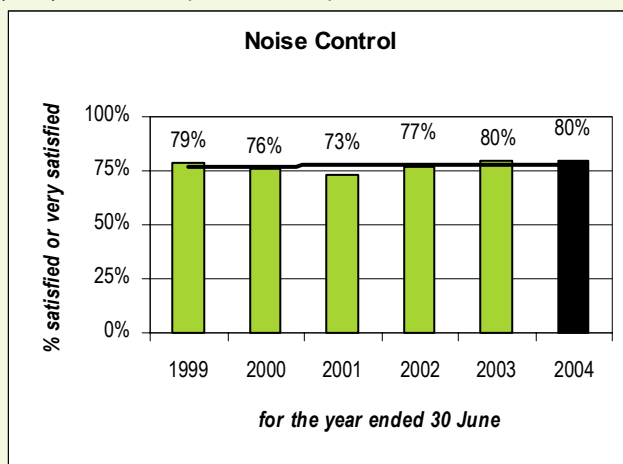
Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To minimise noise nuisance within the district.	EHO's respond to noise complaints within two (2) hours.	99%	2753 of 2760 (99.75%) responded to within timeframe.

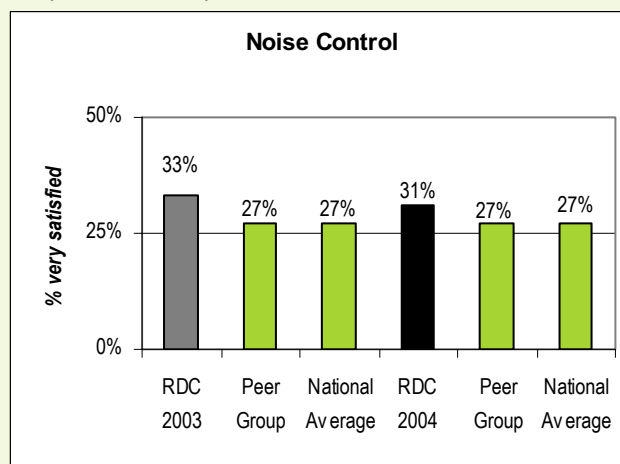
Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To ensure that all manufactured and prepared food is fit for human consumption.	To register food premises in the district as per Reg 4 of the Food Hygiene Regulations 1974..	99%	All premises (100%) registered.
To ensure acceptable quality of private water supplies in district.	Collect one sample from 20 minor publicly assessed supply points.	100%	20 of 20 (100%) supplies tested.
To ensure safe health standards of public swimming pool water.	Inspect all public pools annually.	100%	37 of 37 (100%) pools tested.
To control health nuisances within district.	Respond to health complaints within 1½ working days.	99%	242 of 243 (99.6%) responded to within timeframe.
Ensure compliance of premises/activities with statutory requirements.	Conduct one annual inspection of premises used as hairdressing salons, camping grounds, funeral parlours.	100%	Hairdressers 46 of 46 (100%) Camping grounds 19 of 19 (100%) Funeral parlours 4 of 4 (100%)
	Conduct at least one annual inspection of all licensed premises.	100%	290 of 290 (100%) premises inspected at least once.
	Annual inspection of all premises licensed to hold dangerous goods.	100%	209 of 209 (100%) inspected. Note: No longer a Council function.
	Reinstate missing navigation aids within three weeks of notification.	100%	Achieved.

NRB Community Survey

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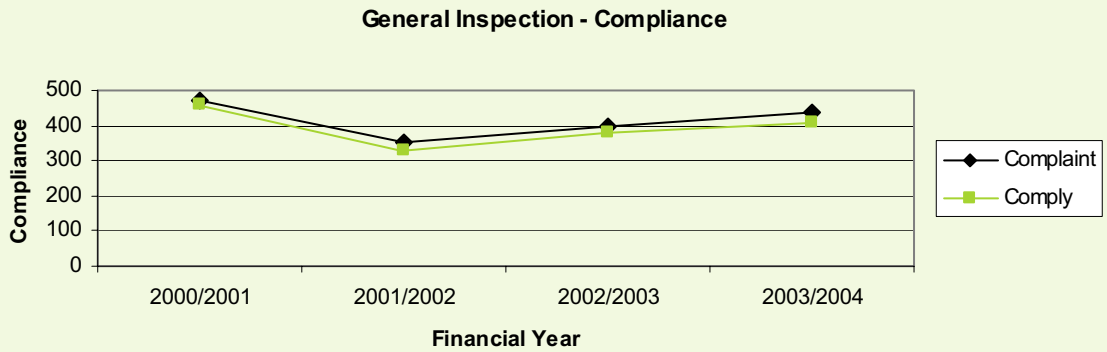
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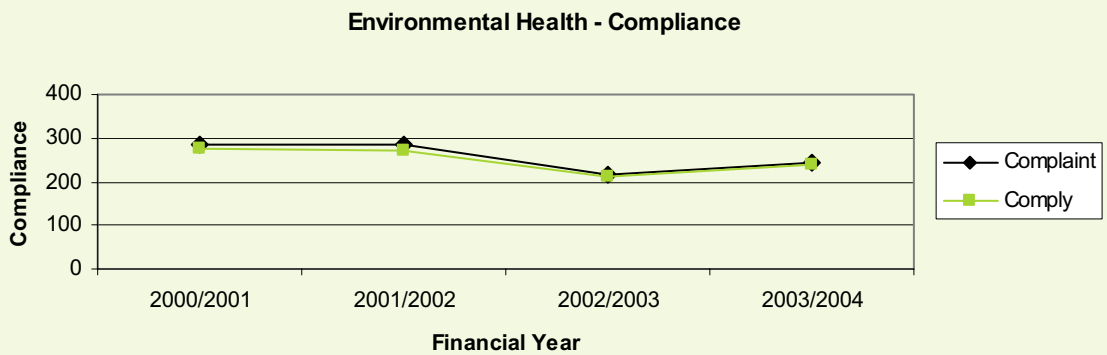
This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last 2 years and compares it with our peer group and the national average. The peer group is described on page 53.

Other Indicators

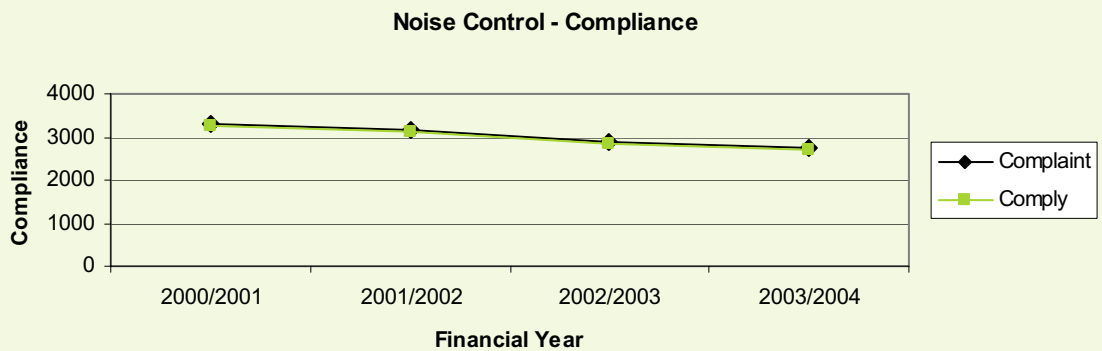
General Inspection Compliance Levels



Environmental Health Compliance Levels



Noise Control Compliance Levels



Parking Enforcement and Facilities

Overall aim of the Activity

To provide an effective parking enforcement service within the CBD and peripheral areas to maximise availability of parking.

Activity Purpose

This activity is undertaken to ensure availability of parking and to support efficient use of the roading infrastructure.

Enforcement is undertaken during the following hours:

Monday to Friday	9.00am to 5.00pm
Saturday	9.00am to 12.00 noon

This section employs five full-time and one part-time staff, including a Supervisor Parking Enforcement to whom staff are responsible.

The net surplus of this activity goes towards the maintenance, cleaning, security and renewal of the roads, footpaths and surrounding areas to where the parking fees are collected.

Community Outcomes

A safe and caring community

- By ensuring an equal opportunity for all motorists to have access to parking available in the CBD.
- By monitoring the requirements for all vehicles to have a current Certificate of Inspection (Warrant of Fitness).

A community with excellent facilities and services

- By making available a carpark building with capacity for 244 vehicles and off-street parking in Haupapa Street carpark for 95 vehicles.

Cost of Service

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Operating Expenditure	1,273	1,322	1,295
Revenue	2,130	1,864	1,910
Net Costs	(857)	(542)	(615)

Capital Expenditure

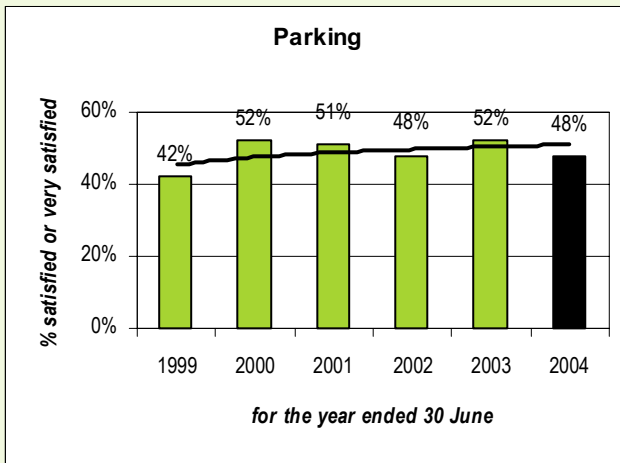
For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Computers / Equipment	2	9	12
Meters & Handheld machines	-	76	9
Total Capital	2	85	21

Performance for 2004

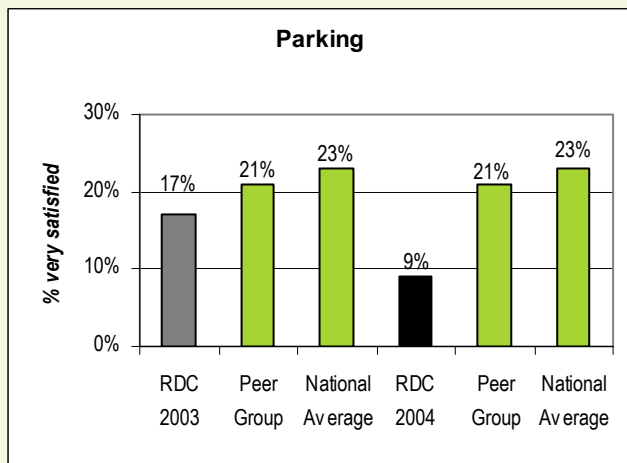
Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To provide an effective parking enforcement service within the CBD and peripheral areas to maximise availability of parking.	To provide, within budget, a 5½ day week surveillance of CBD and peripheral areas.	100%	Achieved. 100% within budget.
	To complete initial administrative action of 100% of infringement notices within two (2) working days of issue.	100%	Achieved 100%.

NRB Community Survey

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ECONOMY GROUP

Contribution to Outcomes

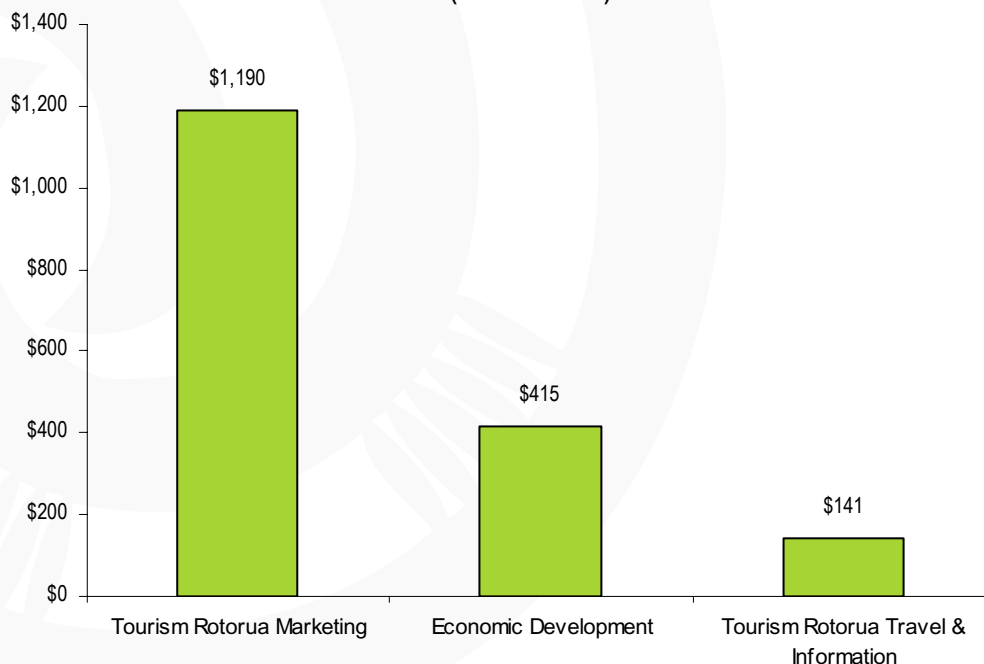
Page	Activities within this Group	Community Outcomes							
		A safe and caring community	A community that respects its environment	A healthy community	A prosperous community	A community with excellent facilities and services	A community that values its living Maori culture	A learning community	A "happening" community
103	Destination Rotorua Marketing		✓		✓	✓			✓
106	Economic Development	✓	✓		✓	✓	✓	✓	
109	Tourism Rotorua Travel and Information	✓	✓			✓			

Overview of Group

Rotorua District has a thriving tourist industry contributing to strong economy supported by several other sectors. The activities in this group ensure that we maintain and grow the District's prosperity for the benefit of all.

How the Money is Used

ECONOMY
Net Cost of Service
 (thousands)



Destination Rotorua Marketing

Overall aim of the Activity

A tourism/visitor sector that is making a maximum contribution to Rotorua's economic, social and environmental wellbeing by continually improving and promoting Rotorua to existing and new markets, making an exciting, vibrant, high quality destination.

This Year's Highlights and Achievements Included

- **Melbourne Expo Showstopper Award** - The Rotorua Backpacker Adventure Network booth at the Melbourne Backpacker Exposition in Melbourne won the "Melbourne Expo Showstopper Award" for the having the best overall booth.
- **IMEX Wildcard Winner** - The Rotorua Convention Bureau became the first New Zealand destination to exhibit at IMEX (the world's largest convention and incentive trade show) after successfully winning one of five wildcard entries available to emerging conference and incentive destinations.
- **Chelsea Flower Show Gold Medal Winner** - The theme of Tourism New Zealand's 'Ora' Garden of Wellbeing was strongly influenced by a Rotorua geothermal theme, which resulted in excellent destination publicity from the filming of plants being sourced from the Rotorua area, the acknowledgement of Rotorua carver Lyonel Grant providing the feature sculpture and a worldwide broadcast of Queen Elizabeth's visit to the 'Ora' Garden of Wellbeing.
- **Tourism Rendezvous New Zealand (TRENZ) and Meetings 2004** - Rotorua has come of age as a destination 'flying in formation' as indicated by the largest ever Rotorua contingent attending TRENZ 2004 (international wholesaler trade show) and by the Rotorua contingent attending Meetings 2004 (conference and incentive trade show) occupying the third largest exhibiting region.
- **2006 UCI Mountain Bike Champs** - After two previously unsuccessful attempts, Rotorua has cemented its market position as a world class mountain biking destination after winning the bid to host the 2006 UCI Mountain Bike Champs.
- **Reinstatement of 737 Jet Services to Rotorua** - Air New Zealand reinstated their daily Rotorua jet service over the summer period, Qantas indefinitely committed to a daily Rotorua jet service that commenced on 1 April and joint venture marketing campaigns between Tourism Rotorua and each of these two organisations demonstrate our commitment to having these services continue into the future.
- **Walter Campaign** - The largest ever Rotorua joint venture marketing campaign was launched to revitalise the domestic market, through the eyes of 5 year old 'Walter' in a variety of mediums including television commercials, newspaper advertisements, billboards, personal appearances and media profiles.

- **www.rotoruanz.com Revamped** - Rotorua's community website was revamped, resulting in a fresh new look, improved navigation and a series of new informative pages.
- **NZ Professional Photographers Awards Bronze Medal** - Photographer Graham Murray won bronze at the TNZ Photo Awards for the 'mere' image that he supplied to Tourism Rotorua as the cultural icon image.
- **10 Year Strategic Plan Adopted** - Through a series of industry workshops a 10 year strategic plan for the development of tourism in Rotorua was completed to reflect the joint vision of Tourism Rotorua and its industry partners.
- **Charter Membership Growth** - There has been a 30% growth in membership of the Rotorua Sustainable Tourism Charter since a drive by industry to rejuvenate the Charter, after a period of stagnation following its launch in September 2001.

Activity Purpose

The primary function of this department is focussed on promotional activity through the tourism industry networks, specifically targeting trade, media and consumer. This is carried out across the areas of international, domestic, retail and event marketing, as well as conference and incentive promotion.

An emerging function of this department is supporting the development of new product and infrastructure as well as the management of growing the visitor industry and therefore contributing toward the Rotorua District Council 'Growth Strategy' and prioritised 'Community Outcomes'.

Community Outcomes

A prosperous community

- Co-ordinates the marketing and promotion of the Rotorua District.
- Strives to improve returns/yield and economic growth for Rotorua.
- Positions Rotorua as a year-round destination and premier event destination.
- Works together with local tourism industry and wider community.
- More visitors and returns leads to more jobs for locals.

A community that respects its environment

- Marketing is focused on sustainability and industry growth opportunities.
- Continued development and promotion of the Sustainable Tourism Charter.
- Champion quality management and best practise initiatives such as Qualmark.

A community with excellent facilities and services

- Protects and develops the Rotorua "Manaakitanga – Feel the Spirit" brand identity.

A “happening” community

- Helps add to the excitement and vibrant high quality destination.
- End result is more different activities and venues for visitors and locals to enjoy.
- Facilitates/encourages events to develop and expand as a means of increasing visitor arrivals.

Cost of Service

For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Operating Expenditure	1,660	1,584	1,482
Revenue	470	365	228
Net Costs	1,190	1,219	1,254

Capital Expenditure

For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Computers & Equipment	64	31	25
Total Capital	64	31	25

Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To create awareness of Rotorua as New Zealand's premier visitor destination to international agents, airlines, inbound agents, industry and visitors.	To attend international consumer travel shows, trade missions and sales missions in association with Tourism NZ within budget according to Annual Activity Plans.	Travel Shows/ Trade Missions 100% attendance.	Achieved. 1 x Asia Frontline Training 1 x Kiwilink China Mission
		4 Tourism Rotorua conducted.	Achieved. 1 x Kiwilink USA 1 x Kiwilink Japan 1 x USA Qantas Sales Mission 1 x UK Chelsea Garden Show
		2 Central North Island conducted.	Achieved. Kiwilink UK Kiwilink Germany/ Switzerland
	To co-ordinate the visits of international travel agents educational groups in association with Tourism NZ.	4 Tourism Rotorua visits co-ordinated.	Achieved. 37 x Rotorua agent visits.
		4 Govt visits.	Achieved. 5 x Government visits.
		2 Education visits.	Achieved. 2 x Education visits.
	To produce a quarterly Rotorua tourism product and information update newsletter for the inbound industry.	4 newsletters produced	Achieved. 4 x 'In essence' publications distributed
	To produce the Rotorua Visitors Guide.	165,000 printed. Profit \$45,000	Reviewed. 140,000 printed. Profit achieved.
	To attend the annual Tourism NZ Roadshow.	Attendance completed.	Achieved.
	Make agent specific visits to Australia.	2 agent visits undertaken.	Achieved. 1 x Australia Sales Mission 2 x Backpacker Expos Australia
To maximise Rotorua's domestic and international exposure in all media and communications channels.	To co-ordinate the visits of international media to Rotorua in accordance with Tourism NZ's international media plan.	75 visits co-ordinated	Achieved. 75 x TV, journalists and radio media
		6 bi-monthly newsletters prepared and distributed.	Achieved.
		20 weekly Tourism bullet reports.	Not achieved. 12 e-bulletin reports.
	To host domestic media visits to Rotorua for the purposes of media exposure by year end.	10 media visits completed	Achieved. 17 media agent familiarisation visits.

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
	To co-ordinate public relations/ media activities which will result in equivalent advertising value to Rotorua.	EAV of \$2.0m realised. Audience reach to 1.0m people.	Achieved. Estimate \$2.2m. Achieved. International marketing reach 8.0m. Domestic marketing reach 1.5m.
To facilitate and encourage events to develop and expand in Rotorua as a means of expanding visitor arrivals to Rotorua.	To assist strategic events develop, expand and attract sponsorship and to provide general support and guidance to major event prospects.	10 strategic events assisted	Achieved. 40 x events assisted. 11 x sponsored.
	To produce assistance/bids for conferences during programmed year.	100 bids produced	Achieved. Over 120 bids produced.
To enhance and promote Rotorua's market position as a conference and incentive destination.	To attend international/ convention meeting shows during programmed year.	3 attended	Achieved. AIME – Australia Meetings – Auckland IMEX – Frankfurt
To conduct market research into Rotorua visitor patterns that provide the basis for ongoing decision marketing.	To obtain and analyse monthly visitor arrival statistics for both the domestic and international markets.	12 analyses completed	Achieved. 12 TRIM reports produced.
To communicate marketing activities to local industry to communicate/maximise marketing impact.	To conduct industry forums by 30.06.04.	2 forums	Achieved. 1 x One day industry forum 1 x Marketing Packages forum 1 x Power Markets Asia forum 1 x TIA Tourism Awards forum 1 X TNZ Interactive Traveller forum
	To conduct, facilitate and engage discussion from industry representatives through the marketing portfolio groups on a regular basis.	8 meetings	Achieved. 8 x RTAB meetings. 8 x Portfolio Group meetings.
To provide a variety of written and visual materials to assist in all marketing areas within Tourism Rotorua.	To update and reprint general destinations brochure within budget.	Completed upgrade process of visual material within budget.	Achieved.
	To ensure update and relevant maintenance is carried out on the Official Rotorua Website on at least a monthly basis.	12 monthly updates of site and ongoing review of website capabilities.	Achieved.
To provide a robust measurement of Key Result Areas involving Tourism Rotorua Marketing.	To review present Performance Measures to better reflect progress being made across growing: <ul style="list-style-type: none"> • Visitor Numbers • Visitor Length of Stay • Visitor Expenditure • Impact on Rotorua Economy 	Review completed with new Performance Measures in place.	Achieved. Quarterly surveys completed. Economic impact surveys completed.

Economic Development

Overall aim of the Activity

To enhance the economic wellbeing of Rotorua, through sustaining, attracting and growing business within the Rotorua region.

This Year's Highlights and Achievements Included

Rotorua Employment Skills/Knowledge Project

- This project, headed by the Economic Development Unit, is a Government partnership approach involving central agencies, Rotorua industry and business groups.
- Research identified significant skill shortages currently, and projected into the future across all sectors in the region.
- Through a number of industry group forums, the Rotorua Employment Skills Strategy, with a detailed action plan, was developed and launched in October 2003.
- The project provides the opportunity for industry to encourage skill development initiatives specific to their sector.

Radi Centre

- The Economic Development Unit has played a key role in the development of the New Zealand Centre of Excellence in Wood Manufacturing, now known as the Radi Centre, a partnership between Forest Industries Training, Waiariki Institute of Technology and Auckland University, supported by Rotorua District Council and New Zealand Trade & Enterprise. Diploma courses have already started.

Retail Strategy

- In October and November the Economic Development Unit facilitated the development of a retail strategy for Rotorua's CBD retail community with the aim of "growing Rotorua's retail economy", making Rotorua a leading shopping, dining and leisure destination.
- The strategy has five key areas of focus, being CBD environment, marketing and promotion, physical development, infrastructure and amenities, funding and management.
- Implementation will take place over the 2004 – 2007 period.

Volcanic Films Initiative

- The Economic Development Unit played the key role in the development of Volcanic Films which is an initiative that has the aim of facilitating and promoting a supportive and invigorating film friendly environment for the screen production industry in our region.

Rotorua Economic Development Strategy

- The Economic Development Unit has successfully secured \$100,000 from New Zealand Trade & Enterprise to put towards the development of a Rotorua Economic Development Strategy.
- This strategy has the aim of providing a vision and direction for economic development in the region.
- Industry and key community sectors of Rotorua will be involved in the development of the strategy, a process which started in June 2004.

Industrial Land

- Infrastructure and amenities investigations are nearing completion into the potential Rerewhakaaitu industrial land site.
- Other potential industrial and commercial land site options in Rotorua are being investigated.

Activity Purpose

The Rotorua Economic Development Unit of Rotorua District Council actively works on all levels alongside individuals, businesses, government and key community organisations to stimulate the process of sustaining, attracting and growing business within the Rotorua region.

We encourage economic activity to create an environment that stimulates sound investments, encourages and embraces economic growth, more employment opportunities, higher incomes and a greater lifestyle quality for residents.

The four main areas of operation for the unit are:

1. Provision of relevant up to date economic and business development information in a Rotorua context.
2. Facilitation of economic development initiatives and activity in relation to the sustaining, attracting and growing of businesses within the Rotorua region.
3. Marketing of Rotorua locally, nationally and internationally as a great place to do business, invest, live, work and play in.
4. To project manage the development of strategic economic development initiatives within the region..

Council provides this service as part of its role to provide community leadership and to meet ratepayers expectations.

Community Outcomes

A safe and caring community

- Aims to increase employment opportunities as a result of working with key sectors and enhancing business capability.

A prosperous community

- Provision of relevant up to date economic and business development information in a Rotorua context.
- Facilitation of economic development initiatives and activity in relation to the sustaining, attracting and growing of businesses within the Rotorua region.

- Marketing of Rotorua locally, nationally and internationally as a great place to do business, invest, live, work and play in.
- Project manage the development of strategic economic development initiatives within the region.
- Supports and encourages business and community growth.
- Works with key industry sectors to help develop and broaden sustainable business opportunities that will grow the economy.

A community that respects its environment

- Helps develop and promote business opportunities that benefit the economic, cultural and environmental aspects of the District.

A community with excellent facilities and services

- Develops networks and produces information to the business community.
- Works with key industry sectors to assess and develop key infrastructure needs in relation to providing a business growth environment.

A learning community

- Assists with education initiatives for our young people to improve the workforce capability.
- Works with key industry sectors to identify and communicate their needs and want back to the education providers.

A community that values its living Maori culture

- Helps develop and promote business opportunities that benefit the cultural and environmental aspects of the District.
- Provides assistance to Maori economic development initiatives and networks.

Cost of Service

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Operating Expenditure	423	418	533
Revenue	8	6	4
Net Costs	415	412	529

Capital Expenditure

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Computers	4	5	2
Airport expansion	-	-	38
Total Capital	4	5	40

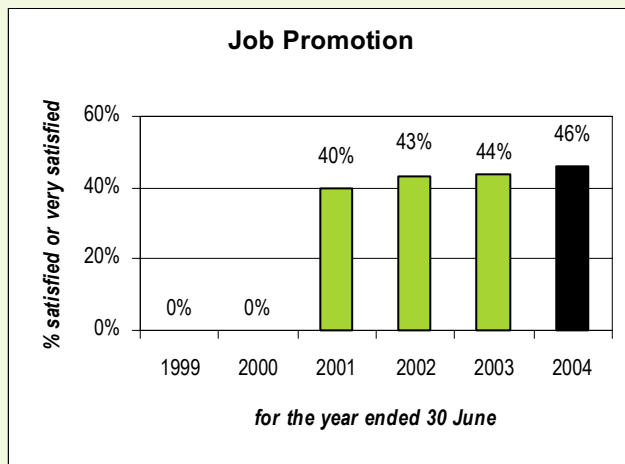
Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
Information – provision of relevant and timely District economic data.	Publications produced based on census data, plus others as required by market demand.	Within budget	Achieved.
	Monthly District and National economic data and business news circulated to subscribers and provided to Council.	Within budget. Within 3 working days of receipt.	Achieved.
	To continue developing and promoting the Rotorua business websites.	To complete 8 sector campaigns	Partially achieved. Campaigns currently under development.
Forestry Sector – to undertake work ensuring Rotorua’s dominant position in forestry and related industries is maintained.	To continue developing and promoting the forestry website.	To ensure accuracy of all forestry website data.	Achieved.
	To continue active participation as a member of the Central North Island Forest Industries Training and Employment Advisory Group.	3 meetings held by 30.06.04	Achieved. Role has shifted to RADl Centre.
Other Sectors – to stimulate cluster formation where industry advantage can be demonstrated.	Development of a spa industry cluster involving key industry players by profiling Rotorua’s spa industry through active participation in Asia-Pacific ISPA.	Implementation of strategy to develop Rotorua spa website.	Achieved.
Maori economic development.	To work closely with individuals and groups to improve management structures currently involved in asset management and assist in capability development strategies as per Regional Partnership Proposal.	Demonstrate effective liaison and support for Te Arawa inclusion in the Regional Partnership Proposal with Industry NZ.	Achieved.

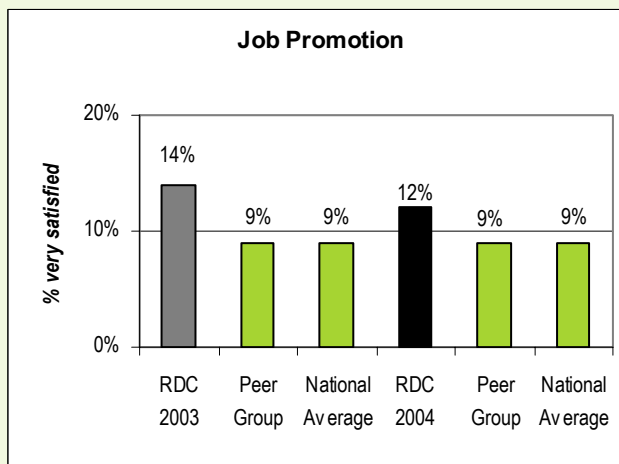
Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
	To showcase by recognition and promotion Maori business role models.	1 Maori business forum by June 2004	Achieved.
To continue to provide an interface service supporting businesses in dealings with Rotorua District Council.	To respond to requests for facilitation through Council processes.	80% within 3 working days	Achieved.
To provide support for the retail sector.	To manage contracts as appropriate.	Ready To Retail	Achieved.
To provide general investment support for potential Rotorua business start-ups or expansion.	To assist clients enabling enhanced project flow through Rotorua District Council.	A minimum of 30 assisted within budget	Achieved.
To foster the development of small to medium business enterprises in Rotorua.	Maintain contact with key business development agencies locally and nationally through a minimum of quarterly contact by continuing to coordinate the Rotorua Regional Partnership Proposal with Industry NZ.	Demonstrate effective liaison with Central Government (Ministry of Economic Development, Trade NZ) as well as RCCI, Bay of Plenty Business Foundation, EDANZ	Achieved.
	Develop "investment packages" for key sectors - tourism - manufacturing to have available for relevant enquiries.	Update existing packages.	Achieved. Relocate to Rotorua packages.
Rotorua Airport Investment.	To assist the strategic direction of the Rotorua Airport.	Develop a Strategic Plan.	Achieved. Provided funding and strategic analysis through PricewaterhouseCoopers.

NRB Community Survey

The two graphs below have been prepared from the annual Communitrack Survey conducted by National Research Bureau Ltd (NRB) Public Perception and Interpretations of Council Services and Representation Report.



This graph shows the percentage of survey respondents that are satisfied and very satisfied with this service over the last 6 years.



This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last 2 years and compares it with our peer group and the national average. The peer group is described on page 53.

Tourism Rotorua Travel and Information

Overall aim of the activity

Your first contact for information and booking requirement on things you can see and do around Rotorua and the rest of New Zealand.

This Year's Highlights and Achievements Included

- 947,846 people visited the Tourism Centre.
- The Travel Office had commercial dealings with 273 individual suppliers in Rotorua.

Activity Purpose

The Tourism Rotorua Travel Office operates 364 days a year and employs 14 fulltime and one part-time staff.

The office is active in information provision and also offers a comprehensive domestic travel reservation service available to local residents and visitors. Commercial returns are earned through commissions on sightseeing and travel sales.

Council undertakes this activity to meet community expectations and support other activities.

Community Outcomes

A safe and caring community

- By providing skilled and knowledgeable staff to help people find the information they need.
- Provides an information source for the local community.
- Provides Department of Conservation information.

A community that respects its environment

- By preserving and using a historical building as its headquarters.

A community with excellent facilities and services

- By maintaining the highest level of customer service within a fixed budget.
- Providing quality information and services for locals and visitors.

Cost of Service

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Operating Expenditure	1,143	1,188	1,058
Revenue	1,002	812	877
Net Costs	141	376	181

Capital Expenditure

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Tourism Rotorua Travel & information	-	10	-
Computers	7	20	64
Total Capital	7	30	64

Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To maintain the highest level of customer service within a fixed budget.	To operate a seven day information and ticketing centre within general rates requirement.	Within general rates.	Achieved.
	Counter customer study to be carried out over Christmas/New Year period.	93% visitor satisfaction	Achieved.

INFRASTRUCTURAL GROUP

Contribution to Outcomes

Page	Activities within this Group	Community Outcomes							
		A safe and caring community	A community that respects its environment	A healthy community	A prosperous community	A community with excellent facilities and services	A community that values its living Maori culture	A learning community	A "happening" community
111	Engineering Support	✓	✓			✓			
114	Laboratory		✓	✓					
116	Land Drainage	✓	✓						
118	Landfill	✓	✓	✓	✓	✓			
119	Passenger Transport	✓							
120	Refuse Collection	✓	✓	✓					
121	Roading	✓	✓			✓		✓	✓
125	Road Safety	✓		✓					
127	Rural Fire	✓							
128	State Highway Administration	✓				✓			
129	Waste Management		✓						
132	Waste Water	✓	✓		✓	✓			
135	Water	✓	✓	✓		✓			

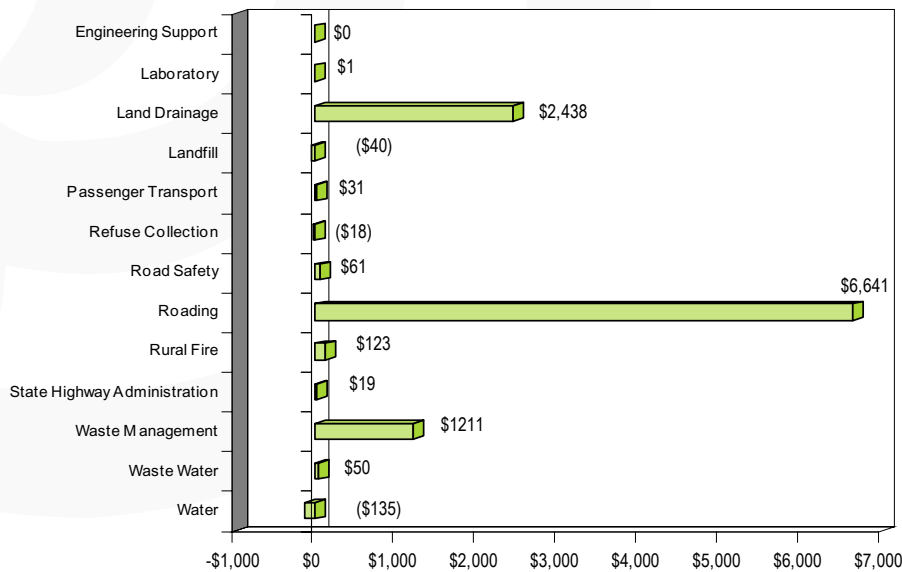
Overview of Group

Activities included in this group provide many of the traditional key services associated with councils such as water, sewerage, roads and refuse collection.

In this area Council owns and manages many large and complex assets on behalf of the community.

How the Money is Used

**INFRASTRUCTURAL
Net Cost of Service
(thousands)**



Engineering Support

Includes Resource Engineering and Strategic Planning

Overall aim of the activity

To provide support both to the Engineering Department and Corporate-wide in an efficient and effective manner.

This Year's Highlights and Achievements Included

- Project management of development projects for Rotorua Airport.
- Completion of the Water Services and Trade Waste Bylaw.
- An independent review was commissioned by Rotorua District Council to assess the efficiency and effectiveness of our resource consent processing operations and to recommend improvements, where possible (Sharplin Report).
- Consent processing review (Sharplin Report) was foreseen and the Resource Engineers were ready to adapt as quickly as possible.
- In keeping with the response to the Sharplin Report, performance targets were re-written to replace 100% peer reviewing with turnaround times and audits. These were implemented in January 2004 and included in the LTCCP. The targets for the two six month parts of the year have been achieved.
- Consent processing times reduced to an average of 2.8 days/consent internally.
- Image and branding introduced during the year.

Activity Purpose

This section provides services to all departments in Council, within the following broad areas:

- Overview of all Asset Management Plans. This part of our service focuses on ensuring AMP's are up to a robust standard and assist the Asset Managers to improve them.
 - Monitoring of Strategic Policies that may affect Council utility operations. This includes reviewing Regional Plans, advising on effects, and recommending submissions. Also includes representing Council at Regional Council hearings.
- The Project Management and implementation of the Rotorua Engineering Lifelines Project
 - Implementing SNZ HB4360 Risk Management for Local Government, in the role of Council's Risk Management Coordinator.

- Undertaking corporate-wide high level strategic projects.
 - Managing the update of all Engineering Department Bylaws
- Manager of the Hansen Database
 - Management of the As-Built update and production process
- Providing accurate, efficient and sustainable consent processing, engineering compliance and permitting, and graphical services to internal and external customers.

Community Outcomes

A community that respects its environment

A community with excellent facilities and services

A safe and caring community

- By providing good quality advice to developers.
- By ensuring the transfer of good quality assets from developers to Council.
- By ensuring the construction of good quality, well designed, safe and efficient services.
- By ensuring compliance with safe working, design and construction practices.
- By co-ordinating and encouraging reduction in disruption caused by street works.

Cost of Service

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Operating Expenditure	84	83	74
Revenue	84	83	72
Net Costs	-	-	2

Capital Expenditure

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Engineering Admin - Computers / Photocopiers	2	9	8
Engineering Works	7	9	14
Strategic Planning			
Computers / Software	15	22	21
Engineering Lifelines	-	30	13
Resource Engineering – Computers	29	39	84
Total Capital	53	109	140

Performance for 2004

Resource Engineering

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To maintain and protect the community's expectations of the services provided by developers.	To monitor Consent approvals for compliance with the subdivision provisions of the RMA 1991, BA 1991, Rotorua District Plan, and where applicable, the Engineering Code of Practice.	Peer Review of Consent, Engineering and 224 approval stages completed. 10% random audit of each stage completed to confirm Peer Reviews.	Achieved until January 2004. Peer reviewing discontinued as a result of the Sharplin report. New performance targets set as part of LTCCP. Achieved since January 2004.
	To apply infrastructure upgrading contributions required as a consequence of development in accordance with the provisions of the District Plan.	Monitored by Peer Review. 10% random audit of each stage to confirm Peer Reviews.	Achieved until January 2004. Peer reviewing discontinued as a result of the Sharplin report. New performance targets set as part of LTCCP. Achieved since January 2004.
	To operate a resource engineering activity within the operating budget.	Within budget.	Achieved.
To provide efficient and effective design and draughting services to the Council.	To produce draughting in accordance with the formal Draughting Office Standard.	Contract Drawings, Peer Reviewed and checked. 100% Compliance.	Achieved.
To provide effective and efficient administration of street opening works by Council and other utility services.	To provide a response to all applications within 15 working days.	90% appropriate responses within 10 working days and 95% within 15 working days.	88% in 10 days. 96% in 15 days. * 92% in 5 days.
To education, encourage and enforce regulatory compliance, by users of Council's Engineering Managed Utility Infrastructure assets, particularly the sewerage and stormwater drainage systems.	To advise, monitor and inspect trade waste premises occupiers compliance with the trade waste bylaw and consent conditions.	40% of consented trade waste premises are audited for compliance annually.	Achieved.
	To renew trade waste consents on expiry.	a) 100% of renewable trade waste consents are renewed annually. b) 100% of new trade waste applications are consented within 10 days of receipt of application.	Achieved. Achieved.
	To respond to pollution complaints within two hours.	90% of complaints received are responded to.	Achieved.
To provide quality/timely advisory information to the public on pollution prevention and control of discharges into Council's drains and the environment.	To have available a range of relevant information material and a staff member for this purpose.	Staff available during office hours to disseminate information.	Achieved.
To audit all trade premises connected to the sewer for excess volume and strength discharges.	All known connected trade premises are audited.	100% audited 6 monthly	Achieved.

* In April 2004 the street opening assessment procedures were revised and consequently a significant improvement in turnaround times has been achieved e.g. 92% in 5 days.

Strategic Planning

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
Strategic Policy.	<p>Policy documents produced to agreed format and content:</p> <ul style="list-style-type: none"> – 2002 : Policy on Risk implemented in accordance with agreed programme. – 2002 : Designations and Engineering Provisions in District Plan – 2002 : Bylaws updated for utilities. 	100%	<p>Achieved.</p> <p>Achieved.</p> <p>In progress.</p>
Financial Management.	To operate within budget.	Budget not exceeded.	Budget exceeded due to work at Rotorua airport.
Monitoring relevant policy from local or central government.	<p>Significant policy is noted and a submission document is sent. No relevant submissions are missed.</p> <ul style="list-style-type: none"> – Env Waikato Proposed Regional Plan References. – EBOP Water and Land Management Plan. – District Plan Variation 12 'Lakes A Zone'. – Roading Reform Issues. 	100%	Achieved 100%.
Asset Management Plans.	<p>Asset Management Plans are updated or reviewed annually to ensure quality.</p> <ul style="list-style-type: none"> – Overview Parks and Reserves – Overview Buildings (Museum, Library) – Overview Miscellaneous – Stormwater – Wastewater – Water Supply – Roading 	All updated at 30 June 04	Achieved 100%.
Emergency Plans.	<p>Emergency Plans are updated or reviewed by 30 June each year.</p> <ul style="list-style-type: none"> – Operational Emergency Plan – Water Supply Natural Disaster Plan – Wastewater Natural Disaster Plan – Stormwater Natural Disaster Plan – Roading Natural Disaster Plan 	<p>30 June</p> <p>30 June</p> <p>30 June</p> <p>30 June</p> <p>30 June</p>	Have been reviewed and will be updated shortly.
To reduce the impact on lifeline services of the Rotorua District from known hazards.	To complete the Lifelines Project Action Plan.	Completion of Stage IV Response and Recovery	Achieved.

Laboratory

Overall aim of the activity

To provide accurate, efficient and sustainable monitoring, sampling, testing and scientific services to Council's internal clients.

This Year's Highlights and Achievements Included

- IANZ (International Accreditation NZ)** - The environmental laboratory is IANZ accredited providing chemical and microbiological analysis of drinking water, natural water and waste water. There are four permanent laboratory staff (three technicians and one supervisor) managed by the Environmental and Scientific Services Manager as part of the Resource Engineering Section. Two of the technicians have achieved signatory status which allows them to certify testing. The workload of the laboratory includes provision of a sampling, monitoring and analysis capability for the wastewater, drinking water, landfill and pollution control sections of engineering. It also carries out a significant portion of work for neighbouring councils and for external clients such as consultants and farmers.
- New laboratory** - The current laboratory facility was extended in 1987 but since that time the building has been significantly outgrown and no longer provides an effective working space. Planning of the new laboratory took place in late 2003 and the current contract worth \$290,000 began in April. The new building includes a complete new fitout of hardware and was designed as a simple structure to increase space, improve workflow and provide workspace for technicians outside the laboratory work area. The existing laboratory will be modified to provide office space and a meeting room for the wastewater plant.

Activity Purpose

The majority of sampling, monitoring, testing and scientific advisory services provided are related to client legislative and consent monitoring requirements, primarily for the Waste Water Treatment Plant.

The laboratory provides services to other areas of Council's operation including Parks and Reserves, the Aquatic Centre, Water Supply and Trade Wastes.

The laboratory also provides a cost recovery service to outside customers and a scientific advisory service to all clients.

Community Outcomes

A community that respects its environment

A healthy community

- Providing an analytical and testing service for the wastewater treatment plant, process control and optimisation, and discharge consent work.
- Providing a maintenance and calibration facility for the WWTP on-line analytical instrumentation.
- Monitoring and reporting on the environmental impact of the forest irrigation system. Work includes providing discharge consent reports.
- Monitoring and reporting on the environmental impact of the landfill operation. Work includes providing discharge consent reports.
- Undertaking all necessary testing and reporting of Council's drinking water supplies.
- Providing scientific advice regarding environmental issues and regulatory control, including the discharge of trade wastes, contaminants and stormwater.

Cost of Service

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Operating Expenditure	81	80	96
Revenue	80	80	92
Net Costs	1	-	4

Capital Expenditure

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Laboratory	6	8	8
Total Capital	6	8	8

Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To maintain and operate the laboratory to approved standards.	To participate in the IANZ water test inter-laboratory testing programme and perform to a high standard.	Participation programme completed 100%.	Achieved.
		Rating maintained or exceeded.	Achieved.
	To maintain IANZ registration.	Registration maintained.	Achieved.
To undertake monitoring programmes for water right consents (forest and landfill).	To undertake water quality monitoring as prescribed by the Resource Consent within the stated timeframe.	All monitoring undertaken.	Achieved.
		Timeframes met 100% where stated.	Achieved.
To undertake analysis of samples in the laboratory.	To have samples analysed and reported within the time period specified by the clients.	95% compliance.	Achieved.



Land Drainage

Overall aim of the activity

To protect:

- property from flood damage;
- the District's lakes;
- the District's rivers.

This Year's Highlights and Achievements Included

- Issue of first comprehensive catchment consent.

Activity Purpose

Council has a responsibility under the Health Act where directed by the Chief Medical Officer of Health to provide drainage works to ensure a healthy community. Council therefore proactively provides this service.

There is also a community expectation of provision of stormwater and drainage services that provide for a low level of risk and efficient drainage of surface water.

Capital Works

The capacities of the existing urban piped systems have now been analysed and compared to the capacity required to cater for runoff calculated using criteria set in the Building Act.

The areas of deficiencies have been determined, and a preliminary ranking system devised to prioritise capital upgrading works, a total of approximately \$15M in costs. The top ranking catchments will be further investigated and appropriate remedial works designed. Progress on construction work will depend on funding.

Maintenance

The majority of maintenance works are undertaken by Council's Business Unit, Castlecorp, under contract. A maintenance and quality assurance programme is in place, and is being monitored to assess the correct amount of work required to maintain the asset. Also included under contract to EBOP is the maintenance of the Upper Kaituna Catchment Control Scheme

Replacement Value

The estimated replacement value of the collective drainage assets, including open drains, is \$81.7 million.

Maintenance and Replacement

- Council spends approximately \$2.6 million per annum on operating the Land Drainage Network.
- Council spends approximately \$300,000 per annum on renewals, and approximately \$450,000 per annum on upgrades.

Future Major Capital Improvements

An overall \$15 million project for capital upgrade works - approximately 50% to be spent within 10 year period.

Community Outcomes

A safe and caring community.

- By ensuring maintenance and development of the stormwater system.
- By minimising the effect of flood damage from high rainfalls.
- By reducing the impact on lifeline services in the Rotorua District from known hazards.

A community that respects its environment

- Stopping pollution at its source by preventing fuel, oil and other pollutants from entering stormwater drains.
- By having a system that is maintained in a way that is sensitive to natural values.

Cost of Service

For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Operating Expenditure	2,524	2,598	2,496
Revenue	86	105	108
Net Costs	2,438	2,493	2,388

Capital Expenditure

For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Stormwater – Upgrades	167	309	743
Stormwater - Renewals	283	457	441
Total Capital	450	766	1,184

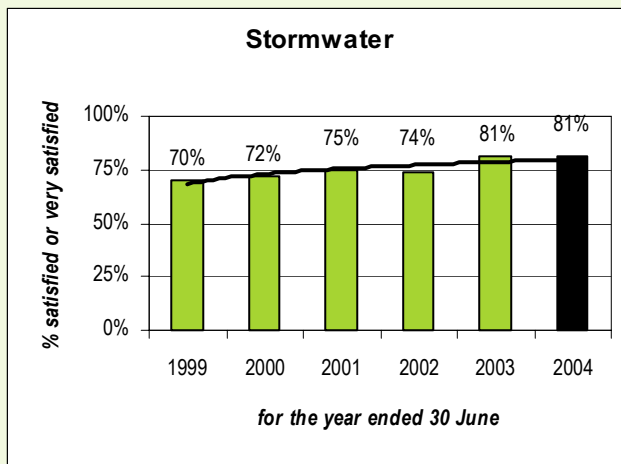
Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To maintain existing drainage systems.	To manage the land drainage activity within operating budget.	Within budget.	Achieved
	To respond to blockages within 24 hours of notification.	95%	Achieved – 100%

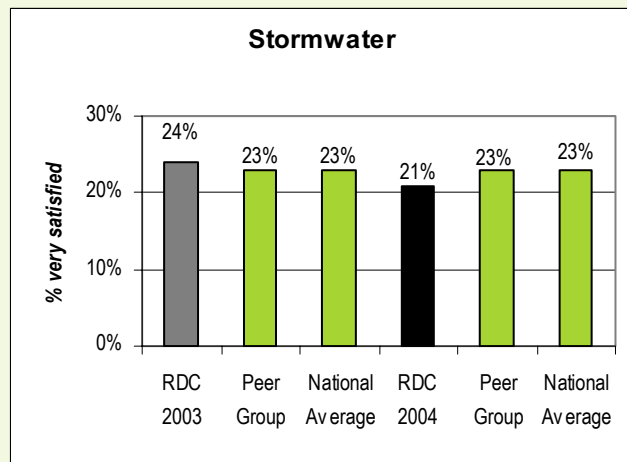
Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To upgrade the urban drainage system.	To complete upgrading in compliance with Building Act and Council policy requirements.	Western Heights Catchment Ford Rd Area	Detailed investigation still in progress as it is quite complex. Delayed in consenting process.
To renew the urban drainage system.	To replace components of the drainage system to ensure the design function is maintained.	Ariariterangi St Area	Investigation completed. Construction delayed to coordinate with sewer and water renewals.

NRB Community Survey

The two graphs below have been prepared from the annual Communitrack Survey conducted by National Research Bureau Ltd (NRB) Public Perception and Interpretations of Council Services and Representation Report.



This graph shows the percentage of survey respondents that are satisfied and very satisfied with this service over the last 6 years. There is a trend line which helps show the general direction of service satisfaction over time.



This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last 2 years and compares it with our peer group and the national average. The peer group is described on page 53.

Landfill

Overall aim of the activity

Providing a proper disposal of wastes in modern, well engineered, and controlled landfill.

This Year's Highlights and Achievements Included

- Completion of next phase of cell extension.

Activity Purpose

The Landfill activity is undertaken in order to provide cost effective waste disposal facilities for the community. There is a community expectation that Council provides the service and the Local Government Act allows Council to operate such a facility.

Community Outcomes

A safe and caring community

- By being located away from the urban Rotorua area, and operated and constructed to national standards which results in no discharge to the environment.

A prosperous community

- By being operated on a contract basis.

A community that respects its environment

- By the proper management of the site.
- By taking a precautionary approach to ensure minimum environmental harm.

A community with excellent facilities and services

- By providing clean efficient transfer stations for rural communities.

A healthy community

- By minimising risks to human health and safety from wastes.

Cost of Service

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Operating Expenditure	1,577	1,460	1,103
Revenue	1,617	1,895	1,499
Net Costs	(40)	(435)	(396)

Capital Expenditure

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Landfill Development	473	565	1,049
Rural Transfer Station Development	10	150	255
Total Capital	483	715	1,304

Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To provide an environmentally acceptable landfill to meet the needs of the District.	To ensure operation within the conditions of the Management Plan.	100%	Achieved – 100%
	To ensure the landfill management contractor achieves his performance targets for compaction.	75%	Achieved – 83%
	To ensure compliance with all consent conditions.	100%	Achieved – 100%

Passenger Transport

Overall aim of the activity

To provide for an accessible, safe and effective public passenger transport infrastructural service to meet the transport needs of the Rotorua community.

This Year's Highlights and Achievements Included

- Initiated review of public passenger transport services for Rotorua which has led to a new and improved passenger transport service being implemented by Environment BOP.

Activity Purpose

This activity provides shelters and facilities for bus services, including maintenance and capital investment, within the Rotorua District.

Community Outcomes

A safe and caring community

Cost of Service

For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Operating Expenditure	289	400	277
Revenue	258	358	282
Net Costs	31	42	(5)

Capital Expenditure

For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Bus Shelters	51	52	49
Total Capital	51	52	49

Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
Manage the contract for the provision of passenger transport services in Rotorua.	Subject to 90% EBOP funding, provide passenger transport services within budget.	Within budget	Achieved.
	Ensure that trips operate within 5 minutes of timetable departure.	90% minimum	Achieved.
	Subject to 25% TNZ funding provide timetables and service publicity within budget (excluding Corporate overheads).	Within timetable budget.	Achieved.
	To maintain existing passenger transport shelters for the Rotorua District.	100% provision as appropriate	Achieved.
	Subject to 40% TNZ funding, to build new passenger transport shelters as required.	6 new shelters completed within budget.	Achieved.

Refuse Collection

Overall aim of the activity

To provide a collection of domestic refuse in an efficient and environmentally sound manner.

Activity Purpose

Council has a responsibility under the Health Act where directed by the Chief Medical Officer of Health to ensure there is a refuse collection service to guard against adverse environmental impacts that could result from domestic refuse. Council therefore provides the service to ensure public health is not compromised.

There is also a community expectation that Council provides for such a service.

Community Outcomes

A safe and caring community

- By promoting a waste hierarchy – reduction, reuse, recycle, recovery and residual disposal.
- By promoting cleaner production to minimise waste through better work practice.

- Operating as a self-funding activity to ensure revenue covers required expenditure over time.

A community that respects its environment

- By managing waste efficiently and effectively to protect the environmental quality.
- By increasing awareness of waste reduction services to reduce quantity of end waste.
- By enhancing public participation in management of natural resources.

A healthy community

- By managing waste efficiently and effectively to help maintain the health and safety of the community.

Cost of Service

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Operating Expenditure	1,586	1,547	1,357
Revenue	1,604	1,561	1,511
Net Costs	(18)	(14)	(154)

Performance for 2004

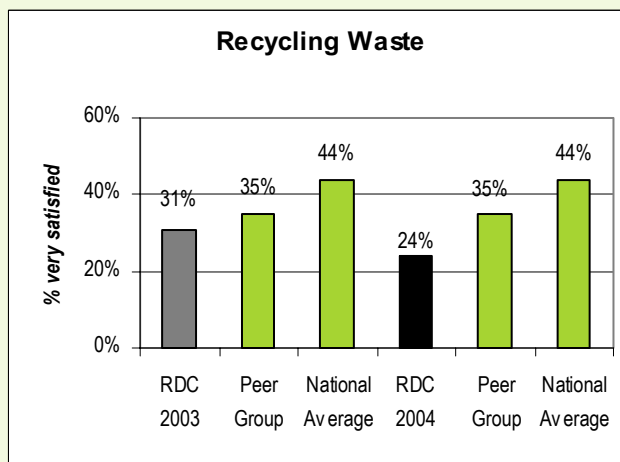
Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To provide a refuse collection service.	To collect refuse from specified area on each day by 4.30pm.	99%	Achieved – 99.6%.
	To ensure any non-delivery of bags is resolved in the urban area.	3 days	99% resolved within 3 days.
	To ensure any non-delivery of bags is resolved in the rural areas.	5 days	Achieved.

NRB Community Survey

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This graph shows the percentage of survey respondents that are satisfied and very satisfied with this service over the last 6 years.



This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last 2 years and compares it with our peer group and the national average. The peer group is described on page 53.

Roading

Overall aim of the activity

To provide and maintain a network of roads for the movement of vehicles, goods and people in a safe, efficient manner throughout the District in accordance with Council and Transfund NZ standards.

This Year's Highlights and Achievements Included

- Completion of Rotorua Urban Transportation Study.
- Realignment of accident prone section of Hamurana Road.
- Completion of Ngongotaha upgrade.

Activity Purpose

Management of the roading network is undertaken as a statutory requirement of the Local Government and Land Transport Management Acts.

There is also community and commercial expectation of a safe and efficient roading network for the transport of people, goods and services.

The roading network also provides a corridor for the installation and management of utility services inclusive of telecommunications, power services, water, sewerage and stormwater.

This activity includes footpath and verge maintenance and construction in both the urban and rural areas, along with the undertaking of non-subsidised roading improvements works, such as extension of seal in the rural area, and the provision of kerbing, channelling and footpath construction in both the urban and rural areas.

The Assets

- 1,000km of local roads
- 400km of footpaths
- 430km of kerb and channel
- 3,194 culverts
- 120 bridges and footbridges

Replacement Value

The estimated replacement value of the collective roading assets, including land, is \$243 million.

Maintenance and Replacement

Council spends approximately \$12 million per annum on operating the Roding Network. [\$7m subsidised: \$5m unsubsidised].

Council spends approximately \$2.7 million per annum on reseals, pavement rehabilitations, replacing footpaths and kerb and channel.

Council spends approximately \$2.5 million per annum on improvements such as Urban Street improvements and Urban Undergrounding.

Future Major Capital Improvements

\$10-12 million in 2006/07 onwards for Inner City Interlink.

Community Outcomes

A safe and caring community

- To enhance a safe CBD environment for all users by ensuring high standards of CBD cleaning and maintenance.
- Advance safety and efficiency improvements on the networks.
- Provide cycleways and passenger transport in conjunction with Environment BOP as alternative transport.
- Liaise with the Police over use of the network.

A community that respects its environment

- Find the best solution to arterial routes under pressure.
- Undertake the activity in compliance with consent conditions.

A community with excellent facilities and services

- By undertaking general maintenance, reseals, shape correction etc in urban and rural areas in accordance with Transfund and Council maintenance standards.
- Progress the enhancement of streetscape in suburban retail/commercial areas.
- Upgrading roads to improve access to Rotorua.
- To provide footpaths to all urban streets.
- Ongoing programme of urban and rural street improvements.

A learning community

- Educate and encourage the public to use the network safely.

A "happening" community

- Create a road environment that supports and encourages a greater range of community and street activity.

Cost of Service

For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Operating Expenditure	10,991	9,625	9,659
Revenue	4,350	4,268	4,226
Net Costs	6,641	5,357	5,433

Capital Expenditure

For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Subsidised Roding			
Major Drainage Control	205	190	21
Road Reconstruction	734	770	200
Minor Safety Projects	563	250	270
Rehabilitation Renewal	418	450	841
Cycleway Construction	12	10	10
Kerb & C , Culvert Renewals	33	28	7
Urban Street Light Renewals	150	150	102
Traffic Lights	-	-	12
Project Investigation	-	50	9
Road Reseals	1,800	1,882	1,862
Preventative Maintenance	-	-	200
Emergency Capital Reinstatement	-	-	205
Works General & Unsubsidised Roding			
Urban Street Improvements	322	542	431
Western Heights	23	-	-
Malfroy Geysers	-	20	2
Tryon Street Area Upgrade	131	200	-
Rural Street Improvements	277	352	402
Rural Seal Extension	1,274	1,200	1,118
Seal Widening	73	100	-
Undergrounding / Streetlighting Poles	43	120	150
Minor Safety Improvements	58	41	3
Security Lighting	-	-	47
Ngongotaha Shopping Centre Upgrade	340	230	299
Land Acquisition	52	78	27
K & C Renewals	47	48	46
Footpath Renewals	96	90	95
Maori Road Lines	49	80	100
Total Capital	6,700	6,881	6,459

Performance for 2004

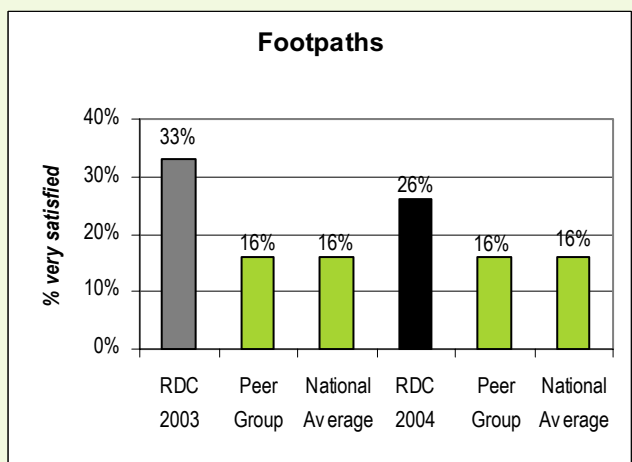
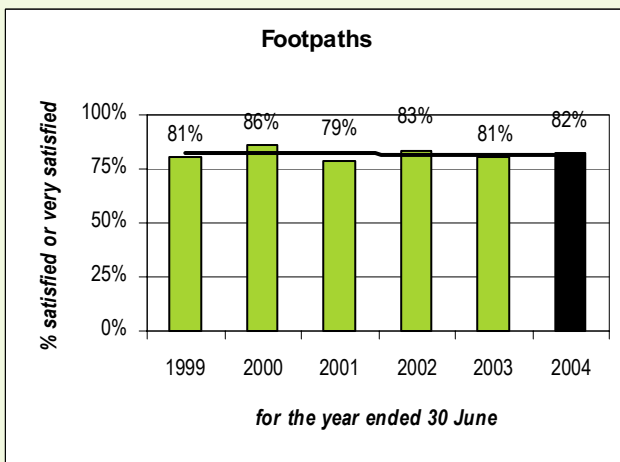
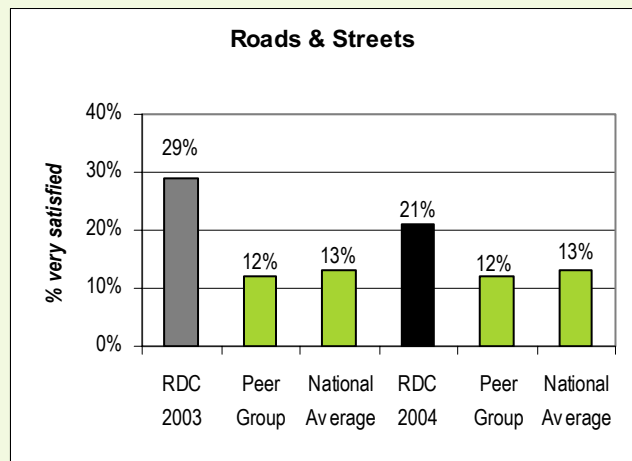
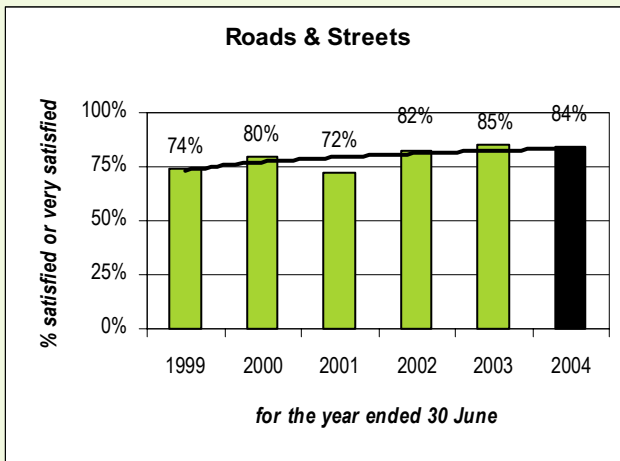
Subsidised Roding

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To maintain the roading asset to acceptable standards.	To undertake general maintenance, reseals and shape correction in urban and rural areas in accordance with Transfund and Council maintenance standards.	79.3km of resealing and second coat seals 1.2km of sealed pavement rehabilitation	Not achieved – 69.622km. Achieved – 1.2km.
	To undertake a specified inspection programme.	100%	Complete.
	To maintain all bridges to Transfund standards.	100%	Complete.
To undertake a capital improvement programme for the roading asset.	Minor safety improvements in accordance with Transfund and Council Policy.	Within budget.	Not achieved. Budget \$510,000 Actual \$562,000 included additional projects partially funded by private contribution.

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
	Road re-alignment.	Hamurana Rd / Te Waerenga to Unsworth Rds Rural Flaglighting Project subject to project feasibility confirmation	Both projects complete.
Works General and Unsubsidised Roothing			
Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To enhance and expand the roading and footpath network.	To complete the rural seal extension programme within Council's policy and budget.	10km	
		Mangatete South	3.0 Complete
		Tarena St West	0.3 Complete
		Penny Rd	0.8 Complete
		Parsons Rd	2.7 Complete
		Highlands Rd	1.7 Complete
		Hossack Rd Extn	<u>1.6</u> Complete
		10.1	
To carry out a programme of urban street improvements.		Hood St	Complete
		Robinson Ave	Complete
		Alfred Rd	Complete
		Blk 12 and 25 Service Lane	Vesting of land not complete.
To provide footpaths to all urban streets.		Ruihi St	Complete
		Robinson Ave	Complete
To carry out upgrades of rural communities.		Tarawera Stage 2	Before Environment Court.
		Mamaku	Project 70% complete.
To complete Maori roadlines programme and Marae entranceways programme.		To be confirmed.	Complete
		Marae entranceways within budget..	
To carry out upgrades for urban areas.		Tryon St Stage 1	Delayed to co-ordinate Stage I and Stage II better.
		Eruera St	Delayed due to high contract price.
To carry out the programme of rural road widening.		Investigation.	Complete

NRB Community Survey

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These graphs show the percentage of survey respondents that are satisfied and very satisfied with these services over the last 6 years. There is a trend line which helps show the general direction of service satisfaction over time.

These graphs show the percentage of survey respondents that are "very" satisfied with these services over the last 2 years and compares it with our peer group and the national average. The peer group is described on page 53.

Road Safety

Overall aim of the activity

To reduce the incidence and severity of crashes in the Rotorua District through advocacy, encouragement, education and provision of road safety resources to the community.

This Year's Highlights and Achievements Included

- New District Road Safety Strategy consultation completed.
- Community Road Safety Fund advertised and allocated to community groups.
- Safety management system adopted and implemented.
- All programmes completed e.g. intersections, merging, bikes, seatbelts, older persons and alcohol.
- Active liaison with Police to provide risk targeted patrol plans, action public concerns e.g. speed, racing etc, and delivery of enforcement hours in the district.
- Close working relationship with LTSA staff both regionally and nationally, acknowledged by LTSA regional manager.
- Rotorua was selected during the year as a trial site for the "Safe Routes" programme. This is a central government initiative to increase the perceived level of safety in the community. A localised area is consulted and an action plan developed to improve the safety of all users who may use the site. This may include pedestrians, cyclists and motorists. The improvements are identified directly by the community involved. A Safer Routes Co-ordinator has been appointed, the project is expected to run for the next year in the Westend and Clayton Road communities.

Activity Purpose

This activity is in response to community expectations and the need for Council to provide a leadership role. Additionally, the Crown provides funds for road safety initiatives that can be brought to the District with Council in this facilitator role. This activity provides for the delivery, co-ordination and facilitation of road safety programmes and initiatives in the District. Council employs a fulltime Road Safety Co-ordinator to co-ordinate, facilitate and manage local efforts to address identified road safety problems.

20% of a further officer's time is committed to this area in a supervisory capacity. Examples of programmes in operation are Safe With Age, Safe Cycling, Speed and Kidz in Cars.

Council has a draft District Road Safety Strategy. This outlines the key issues in terms of road safety in the district, who will be involved, and how. This involves community groups, Government agencies and Regional Authorities.

Each year specific land transport safety resources in the District will be agreed between the NZ Police, Land Transport Safety Authority (LTSA) and Council for delivery at the local level.

These resources are identified in the following outputs:

NZ Police

For all roads in the District, both highway and local roads:

- Speed control
- Drinking or drugged driver control
- Restraint device control
- Visible road safety enforcement

Network-wide road policing:

- Commercial vehicle investigation and road user charges
- Crash attendance and investigation
- Traffic management

General road policing support:

- Police community services
- School road safety education
- Resolutions

LTSA

- Policy advice
- Safety information and promotion
- Driver licensing
- Grants
- Safety auditing
- Vehicle impoundment

Council aims to work with and alongside LTSA and the NZ Police to achieve its Aim above.

Community Outcomes

A safe and caring community

A healthy community

Cost of Service

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Operating Expenditure	186	118	129
Revenue	125	60	73
Net Costs	61	58	56

Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
Prepare, manage and deliver the LTSA NZ Road Safety Programme for Rotorua.	Meet LTSA contract and audit requirements.	100% compliance.	Achieved 100%.
Contribute to Regional Road Safety issues.	Attend Regional Road Safety group meetings and deliver regional projects.	100% compliance.	Achieved 100%.
Facilitate community Road Safety initiatives and development.	Reporting to Works Committee and Drivewise.	100% compliance.	Achieved 100%.
Ensure Road Safety programmes meet with District Road Safety Plan.	Reporting to Works Committee and Drivewise.	100% compliance.	Achieved 100%.



Rural Fire

Overall aim of the Activity

Working in partnership with the rural communities to provide protection for people, property and the environment from the hazards of fire and other emergencies.

This Year's Highlights and Achievements Included

- Lake Okareka has a refurbished ex-NZFS appliance.

Activity Purpose

Council undertakes this activity in order to meet legislative requirements and community expectations.

Administration of Rural Fire responsibilities includes:

- Issuing of Fire Permits.
- Operative Fire Plan.
- Budgeting and administration of Rural Fire Units for Lake Okareka, Lake Tarawera, West Rotoiti and Castlecorp Response Unit.
- Equipment Maintenance and Operational Budgets.

- Training.
- Statutory requirements i.e. Rural Fire Management Code of Practice.

Community Outcomes

A safe and caring community

Cost of Service

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Operating Expenditure	142	111	151
Revenue	19	6	32
Net Costs	123	105	119

Capital Expenditure

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Appliances	38	25	8
Total Capital	38	25	8

Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To provide and update Rotorua District Council Rural Fire Plan.	Fire Plan to be updated and certified by Central North Island Regional Rural Fire Committee for distribution no later than 31 August 2002.	Fire Plan to be updated and certified by Central North Island Regional Rural Fire Committee for distribution no later than 31 August 2004.	Achieved.
To provide administration and for issue of Fire Permits.	Fire Permits are issued where "appropriate" within 24 hours of request.	100%	Achieved.
Administration of Rural Fire Units at Lake Okareka, Lake Tarawera and West Rotoiti.	Equipment is supplied/maintained. Subsidies are requested. Training is provided.	3 courses per year.	Achieved.

State Highway Administration

Overall aim of the activity

To plan, develop and maintain the District State Highway system as the Asset Manager in a way that contributes to an integrated, safe and responsive network for the District.

This Year's Highlights and Achievements Included

- Low level of complaint/closure on RDC highway network.
- Advanced construction of Old Taupo Road 4 laning.
- Completed Cookson Road passing lane ahead of schedule.
- Gas line curves investigation/route selection completed.
- Pyes Pa/Tauranga Direct Road advance work to complete handover underway.
- State Highway 38/Rerewhakaaitu Road intersection design completed.

Activity Purpose

The management and administration of the State Highway network within the Rotorua District is undertaken by Council. This is normally the role of Transit NZ. Council has been delegated the role of Asset Manager for State Highways which allows a co-ordinated overview of the district's roading network. While working within the National Transit NZ system, the delegation allows for the development and

promotion of Rotorua projects and maintenance needs locally. This cost centre includes 20% of the District Engineer's time/salary plus one further officer. Much of this function is undertaken by Consultants via professional services contracts with the Council. Council receives 1% of the value of all State Highway works and professional services expenditure in return for providing this service.

Community Outcomes

A safe and caring community

A community with excellent facilities and services

Cost of Service

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Operating Expenditure	129	118	155
Revenue	110	120	93
Net Costs	19	(2)	62

Capital Expenditure

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Computers	3	5	-
Total Capital	3	5	-

Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To undertake and oversee Network Maintenance on Delegated Highways within the District.	Meets Transit NZ/Transfund standards criteria and guidelines for SH5, 30, 30A, 33, 38.	100% compliance	Achieved 100%.
To provide effective and efficient management of the Rotorua District Highway Network.	Advance safety and efficiency improvements on the network, meet requirements of the TNZ Act, National Roading Programme Budgets and Council Policy subject to TNZ Authority approval.	<ul style="list-style-type: none"> • NRP programme complete • Hauparu Bay reconstruction • Rerewhakaaitu intersection • Old Taupo State II works • Cookson Road passing lane (investigation) 	<ul style="list-style-type: none"> Complete. Complete. Design work complete. Project underway. Complete.
To monitor and evaluate all consultants and maintenance contractors engaged on the network via performance monitoring systems.	Meet requirements of Transit, Transfund and Council policy including contractual obligations.	100% compliance.	Achieved 100%.

Waste Management

Overall aim of the activity

To provide a litter free environment within the District.

This Year's Highlights and Achievements Included

- Completion of Waste Strategy.
- Initiation of Cleaner Production Contract.

Activity Purpose

The activity of waste management is provided because of community expectation. The Local Government Act permits Council to run and operate litter control, recycling and waste disposal services.

The activity involves litter control in all public places including walkways and special events, hazardous waste management, control of illegal dumping, promotion and education inclusive of the Keep Rotorua Beautiful Committee and recycling operations.

Community Outcomes

A community that respects its environment

- By the promotion of "Keep Rotorua Beautiful" brand label.
- Protection of the CBD area, lakeside reserves and walkways.
- By promoting cleaner production to minimise waste through better work practice.
- By ensuring a clean environment for people to live in.
- By involving public to participate to make a difference.
- By providing recycling services to the whole community.

Cost of Service

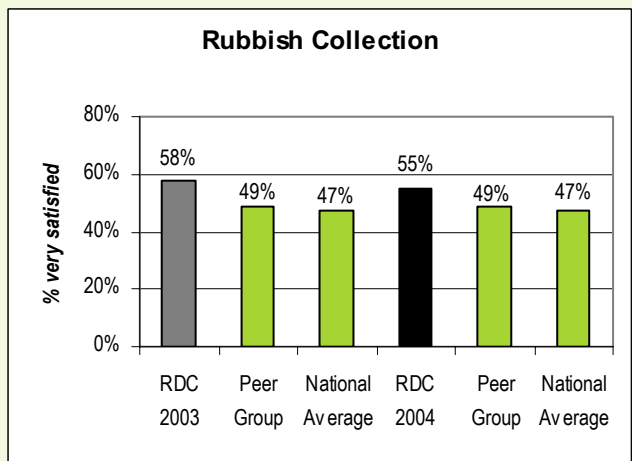
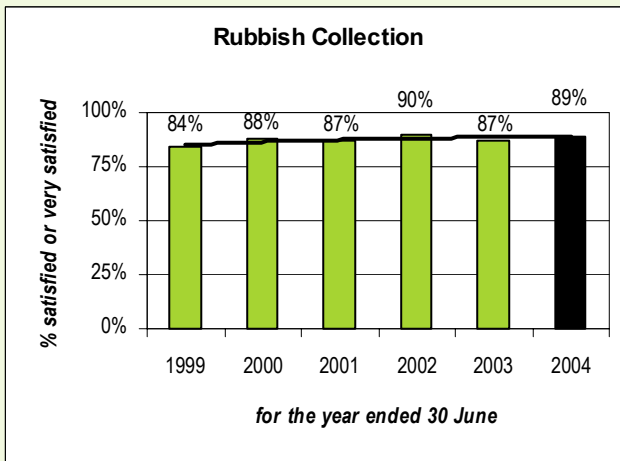
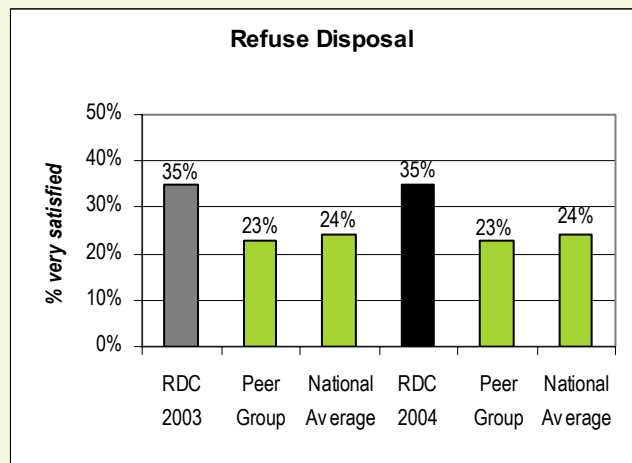
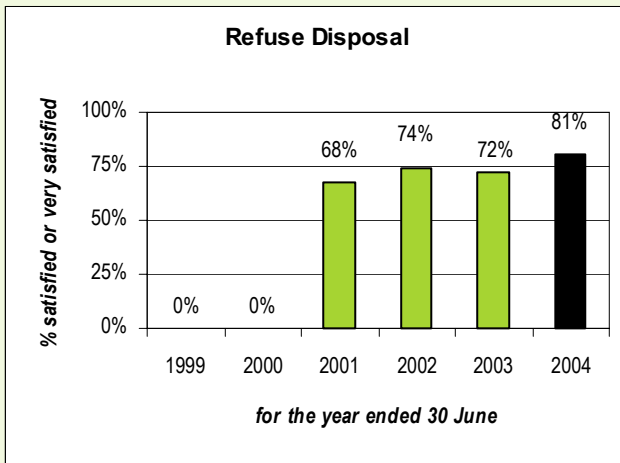
For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Operating Expenditure	1,268	1,245	1,334
Revenue	57	60	44
Net Costs	1,211	1,185	1,290

Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To manage solid wastes within the District.	To service all urban litter bins daily.	100%	Achieved 100%.
	To service all litter bins within rural areas at least twice weekly and every day from mid-December to mid-February.	100%	Achieved 100%.
	To respond to all litter complaints within two hours of receipt in the Rotorua Basin and four hours outside of this area.	99%	Achieved – 99.3%
To manage hazardous waste.	To meet national waste targets as per the Ministry for the Environment's Waste Strategy.	Still to be determined.	On track. Targets phased in over several years.
	To provide storage facilities and dispose of hazardous wastes, with no preventable incident.	100%	Achieved – 100%
To manage inner city and landfill recycling facilities.	To operate inner city and landfill recycling facilities to achieve target volumes.	850 tonnes p.a.	Achieved – 1616.361 tonnes

NRB Community Survey

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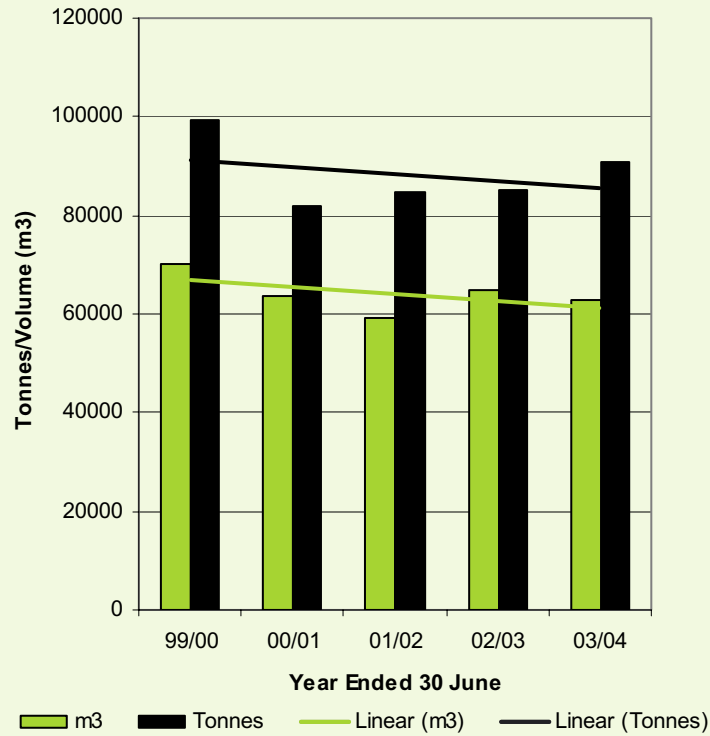


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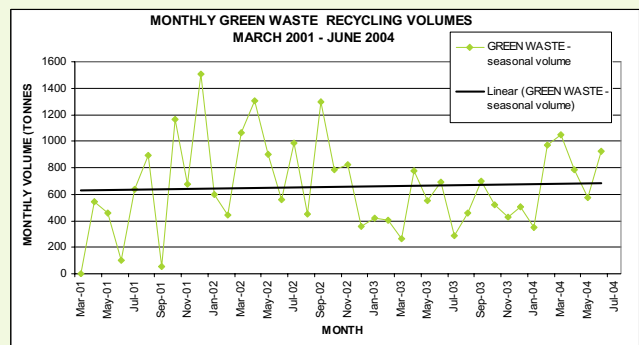
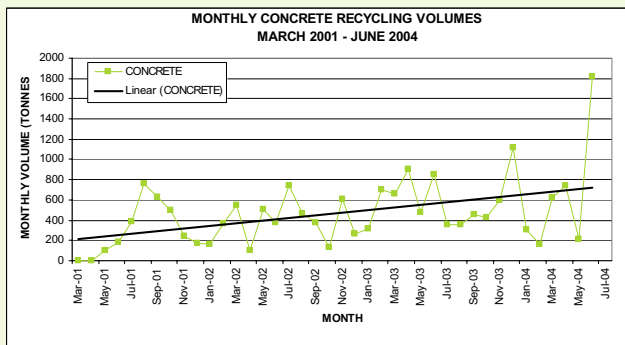
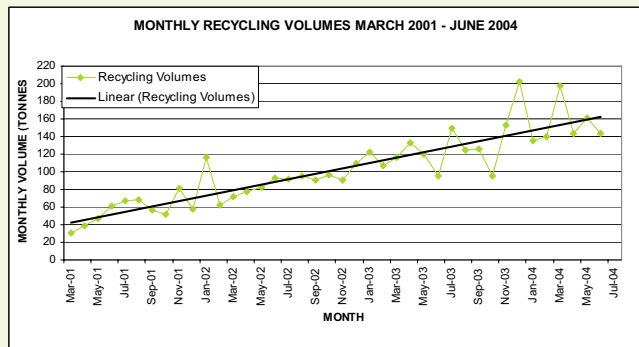
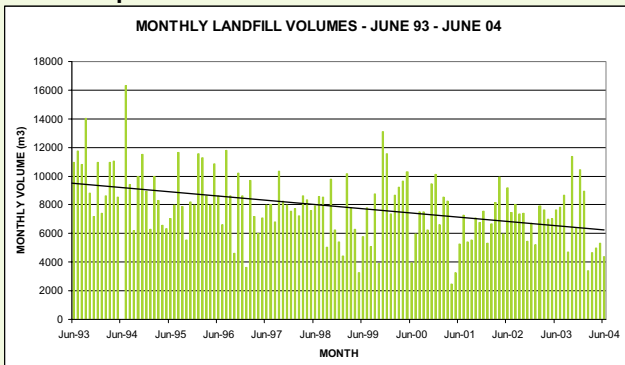
These graphs show the percentage of survey respondents that are "very" satisfied with these services over the last 2 years and compares it with our peer group and the national average. The peer group is described on page 53.

Other Indicators

Rotorua Landfill Waste Reduction



Waste Disposal Levels



Waste Water

Overall aim of the activity

To provide an environmentally safe and efficient collection, treatment and disposal of water-borne waste and by-products in a sustainable operation to safeguard public health.

This Year's Highlights and Achievements Included

- Substantially completed the methanol dosing plant – Waste Water Treatment Plant.
- Completed preliminary and detailed design of the Eastern Areas Sewerage Scheme.
- Obtained MOH grant for the Mourea/Okawa Bay Sewerage Scheme.

Activity Purpose

The services under the Waste Water Activity area are provided because the community expects Council to make provision for the removal of sewage and liquid trade wastes from communities, to enhance public health and minimise the impact of communities on the environment.

The waste water activity includes the operation and maintenance of over 400 kilometres of gravity sewers and rising mains and also includes 53 pumping stations. The total underground asset has an estimated replacement value in excess of \$85M.

This division is also responsible for the operations and maintenance of the Wastewater Treatment Plant and Forest Disposal system. The operation needs to comply with or surpass the standards of nutrient removal and monitoring required under Council's Resource Consent to discharge. Treatment plant effluent is discharged via spray irrigation into Whakarewarewa forest. The estimated replacement value of the treatment and disposal system is in excess of \$50M.

Another important aspect of this cost centre is pollution control. This activity aims to educate, encourage and enforce regulatory compliance of commerce, trade premises and the community's use of and discharge into Council's Stormwater and Sewerage Drainage Assets.

The Assets

Approximately 20,000 lateral pipes connect drains at the property boundary to a network of 370km of pipes. These pipes and 50 pump stations convey the wastewater to the Treatment Plant.

Replacement Value

The estimated replacement value of the underground assets is \$87 million.

The estimated replacement value of the treatment and disposal system is \$51 million.

Maintenance and Replacement

Council spends approximately \$7.2 million per annum on operating the Wastewater System.

Council spends approximately \$1.2 million per annum in replacing pipes, pump station components, wastewater treatment and disposal components.

Future Major Capital Improvements

\$2.4 million allocated over 2002/03 and 2003/04 to upgrade Wastewater Treatment Plant.

\$3.3 million allocated in 2003/04 for Mourea/Okawa Bay Sewage Treatment.

\$3.0 million maximum in 2004/05 onwards for Okareka Sewage Treatment.

Community Outcomes

A safe and caring community

- Minimising the effect of wastewater discharge on the environment and limiting the visual impact of wastewater, aiding Rotorua's clean green image.

A prosperous community

- Developing quality waste infrastructure that meets growth requirements.
- Operating as a self-funding activity to ensure revenue covers required expenditure over time.
- Making efficiency gains to lower costs and enable fair and reasonable costs to users.

A community that respects its environment

A healthy community

- Researching and developing wastewater solutions that are environmentally sensitive, particularly in relation to the lakes.
- Investing in pre-treatment, and promoting cleaner production to minimise business waste.
- Advice, control and charge for the discharge of commercial and industrial liquid trade waste disposal into the wastewater system.
- Providing excellent drainage services.
- Providing good quality advice to commercial and industrial property owners and developers.
- Ensuring compliance with safe working, design and construction practices.
- Encouraging the use of cleaner production, compliance with legal and environmental initiatives and the conservation of Council's water services.

A community with excellent facilities and services

- Laboratory services available.
- Providing a quality facility that helps protect public health and minimises the impact on the environment in a manner that residents can be proud of.

Cost of Service

For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Operating Expenditure	7,536	7,416	7,443
Revenue	7,486	7,112	7,342
Net Costs	50	304	101

Capital Expenditure

For the year ended 30 June: (thousands)	2004 Actual	2004 Estimate	2003 Last Year
Computers/Plant	38	49	17
Mourea Wastewater	433	2,799	196
Hinehopu Sewerage	-	36	3
Okareka Sewerage	5	133	1
Other Rural Wastewater Investigations	-	-	1
Sewer Renewals	193	698	181
Land Treatment Improvements	9	-	-
Land Treatment Renewals	119	41	-
Pump Station Renewals	255	230	63
Pump Station Upgrade	-	130	-
Treatment Plant Renewals	379	758	241
Treatment Plant Upgrade	1,215	2,513	763
Reticulation Extension	10	32	80
Total Capital	2,656	7,4219	1,536

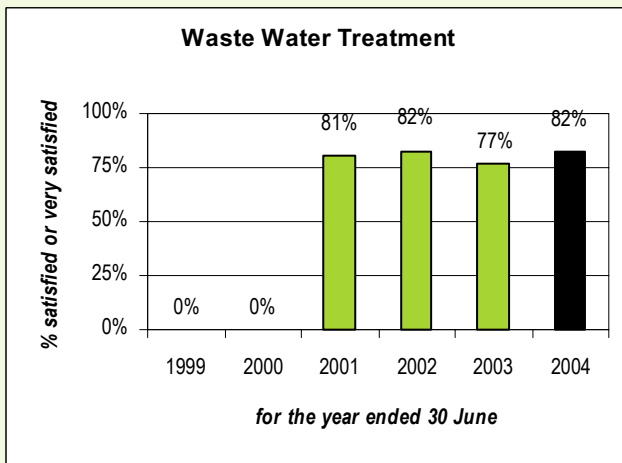
Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
The maintenance of the continuous operation of the wastewater reticulation system at present and into the future.	Time taken for applications for new connections to be processed, and the result notified to the applicant.	98% processed within 5 working days	Achieved.
	The implication and management of operations contracts through regular auditing, meetings and correspondence as specified in Council policy and contract documents.	All following deliverables completed within specified timeframe: - Monthly contract meeting and minutes. - Contractor performance evaluation reports. - Programmed audits recorded.	Achieved.
To undertake research and investigations on needs and possible solutions for sewage schemes at lakeside settlements, and implement solutions.	To complete the years programmed investigations, and progress capital works as programmed..	Budget. Mourea/Okawa Bay Scheme commenced within budget.	Original programme adjusted due to Council decision. Revised programme progressed.
The management of the wastewater treatment and pumping system in a cost-effective manner meeting the requirements of the Resource Consent or approved variations.	Manage the reticulation pumping, treatment and composting systems within the combined operating expenditure budget.	Within budget.	Achieved.
	Undertake wastewater reticulation maintenance work within the operating expenditure budget.	Within budget.	Achieved.
	That no overflows occur from the WWTP or pump stations except due to power failure or extreme weather conditions.	Zero overflows	Achieved.
To maintain the wastewater reticulation system and treatment assets to acceptable standards.	The advancement through contracts for the works described in the AMP Outputs and Annual Three Year Work Projection. The works and contracts to be managed according to market movements and budgets.	Reticulation Renewal and Capital Works outputs advanced within budget.	Achieved.

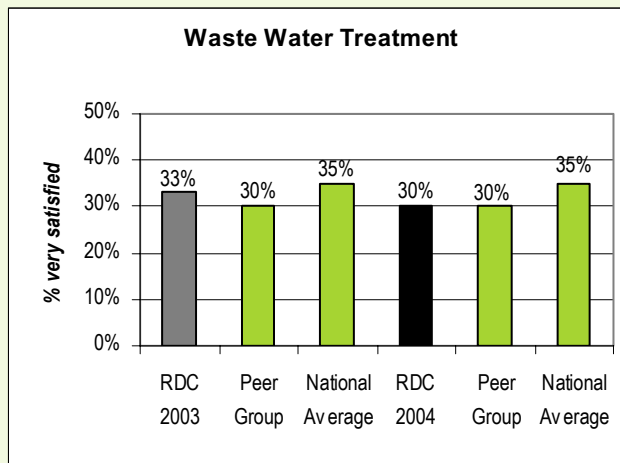
Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To undertake a Capital improvement programme for the wastewater treatment system in accordance with the conditions of relevant Resource Consents.	The advancement through contracts of the works described in the AMP.	Capital Works WWTP upgrade outputs advanced within budget.	Achieved. Additional work undertaken above budget.

NRB Community Survey

The two graphs below have been prepared from the annual Communitrack Survey conducted by National Research Bureau Ltd (NRB) Public Perception and Interpretations of Council Services and Representation Report.



This graph shows the percentage of survey respondents that are satisfied and very satisfied with this service over the last 6 years. There is a trend line which helps show the general direction of service satisfaction over time.



This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last 2 years and compares it with our peer group and the national average. The peer group is described on page 53.

Water

Overall aim of the activity

To provide, in a cost-effective manner, an adequate supply of water of sufficient quality to satisfy the needs of communities within the District.

This Year's Highlights and Achievements Included

- Substantially completed the Mihi-Reporoa Deep Creek headworks and reticulation system upgrade.
- Completed the Central/Ngongotaha link main which will enable the transfer of water from Ngongotaha to the Central area.
- Completed Stage I of the Eastern Rising Main duplication, which will increase the output from the main pumps, and provide additional security against pipe failure.
- Completed all programmed water reticulation replacement works.
- Completed construction of a standby bore for Mamaku.
- Completed construction of a new reservoir at Mountain Road to provide additional storage for the Mountain Road/Clayton zone.

Activity Purpose

The Water Activity services are provided because the community expects Council to make provision for a safe supply of water to communities for drinking and, where appropriate, fire fighting, to enhance public health and provide for farming and other commercial activities.

The Assets

- 11 water supplies covering both urban and rural
- 17 reservoirs
- 18 pump stations
- 628km of pipes

Replacement Value

The estimated replacement value of the collective water supply assets is \$75.7 million.

Maintenance and Replacement

- Council spends approximately \$3.5 million and \$750,000 per annum respectively on operating the Urban and Rural Water Supply.
- Council spends approximately \$1 million and \$50,000 per annum respectively on Urban and Rural renewals.
- Council spends approximately \$1 million per annum on improvements [mainly reticulation and storage] to the Urban Water Supply.

Future Major Capital Improvements

Up to \$1 million in 2005/06 onwards for inter-connection Central to Eastern

Community Outcomes

A safe and caring community

- High quality and safe drinking water helps the green image and enjoyment of the Rotorua experience.

A community that respects its environment

- By planned development of the water facilities to meet population growth.
- By water conservation to maximise the resource for the future.
- By managing development to protect the quality of natural groundwaters.

A community with excellent facilities and services

- By provision of quality water supplies that meet current and future needs.
- Provides water services at fair and reasonable rates to consumers.

A healthy community

- Protecting public health through quality infrastructure.
- Providing high quality drinking water which residents can be proud of.

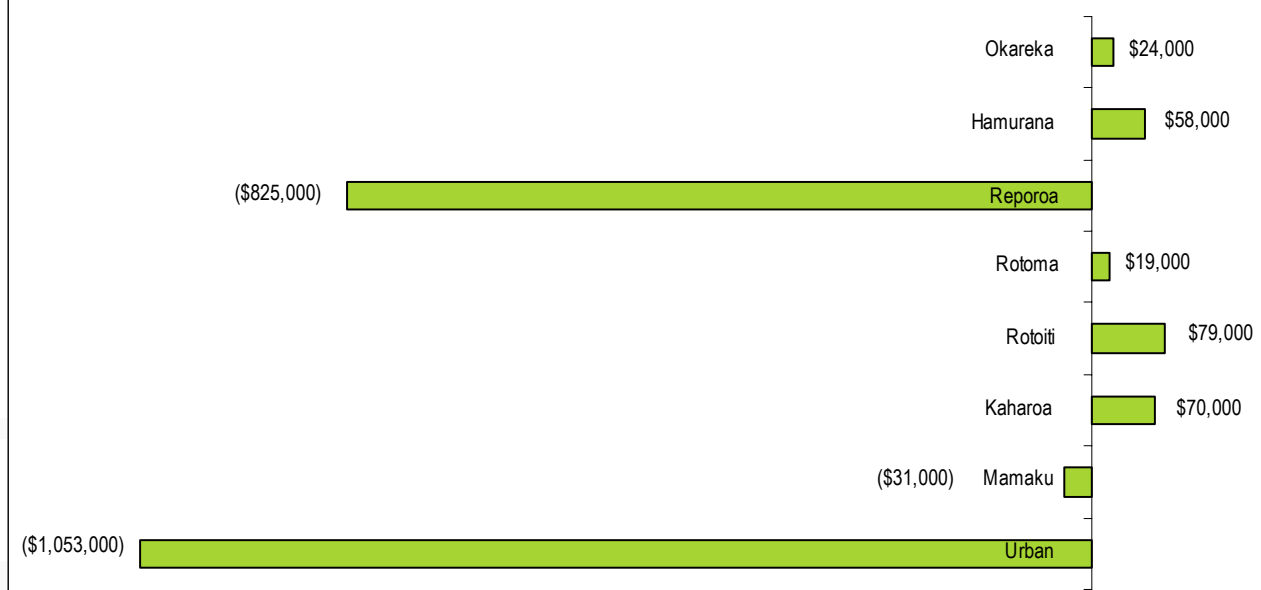
Cost of Service

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Operating Expenditure	4,277	4,301	4,182
Revenue	4,412	4,432	4,274
Net Costs	(135)	(131)	(92)

Capital Expenditure

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Administration - Computers	20	18	31
Urban Water Supply			
Central Reservoir	189	95	63
Renewal Works	933	1,008	767
Reticulation	1,735	1,584	879
Rural Water Supplies			
Mamaku	58	2	10
Rotoiti	8	19	5
Rotoma	3	1	2
Kaharoa	3	59	17
Reporoa - Improvements	1,363	2,041	745
Reporoa - Renewal Works	11	8	3
Hamurana	-	1	-
Okareka	-	1	1
Total Capital	4,323	4,838	2,523

WATER Self-Funding Account Balances As at 30 June 2004



Self Funding Account Balances are effectively the cash balance accumulated to date to fund future capital requirements for the specific water areas.

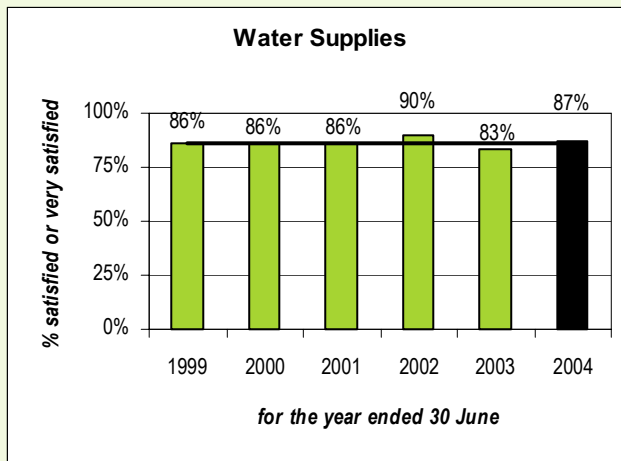
Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
Ensuring that all supplies have sufficient water at the source, and within the system to provide appropriate levels of service to the consumers.	Connections within the Urban fence capable of delivering a minimum flow of 30 l/min and having a minimum residual head of 30 metres at the boundary stopcock under normal demand conditions.	95% of connections	Achieved.
	Hydrants within the Urban fence meeting the requirements of the NZ Fire Service Code of Practice for Fire Fighting Water Supplies.	95% of hydrants	Achieved.
Ensuring that all supplies comply with the current Drinking Water Standards of NZ.	Permanently chlorinated supplies achieving compliance with the microbiological criteria of DWSNZ 2000.	All permanently chlorinated supplies 100% compliance achieved.	100% bacterial criteria achieved. Treatment systems not designed to meet protozoa compliance.
	Unchlorinated supplies achieving compliance at the source with the monitoring requirements of DWSNZ 2000.	All unchlorinated supplies 100% compliance achieved.	Achieved. Testing is not done at the source but post-treatment and at reticulation.
	To initiate the prescribed response to microbiological contamination events as per the DWSNZ 2000.	100% within a maximum of 4 hours from notification	Achieved.

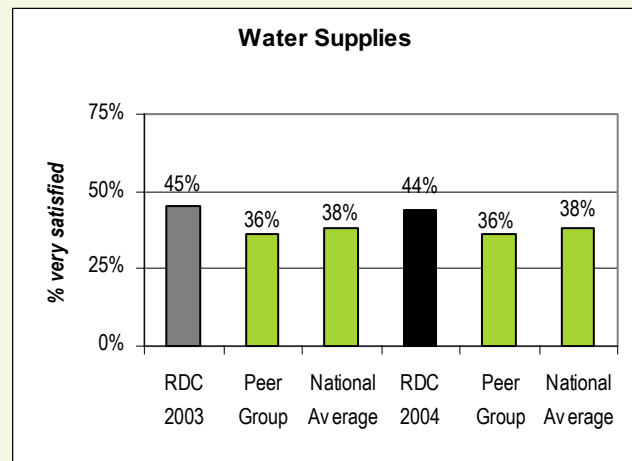
Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
Maintaining the appropriate level of service to the consumer with a minimum of disruption and inconvenience to the public.	Implementation and management of operations contracts through regular auditing, meetings and correspondence as specified in Council policy and contract documents.	All following deliverables completed within specified timeframes - monthly contract meetings and minutes - contractor performance evaluation reports - programmed audits recorded	Achieved.
	Time taken for applications for new water connections to be processed, and the result sent to the applicant.	95% within 5 working days	Achieved.
Managing the water supplies in a cost-effective manner.	The total operating expenditure for all water supplies as reported in the Business Plan end of year review.	Total operating expenditure within original budget	Achieved.
To maintain the assets of the water supply schemes to acceptable standards.	Advancement through contracts for the works described in the AMP Programme. The works and contracts to be managed according to market movements and budgets.	Urban Reticulation Renewal and Capital Works outputs advanced within budget.	Achieved.
	To advance through contracts for the works described in the AMP Programme. The works and contracts to be managed according to market movements and budgets.	N/A	N/A

NRB Community Survey

The two graphs below have been prepared from the annual Communitrack Survey conducted by National Research Bureau Ltd (NRB) Public Perception and Interpretations of Council Services and Representation Report.



This graph shows the percentage of survey respondents that are satisfied and very satisfied with this service over the last 6 years. There is a trend line which helps show the general direction of service satisfaction over time.



This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last 2 years and compares it with our peer group and the national average. The peer group is described on page 53.

Contribution to Outcomes

	A safe and caring community	A community that respects its environment	A healthy community	A prosperous community	A community with excellent facilities and services	A community that values its living Maori culture	A learning community	A "happening" community
Business Unit Castlecorp	✓	✓			✓			✓

Overview of Group

Castlecorp is a separate business unit within the Rotorua District Council whose purpose is to provide infrastructural services to the residents of the District of Rotorua 365 days per year for:

- water
- wastewater
- refuse
- land drainage
- parks & reserves
- sports fields
- public gardens
- fleet maintenance

Castlecorp is dedicated to continuing to develop innovative ways to deliver services to the community, while improving the timeliness, quality and cost effectiveness of core services. Castlecorp is a significant component of the District

Council representing 25% of the RDC workforce and 20% of the annual expenditure.

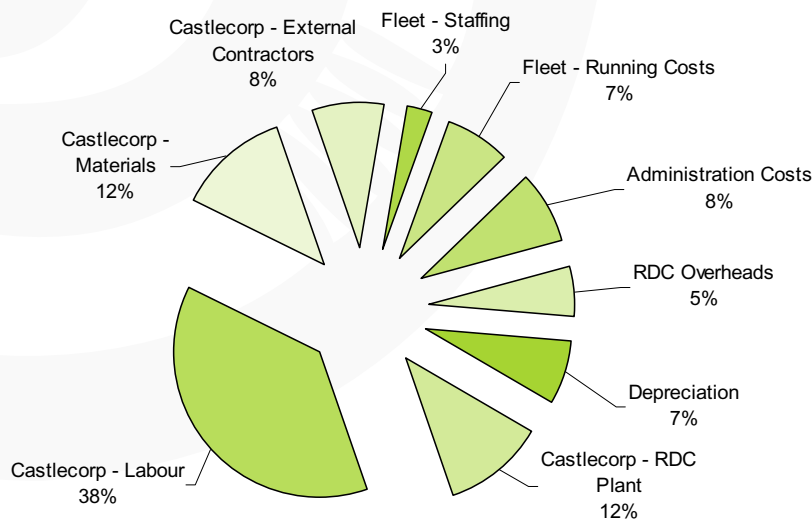
Its brand represents the organisational values of reliability, honesty and integrity. The strap line 'Keeping Rotorua' can be used in Keeping Rotorua Beautiful, Keeping Rotorua Clean, Keeping Rotorua services, or in the more traditional meaning of the word "keep", being to guard, protect or look after.

The logo features:

- a stylised mirror of a letter "R".
- cogs of a wheel in motion, representing the work ethic.
- fronds of a ponga, representing the environmental aspects of our role.
- Turrets of a castle, linking the "keep" and "Castle" theme

How the Money is Used

BUSINESS UNIT CASTLECORP Operating Expenditure (Before Internal Recoveries)



Business Unit Castlecorp

Overall aim of the activity

Improving the quality of life for residents and visitors through the provision of quality services and the maintenance of essential infrastructure, through sound business practises based on continuous improvement that meet or exceed the quality and cost effectiveness of the private sector.

This Year's Highlights and Achievements Included

- 2003 / 2004 financial year represents the first year that Castlecorp has successfully been audited within all requirements of the ISO9001 : 2000 standards and complied with all relevant conditions when audited by the external agency, Telarc. An excellent post-audit report was received with only five compliance conditions requiring attention.
- The development of the new Castlecorp brand has aligned the business unit closer to the RDC structure using the strapline of "keeping Rotorua", while aligning the logo to the corporate entity though colour and style. While the new brand has been gradually introduced to the community, recent advertising of leak detection work has proved the most effective ever, with the highest notification of water leaks through email and by phone ever recorded, representing, the new brand communicating more effectively with the public.
- Castlecorp has proactively contributed towards promoting the community outcome of *a safe and caring community*, by attending weekly "Intel" meetings at Rotorua Police Station. Recognising the large number of staff that Castlecorp has working throughout the District 24/7, both organisations have acknowledged that the information exchange between the organisations has lead to better community policing, a safer community, and consequently a safer working environment for our staff.

Activity Purpose

Council undertakes this activity to ensure delivery of services to meet legislative requirements and community expectations.

Castlecorp is a Business Unit within Council and earns its income from regularly reviewed and negotiated contracts and service level agreements for in-house services provided to other departments within Council. These services include:

Community Outcomes

- A safe and caring community
- A community that respects its environment
- A community with excellent facilities and services
- A happening community

Cost of Service

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Operating Expenditure	213	176	136
Revenue	254	176	264
Net Costs	(41)	-	(128)

Capital Expenditure

For the year ended 30 June:	2004	2004	2003
(thousands)	Actual	Estimate	Last Year
Castlecorp Business Unit	55	68	57
Fleet Management			
Computers	5	4	2
Fleet & Plant Purchases	471	508	474
Total Capital	531	580	533

Performance for 2004

Business Unit - Castlecorp

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To provide efficient and quality services to RDC in accordance with sound commercial standards and principles.	To meet the standards of service contracted as per contract.	Contract standards 100% met. No demerit points incurred by year end.	Achieved. No demerit points incurred.
	To have and retain consistently high performing staff.	To have less than 7% staff turnover of permanent positions by year end.	Not achieved. Total 11% turnover of permanent staff.
	To operate within budget (plus 2% or minus 1% of turnover).	Within budget plus 2% or minus 1% of turnover	Achieved. Budget within +2% and -1% respectively.
To maintain an efficient, cost effective and safe staff environment.	To maintain an OSH identification and control plan supported by an education programme.	Programmes completed by year end	Achieved. All programmes completed.
	To ensure the number of work accidents do not increase.	Record less than the equivalent of one accident for every two staff members per annum.	Achieved. 1 accident per 1.2 staff members.

Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To consistently provide the community with quality services.	To meet all requirements of and maintain ISO 9002 accreditation.	ISO 9002 accreditation maintained by year end.	Achieved. ISO 9001:2000 external audit requirements met.
	To manage the education and training of staff including maintaining a core technical training programme at a minimum cost of 1% of revenue achieved.	Full training programme completed by year end	Achieved. Full training programme completed. Total cost of 1.36% of revenue.
To provide efficient Water Supply services to RDC in accordance with service contract specifications.	Asset failures resulting in loss of water to consumer or having potential for damage to persons or property being responded to in specified timeframes.	95% within 1 hour and 100% within 4 hours	Achieved. 99% within 1 hour. Remaining 1% within 2 hours.
To provide efficient Wastewater services to RDC in accordance with service contract specifications.	Asset failures resulting in potential for damage to persons or property being responded to in specified timeframes.	95% within 1 hour and 100% within 4 hours	Achieved. 97% within 1 hour. Remaining 3% within 2 hours.
To provide efficient Land Drainage services to RDC in accordance with service contract specifications.	To respond to blockages within 24 hours.	95%	Achieved. 100% within 24 hours.
To provide efficient Refuse Collection services to RDC in accordance with service contract specifications.	To collect refuse from specified areas on each day by 4.30pm.	99%	Achieved. 100% completed.
	To respond to all complaints of non-delivery of refuse bags within the urban area.	3 days	Achieved. 99% within 1 day and remaining within 2 days.
	To respond to all complaints of non-delivery of refuse bags within the rural area.	5 days	Achieved. 100% within 1 day.
To provide efficient Waste Management services to RDC in accordance with service contract specifications.	To respond to all litter complaints within two hours in the Rotorua Basin and four hours outside of this area.	99%	Achieved – 99%.
Fleet			
Key Result Areas	Performance Measures	Performance Target 2004	Achievement as at 30.6.04
To provide vehicles and plant to meet the planned needs of Council.	To review all policies relating to fleet and plant annually.	Completed by 31.03.04	Not achieved. Policies not reviewed.
	To replace fleet at competitive rates.	Completed by 31.03.04	Not achieved. 1 vehicle and chipper not purchased.
To consistently provide the community with quality services.	To achieve full ISO 9002 accreditation.	ISO 9002 accreditation maintained by year end.	Achieved. ISO 9001:2000 external audit requirements met.
		To increase customer survey ratings by 5%.	Achieved. Approval rating increased by 6%.
To maintain an efficient cost effective and safe staff environment.	To maintain an OSH identification and control plan supported by a technical education programme.	Programmes completed by year end	Achieved.
	To ensure the number of work accidents do not increase.	Record less than the equivalent of one accident for every two staff members per annum.	Achieved. Only 1 accident recorded.

ROTORUA REGIONAL AIRPORT LTD 2003/2004

Development background

RRAL was privatised by the Crown in 1998, through the sale of the Crown's 50% shareholding in the Company to Central Avion Holdings Limited (CAHL). In 2001, Council voted \$4.5 million for further development of the Airport. However, CAHL was unwilling to make a similar financial commitment and, in July 2002, RDC purchased the CAHL shareholding for \$3.3 million (plus a special dividend of \$560,000). The move to 100% ownership permitted Council to proceed with the Stage I runway extension.

The Airport has a runway length of 1,622 metres, following the 200 metre Stage I runway extension that was completed in March 2003 at a cost of \$3.3 million. The extension was funded via a loan from Council. At the same time a \$5 development levy, payable by all departing passengers, was introduced.

The Airport has direct flights to Auckland, Wellington and Christchurch (with onward connections to Queenstown). Commercial air service operators using the Airport include Air New Zealand (and its subsidiaries), Qantas and Origin Pacific. Air New Zealand substituted its daily jet service on the Christchurch-Rotorua route in June 2002 with prop-jet services using the ATR 72, which has a capacity for 66 passengers. However, Air New Zealand's daily jet service has been subsequently reintroduced for the period between 1 December 2003 and 30 April 2004 (following completion of the runway extension), and Qantas has also introduced a similar jet service with effect from 1 April 2004. There is also a possibility that Pacific Blue will operate a jet service into Rotorua at a future date.

In March 2003, the 200 metre southern runway extension was completed, increasing total runway length to 1,622 metres, sufficient to support the introduction of B737-300 jet services. In the same year, agreement was also reached regarding on-going height control of the Kahikatea trees at the northern end of the runway. These trees otherwise affect the operational runway length due to their encroachment into protected air-space at the northern end of the runway.

The Company has produced three Statements of Intent (2001, 2002 and 2003), a 20 year Airport Master Plan (released in June 2003) and held a Shareholder Workshop with the Board on 18 February 2004. Notwithstanding this, the optimum future strategy for the Company is evolving and significant recent developments in the operating environment (in terms of demand for domestic jet services and district planning issues potentially affecting the airport surrounds), have resulted in fundamental amendments to the Airport Master Plan in terms of the scale, design and the phasing of proposed redevelopment of Rotorua Airport.

Over the last 18 months, RRAL has undertaken a major strategic planning exercise centred around securing domestic jet services, developing the capability to operate Trans Tasman services (at least the capability), and upgrading the airport terminal and associated airport infrastructure consistent with these objectives, with a 20 year planning horizon.

Governance

It is important to acknowledge the contribution of the RRAL Board, Neil Oppatt, Chairman, Bob Martin Ray Cook and Bill Kingi, along with Chief Executive Bob Wynn and more latterly Rotorua District Council Engineering staff, towards the vision of the airport. Together they have been able to make progress that will ensure Rotorua Regional Airport can make the substantial contribution towards the district's economy that it should.

2003/04 Results

Statement of Financial Performance

For the year ended 30 June:	2004	2003	2002
\$ in thousands			
Revenue	2,251	2,348	1,398
Operating expenditure	2,045	2,207	1,080
Net operating surplus	206	141	318
Taxation	69	54	104
Net surplus	137	87	214

Statement of Financial Position

For the year ended 30 June:	2004	2003	2002
\$ in thousands			
Current assets	913	833	957
Current liabilities	1,848	2,010	286
Working capital	(935)	(1,177)	671
Fixed assets	9,568	8,672	5,218
	8,633	7,495	5,889
Financed by:			
Equity	4,203	4,067	4,639
Debt	4,429	3,429	1,250
	8,632	7,496	5,889

Performance Indicators

Year ending 30 June:	Forecast 2004	Actual 2004
(a) Return on Shareholders Funds (after tax and interest)	4.50%	3.30%
(b) Return on Shareholders Funds (before tax and interest)	16.18%	10.84%
(c) Return on Assets (after tax and interest)	1.91%	1.37%
(d) Return on Assets (before tax and interest)	6.87%	4.49%
(e) Interest Cover (before tax and interest)	1.71	1.38

Key issues Going Forward

Council received a Draft "Statement of Intent" (SOI) from the Board of Directors of "Rotorua Regional Airport Ltd" (RRAL) in February 2004. The Draft SOI effectively proposed a number of key strategic questions for Council.

The key questions confronting Council as RRAL's sole shareholder, with regard to future redevelopment of Rotorua Airport were:

- a. at what rate does the Council wish to see the airport redevelopment occur?
- b. what is RRAL's funding capability and what form of funding ought to be used?
- c. what is the optimum structure that will ensure efficient, effective governance and management (with appropriate control and direction by Council as the sole shareholder) while ensuring that commercial interests are managed in the optimum way and other regulatory requirements remain satisfied at all times?

In order to proceed at the rate Council has agreed, it is believed the ownership of assets need to be transferred from RRAL to Council.

The main reasons for transferring ownership are:

- a. Council is in a stronger position than RRAL to raise capital and directly fund the necessary infrastructure redevelopment at a lower cost;
- b. it makes best use of Council's existing asset management framework, resources and expertise;

- c. RRAL, as the airport operating company, is able to operate in accordance with conventional commercial principles; and
- d. once established, this structure should be simpler to administer than other alternatives.

The structure best addresses the necessary balance between the competing economic interests of RRAL and Council in a manner that offers the least administrative burden and enables Council to manage the assets in accordance with its own day-to-day policies and procedures, but also in accordance with Council's vision for what is in the best long term interests of the Rotorua District and the population it serves.

This change in structure has been approved by Council after using the Special consultative Process of the Local government Act 2002 and is to be implemented on 1 October 2004.

Conclusion

The path is now clear for the strategic development off the airport over the next 3 – 4 years. This along with private sector investment in accommodation, existing and new attractions, marketing and promotion of Destination Rotorua, coupled with community investment in the Rotorua Energy Events Centre, will place the District in a very strong competitive position to raise the local economy to new levels.

FINANCIAL STATEMENTS

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Purpose of Financial Statements

Statement of Financial Performance

This statement discloses the net surplus or deficit and the components of the net surplus (deficit), arising from activities or events during the year that are significant for the assessment of both past and future financial performance.

Performance by Council Activity

Activities have been grouped into major activities of Council. This statement shows a summary of the revenue/expenditure and net cost of service for each activity.

Net cost of service is the net cost of expenditure less revenue. A positive net cost of service indicates that the expenditure exceeded revenue and is an operational cost to the ratepayer. A negative net cost of service is those activities where revenue exceeded expenditure.

Statement of Movement in Equity

This financial statement contributes to the objectives of general purpose financial reporting by combining information, about net surplus (deficit) with other aspects of Council's financial performance in order to give a degree of measure of comprehensive income.

Statement of Financial Position

Information about the economic resources controlled by Council and its capacity to modify those resources, is useful in assessing Council's ability to generate cash and/or provide services in the future. Information about the financing structure is useful in assessing future borrowing needs, and how future surpluses and cashflows may be distributed among those with an interest in the Council. The information is also useful in assessing how successful the Council is likely to be in raising further finance.

Statement of Cashflow

This statement reflects Council's cash receipts and cash payments during the year and provides useful information about Council's activities in generating cash through operations to:

- repay debt; or
- re-invest to maintain or expand operating capacity.

Statement of Accounting Policies

The accounting policies adopted by Council can have a significant impact on the financial and service performance, financial position and cashflows that are reported in its financial reports. Therefore, for a proper appreciation of those reports, users need to be aware of:

- a) the measurement system underlying the preparation of the financial reports; and
- b) the accounting policies followed in respect of individual items in the financial reports, especially where there are acceptable alternatives for dealing with any such items; and
- c) any changes in the measurement system, assumptions or particular accounting policies.

Notes to the Financial Statements

These provide further detail to the summary performance in compliance with accounting standards.

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2004

	for the year ended 30 June: (thousands)	Council 2004 Actual	Council 2004 Annual Plan	Council 2003 Last Year	Group 2004 Actual	Group 2004 Annual Plan	Group 2003 Actual
Operating Revenue							
General Rates Income							
General Rates		35,391	35,584	34,395	35,391	35,584	34,395
Less Rates paid by council/group		(699)	(629)	(993)	(726)	(629)	(1,017)
Total Rates Income		34,692	34,955	33,402	34,665	34,955	33,378
Revenue by Significant Activity							
Democracy		-	-	-	-	-	-
Policy & Strategic Direction		1,920	1,551	2,208	1,678	1,551	1,603
Social & Cultural		10,039	7,218	4,541	10,039	7,218	4,541
Environmental Services		4,261	3,916	3,825	4,261	3,916	3,825
Economy		1,480	1,183	1,109	1,470	1,183	1,083
Infrastructural		20,288	20,140	19,648	20,229	20,140	19,606
Business Unit Castlec corp		254	176	264	254	176	264
Airport		137	-	(266)	2,348	2,078	2,348
Assets Vested in Council		745	1,000	1,800	745	1,000	1,800
Total Activity Revenue		39,124	35,184	33,129	41,024	37,262	35,070
Total Operating Revenue	Note 1	73,816	70,139	66,531	75,689	72,217	68,448
Operating Expenditure							
Democracy		2,162	2,018	2,720	2,162	2,018	2,720
Policy & Strategic Direction		3,154	2,437	2,518	3,154	2,437	2,518
Social & Cultural		20,803	21,011	20,220	20,803	21,011	20,220
Environmental Services		7,031	7,079	6,757	7,031	7,079	6,757
Economy		3,226	3,190	3,073	3,226	3,190	3,073
Infrastructural		30,670	29,102	28,456	30,670	29,102	28,456
Business Unit Castlec corp		213	176	136	213	176	136
Airport		-	-	-	1,838	1,882	2,056
Rates Remissions, Doubtful Debts & Write-offs		668	1,000	851	668	1,000	851
Less Internal Charges within Expenditure		(837)	(746)	(2,190)	(837)	(746)	(2,190)
Total Operating Expenditure	Note 2	67,090	65,267	62,541	68,928	67,149	64,597
Operating Adjustments							
Plus Other Adjustments - Revenue	Note 3	514	-	16,389	514	-	16,389
Less Other Adjustments - Expenditure	Note 3	-	-	2,781	-	-	2,781
Surplus before Taxation		7,240	4,872	17,598	7,275	5,068	17,459
Taxation	Note 4	(18)	-	164	51	88	47
Net Surplus after Taxation		7,258	4,872	17,434	7,224	4,980	17,412

The accompanying Accounting Policies and Notes should be read in conjunction with these Financial Statements.

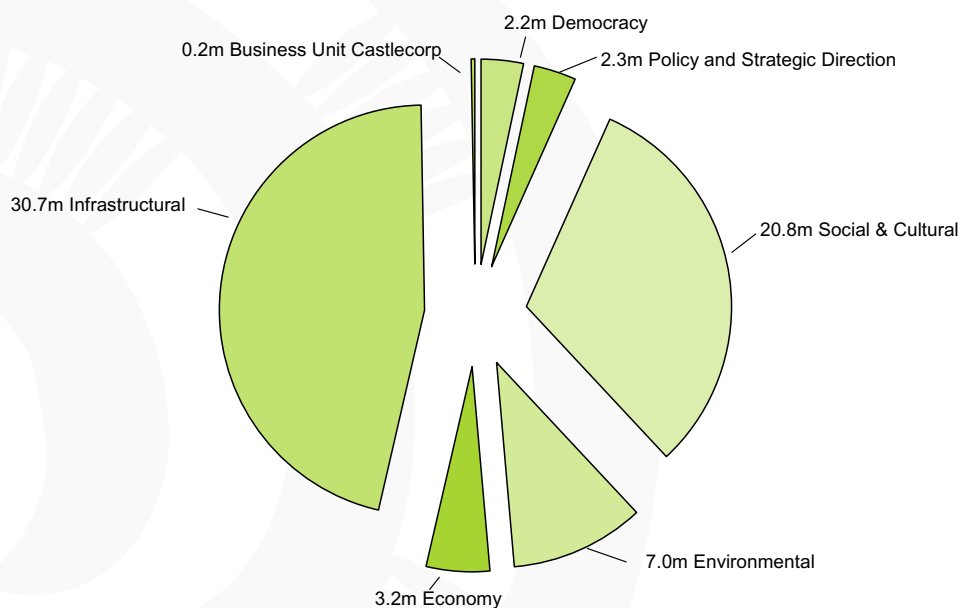
PERFORMANCE BY COUNCIL ACTIVITY

for the year ended 30 June: (thousands)	Expenditure			Revenue			Net Cost Of Service		
	2004	2004	2003	2004	2004	2003	2004	2004	2003
	Actual	Budget	Actual	Actual	Budget	Last Year	Actual	Budget	Last Year
Rates									
General Rates		-	-	35,391	35,584	34,395	(35,391)	(35,584)	(34,395)
Rate Write-offs & Remissions	668	1,000	851				668	1,000	851
Internal Rates	(699)	(629)	(993)	(699)	(629)	(993)	-	-	-
	(31)	371	(142)	34,692	34,955	33,402	(34,723)	(34,584)	(33,544)
Democracy									
Democracy	2,162	2,018	2,720	-	-	-	2,162	2,018	2,720
	2,162	2,018	2,720	-	-	-	2,162	2,018	2,720
Policy & Strategic Direction									
Policy & Support Services	2,979	2,220	2,342	1,920	1,551	2,208	1,059	669	134
Kaupapa Maori	175	217	176	-	-	-	175	217	176
	3,154	2,437	2,518	1,920	1,551	2,208	1,234	886	310
Social And Cultural									
Aquatic Facilities	2,114	1,955	1,838	886	793	632	1,228	1,162	1,206
Cemeteries/Crematorium	300	322	332	160	140	142	140	182	190
Central Business District Operations	1,248	1,096	1,001	7	8	7	1,241	1,088	994
Civil Defence Emergency Management	187	197	176	15	20	9	172	177	167
Community Assistance	559	889	561	45	164	122	514	725	439
Community Halls	228	209	214	14	15	16	214	194	198
Community Policy & Resources	789	836	764	23	1	8	766	835	756
Event Venues	2,438	2,716	2,407	5,917	3,241	800	(3,479)	(525)	1,607
Nursery	236	182	223	256	197	220	(20)	(15)	3
Pensioner Housing	612	507	571	476	488	438	136	19	133
Public Gardens/General Reserves	6,894	6,760	6,885	963	906	809	5,931	5,854	6,076
Public Library	3,022	3,044	3,100	326	320	320	2,696	2,724	2,780
Rotorua Museum of Art and History	2,176	2,298	2,148	951	925	1,018	1,225	1,373	1,130
	20,803	21,011	20,220	10,039	7,218	4,541	10,764	13,793	15,679
Environmental									
Animal Control	640	655	673	385	357	350	255	298	323
Building Control	1,109	1,071	1,080	812	748	752	297	323	328
Environmental Planning	2,519	2,428	2,295	226	250	192	2,293	2,178	2,103
Inspection	1,490	1,603	1,414	708	697	621	782	906	793
Parking Enforcement	1,273	1,322	1,295	2,130	1,864	1,910	(857)	(542)	(615)
	7,031	7,079	6,757	4,261	3,916	3,825	2,770	3,163	2,932
Economy									
Economy	423	418	533	8	6	4	415	412	529
Tourism Rotorua Marketing	1,660	1,584	1,482	470	365	228	1,190	1,219	1,254
Tourism Rotorua Travel & Information	1,143	1,188	1,058	1,002	812	877	141	376	181
	3,226	3,190	3,073	1,480	1,183	1,109	1,746	2,007	1,964
Infrastructural									
Engineering Support	84	83	74	84	83	72	-	-	2
Laboratory	81	80	96	80	80	92	1	-	4
Land Drainage	2,524	2,598	2,496	86	105	108	2,438	2,493	2,388
Landfill	1,577	1,460	1,103	1,617	1,895	1,499	(40)	(435)	(396)
Passenger Transport	289	400	277	258	358	282	31	42	(5)
Refuse Collection	1,586	1,547	1,357	1,604	1,561	1,511	(18)	(14)	(154)
Road Safety	186	118	129	125	60	73	61	58	56
Roading	10,991	9,625	9,659	4,350	4,268	4,226	6,641	5,357	5,433
Rural Fire	142	111	151	19	6	32	123	105	119
State Highway Administration	129	118	155	110	120	93	19	(2)	62
Waste Management	1,268	1,245	1,334	57	60	44	1,211	1,185	1,290
Waste Water	7,536	7,416	7,443	7,486	7,112	7,342	50	304	101
Water	4,277	4,301	4,182	4,412	4,432	4,274	(135)	(131)	(92)
	30,670	29,102	28,456	20,288	20,140	19,648	10,382	8,962	8,808

PERFORMANCE BY COUNCIL ACTIVITY (CONT'D)

for the year ended 30 June: (thousands)	Expenditure			Revenue			Net Cost Of Service		
	2004 Actual	2004 Budget	2003 Actual	2004 Actual	2004 Budget	2003 Last Year	2004 Actual	2004 Budget	2003 Last Year
Business Unit Castlecorp									
Castlecorp	213	176	136	254	176	264	(41)	-	(128)
	213	176	136	254	176	264	(41)	-	(128)
Other									
Assets Vested in Council	-	-	-	745	1,000	1,800	(745)	(1,000)	(1,800)
Other Non Operational Income	-	-	-	514	-	16,389	(514)	-	(16,389)
Other Non Operational Expenditure	-	-	2,781	-	-	-	-	-	2,781
Airport Income	-	-	-	137	-	(266)	(137)	-	266
Internal Profit within Costs	(138)	(117)	(1,197)	-	-	-	(138)	(117)	(1,197)
Taxation	(18)	-	164	-	-	-	(18)	-	164
	(156)	(117)	1,748	1,396	1,000	17,923	(1,552)	(1,117)	(16,175)
Total Per Statement Financial Performance	67,072	65,267	65,486	74,330	70,139	82,920	(7,258)	(4,872)	(17,434)

OPERATING EXPENDITURE BY SIGNIFICANT ACTIVITY Total of \$66,422,000 (Net of rate remissions, write-offs and other adjustments)

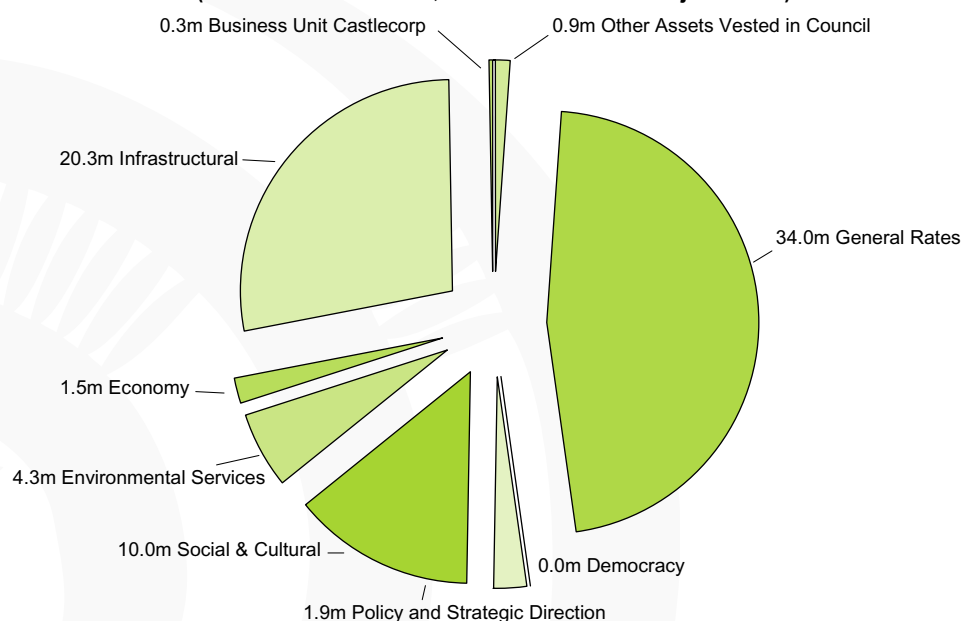


STATEMENT OF MOVEMENT IN EQUITY

for the year ended 30 June 2004

for the year ended 30 June: (thousands)	Council 2004 Actual	Council 2004 Annual Plan	Council 2003 Last Year	Group 2004 Actual	Group 2004 Annual Plan	Group 2003 Last Year
Opening Equity	536,568	469,798	460,815	537,246	471,287	460,815
Decrease in Asset Revaluation reserve	Note 15 (1,015)		58,319	(1,015)		58,319
Airport Revaluation On purchase	Note 15 -	-	-	-	-	700
Net Surplus for the Period	7,258	4,872	17,434	7,224	4,980	17,412
Total Recognised Revenue & Expenses for the Period	6,243	4,872	75,753	6,209	4,980	76,431
Closing Equity	542,811	474,670	536,568	543,455	476,267	537,246

OPERATING REVENUE BY SIGNIFICANT ACTIVITY Total of \$73,148,000 (Net of rate remissions, write-offs and other adjustments)



The accompanying Accounting Policies and Notes should be read in conjunction with these Financial Statements.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2004

	as at 30 June: (thousands)	Council 2004 Actual	Council 2004 Annual Plan	Council 2003 Last Year	Group 2004 Actual	Group 2004 Annual Plan	Group 2003 Last Year
Current Assets							
Cash at Bank	Note 5	907	2,000	1,314	1,341	2,000	1,628
Current Investments	Note 6	18,082	7,932	13,848	18,082	8,837	13,848
Inventories	Note 8	1,112	1,106	1,253	1,112	1,106	1,253
Receivables	Note 9	13,131	7,836	12,347	8,896	8,041	8,764
Prepayments		217	269	242	249	269	287
Provision for taxation		18	-	-	18	-	-
Capital Projects under Construction	Note 10	12,116	-	6,551	661	-	6,551
Properties Intended for Resale	Note 10	661	-	-	12,309	-	214
Total Current Assets		46,244	19,143	35,555	42,668	20,253	32,545
Less Current Liabilities							
Payables and Accruals		9,906	9,170	9,126	10,383	9,270	9,292
Accruals	Note 11	5,492	4,372	4,643	5,553	4,372	4,866
Current Portion of Term Liabilities	Note 13	7,501	7,501	9,010	8,751	7,501	9,010
Total Current Liabilities		22,899	21,043	22,779	24,687	21,143	23,168
Working Capital		23,345	(1,900)	12,776	17,981	(890)	9,377
Non-Current Assets							
Investments	Note 6	6,411	10,838	6,675	850	4,349	1,251
Goodwill On Consolidation	Note 7	-	-	-	602	1,345	647
Properties Intended for Resale	Note 10	1,638	1,173	1,173	1,638	1,173	1,173
Deferred Taxation	Note 4	-	-	-	6	41	52
Fixed Assets	Note 10	558,338	511,684	554,981	569,299	521,653	565,033
Total Non-Current Assets		566,387	523,695	562,829	572,395	528,561	568,156
Less Non-Current Liabilities							
Long Term Debt	Note 13	45,467	45,525	37,468	45,467	49,804	38,718
Long Term Provisions	Note 12	1,454	1,600	1,569	1,454	1,600	1,569
Total Non-Current Liabilities		46,921	47,125	39,037	46,921	51,404	40,287
Total Net Assets		542,811	474,670	536,568	543,455	476,267	537,246
Represented By:							
Ratepayers Equity							
Accumulated Funds	Note 15	358,083	351,891	349,047	358,027	353,492	349,025
Self-funding Reserves	Note 15	(3,668)	(7,830)	(1,498)	(3,668)	(7,830)	(1,498)
Council Created Reserves	Note 15	36	34	39	36	34	39
Restricted Reserves	Note 15	885	399	905	885	399	905
Sinking Fund Reserves	Note 13	4,589	4,598	4,174	4,589	4,598	4,174
Airport Reserves	Note 15	8	4	8	8	-	8
Asset Revaluation Reserve	Note 15	182,878	125,574	183,893	183,578	125,574	184,593
Total Ratepayers Equity		542,811	474,670	536,568	543,455	476,267	537,246

Mayor



Chief Executive



Date 31 August 2004

Date 31 August 2004

The accompanying Accounting Policies and Notes should be read in conjunction with these Financial Statements.

STATEMENT OF CASHFLOW

for year ended 30 June 2004

for the year ended 30 June: (thousands)	Council 2004 Actual	Council 2004 Annual Plan	Council 2003 Last Year	Group 2004 Actual	Group 2004 Annual Plan	Group 2003 Last Year
Cash flows from Operating Activities						
Cash was provided from:						
Rates	44,472	44,304	42,724	44,448	44,304	42,700
General Revenue	25,890	22,979	20,223	27,947	24,158	22,577
Interest on Investments	1,217	856	1,252	988	1,756	1,158
Dividends	-	-	493	-	-	-
	71,579	68,139	64,692	73,383	70,218	66,435
Cash was applied to:						
Payments to Employees & Councillors	22,361	22,668	21,467	22,646	22,764	21,687
Other Payments	23,274	24,612	22,041	24,608	25,689	23,058
Taxation Payments	-	-	163	10	88	242
Net Movement in Agencies	(844)	-	424	(844)	-	424
Interest on Public Debt	3,347	3,563	3,117	3,425	3,939	3,233
Net Goods and Services Tax Paid	683	-	93	632	-	188
	48,821	50,843	47,305	50,477	52,480	48,832
Net Cash Flows From Operating Activities Note 18	22,758	17,296	17,387	22,906	17,738	17,603
Cash flows from Investing Activities						
Cash was provided from:						
Proceeds from Sale of Fixed Assets	228	191	207	228	191	222
Net Movement in Investments	(3,033)	(730)	(2,528)	(3,033)	(730)	(2,528)
Release of Sinking Funds	317	317	5,845	317	317	5,845
Collections on Advances	1,058	3,506	80	1,058	3,506	80
	(1,430)	3,284	3,604	(1,430)	3,284	3,619
Cash was applied to:						
Purchase of Fixed Assets	26,033	29,534	18,723	27,061	31,184	22,490
Loan Advances made	1,460	15	3,459	460	15	31
Sinking Fund Contributions	732	743	1,586	732	743	1,586
	28,225	30,292	23,768	28,253	31,942	24,107
Net Cash From Investing Activities	(29,655)	(27,008)	(20,164)	(29,683)	(28,658)	(20,488)
Cash flows from Financing Activities						
Cash was provided from:						
Loans Raised	15,500	15,557	12,900	15,500	15,707	12,900
Cash was applied to:						
Repayment of Public Debt	9,010	9,010	9,714	9,010	9,010	9,714
Shareholder Dividends	-	-	-	-	-	330
	9,010	9,010	9,714	9,010	9,010	10,044
Net Cash From Financing Activities	6,490	6,547	3,186	6,490	6,697	2,856
Net Increase (Decrease) in Cash	(407)	(3,165)	409	(287)	(4,223)	(29)
Opening Cash Brought Forward	1,314	5,165	905	1,628	6,223	1,657
Closing Cash Carried Forward Note 5	907	2,000	1,314	1,341	2,000	1,628

The accompanying Accounting Policies and Notes should be read in conjunction with these Financial Statements.

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Rotorua District Council is a territorial local authority as defined in the Second Schedule of the Local Government Act 2002.

The Rotorua District Council Group consists of Rotorua District Council and Rotorua Regional Airport Ltd (100% owned), a company registered under the Companies Act 1993.

The financial information presented in the Annual Report has been prepared in accordance with section 223E of the Local Government Act 2002 which includes the requirement to comply with generally accepted accounting practice.

Basis of Consolidation

Consolidated Statement of Financial Performance, Statement of Cash Flow, Statement of Movement in Equity and the Statement of Financial Position have been prepared in accordance with General Accepted Accounting Practices – Financial Reporting Standard (FRS-36 and FRS-37).

All significant inter-group transactions arising from trading between the various activities of the council have been eliminated on consolidation.

Unless shown separately the financial statements and notes refer to both the Council and Group accounts.

Goodwill

Goodwill on consolidation is amortised on a straight line basis over 20 years.

The goodwill expensed is included in the Airport expenditure line in the group statement of financial performance.

Measurement Base

The measurement base adopted is that of historical cost, modified by the revaluation of certain assets.

Rounding

The amounts in the financial statements and notes are rounded to the nearest thousand unless otherwise stated.

Specific Accounting Policies

Basis of Preparation of the Financial Statements

The Annual Report for the Council and its groups includes a Statement of Financial Performance, a Statement of Movements in Equity, a Statement of Financial Position, a Statement of Cashflows and the consolidated financial statements of the group comprising the Rotorua District Council and its subsidiary Rotorua Regional Airport Ltd, encompassing all activities of the Council and group activities.

In order to meet its obligations of public accountability, the Council has included, for each significant activity, a separate Statement of Cost of Service which shows costs of providing the service less all directly related revenue.

All significant inter-activity transactions arising on trading between various activities of the Council are eliminated from the Statement of Financial Performance to ensure that this statement reflects only those transactions conducted with parties external to the Council.

Overhead/Support Services Allocation

The major types of expenditure classed as support services are civic centre operating, payroll/personnel, information technology and information management, administration costs, treasury, accounting costs, records, asset management overheads, fleet, Land Information services, waterworks overheads, business units, laboratory and graphic solutions. The net costs of support services are charged to significant activities on the appropriation basis of either floor space, staff time, direct use when available, share of estimated rates, volume of transactions used, volume of records used, level of activity areas supported, and percentage of service utilised.

Goods and Services Tax

The financial statements are prepared on a Goods and Services Tax (GST) exclusive basis, except for accounts receivable and accounts payable, which are stated as GST inclusive. The balance outstanding at balance date is shown as accounts receivable or accounts payable as the case may be.

Budgets

The budgeted figures are those approved by the Council at the beginning of the year after a period of consultation with the public as part of the Annual Plan process. The budgeted figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Council for the preparation of the financial statements.

Funding Requirements Pooled Across Multiple Activities

Council has established through its Funding Policy an appropriate level of user-pays for each activity. These user-pay charges are collected by way of separate rates, fees and charges.

After deducting the user pays charges the remaining funding requirements for all activities are pooled. This total cost is then recovered by way of general rates charged to all ratepayers. In this way all ratepayers contribute towards the costs of the activities that provide a general public benefit.

Revenue Recognition

Rates revenue is recognised as income when levied. Grants are recognised as income when eligibility has been established by the grantor agency and the work has been performed and/or conditions met. Vested assets are recognised when control over the asset is obtained. Parking fines are recognised on a cash basis when payment is received.

Donated Services Recognition

The Council benefits from the voluntary services of many Rotorua citizens in the delivery of its activities and services. Due to the difficulty in determining the value of these donated services with sufficient reliability, donated services are not recognised in these financial statements.

Rating

The Rotorua District Council has a policy of rating its own properties. The effect of this policy is eliminated from the Statement of Financial Performance and the Statement of Cashflows.

Internal Property Rental

Internal property rents are charged to each significant activity where appropriate. This charge is based on floor area occupied and covers the actual costs of building holding costs.

Interest Allocation

Council allocates the net cost of interest, being interest expense less interest income, to its various activities:

- a) Interest is credited to or allocated to self-funding activities based on the average annual balance of the self-funding account according to whether the balances are in funds or overdrawn respectively.
- b) The balance of interest is allocated to other significant activities on the basis of the book value of fixed assets employed in the activity.

Taxation

The Council uses the liability method of accounting for deferred taxation and applies this on a comprehensive basis. Future tax benefits attributable to tax losses or timing differences are only recognised when there is virtual certainty of realisation.

Income tax expense (if any) is charged in the Statement of Financial Performance in respect of the current year's surplus after allowing for permanent differences.

Accounts Receivable

Accounts Receivable are shown at estimated realisable value after providing against debts where collection is doubtful. Bad debts are written off against the provision for doubtful debts accounts in the period in which it is determined that the debts are uncollectible.

Receivables in respect of parking fines are not recognised in the statement of financial position due to the uncertainty of collection.

Inventories

Stocks for own use and stocks for resale are valued at the lower of net realisable value or cost on a first in first out (FIFO) basis.

Properties Intended for Resale

Properties intended for resale are recorded at the lower of cost and net realisable value.

Statement of Cashflows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which Council invests as part of its day to day cash management.

Operating activities include cash received from all income sources of the group and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise activities that change the equity and debt capital structure of the Council and group.

Agency transactions (for example, the collection of regional council rates) are recognised as receipts and payments in the statement of cash flows given that they flow through the Council's main bank account, and are included as part of operating activity.

Leases

Finance Leases:

Leases which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the lease item, are classified as finance leases. These are capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments. The leased assets and corresponding lease liabilities are recognised in the statement of financial position. The leased assets are depreciated over the period the Council is expected to benefit from their use.

Operating Leases:

Council has equipment on operating leases, where the lessors effectively retain substantially all risks and benefits of ownership of the leased item. The operating lease payments

are charged as expenses in the periods in which they are incurred.

Investments

Bank investments are stated at cost.

Investments in shares are stated at the lower of cost or estimated realisable value.

Interest Income is recognised in the Statement of Financial Performance on an accrual basis. Dividend income is recognised when the dividend is declared.

The Council has had 100% ownership of the Rotorua Regional Airport Ltd since 31 July 2002.

Subsidiary Company Transactions

Transactions with the airport are on an arms-length basis with the same terms as other creditors and debtors. Advances are secured by way of a floating charge and the interest rate on the advances is reviewed annually to ensure interest rates are at market rates.

Fixed Assets

Valuation:

Land and Buildings are recorded at fair value at highest and best use as at 1 July 2002. Quotable Value New Zealand Ltd has certified that these valuations are appropriate for financial reporting purposes.

Asset additions since 1 July 2002 are valued at historic cost. The fair value of Land and Buildings is reviewed at three yearly intervals.

Infrastructural Assets (roading network, bridges, drains, water and sewerage reticulation systems) have been valued by Council's Engineers at replacement cost. An estimate for accumulated depreciation has then been deducted to give a depreciated replacement value as at 1 July 2002. Road reserves have been valued on an average of the District's land value adjusted for restrictions on the land and its existing use. The basis of these in-house valuations have been certified as correct by an independent registered valuer. All capital expenditure on these assets since 1 July 2002 has been capitalised at historic cost. The value of all of Council's infrastructural assets will be revised at three yearly intervals.

The Library collection was valued at estimated depreciated replacement cost as at 1 July 2002 as estimated by Council's Library staff. The basis of these in-house valuations have been certified as correct by an independent registered valuer. All library purchases since 1 July 2002 have been capitalised at historical cost. The value of the Library Collection is revised at three yearly intervals.

The collections of the Rotorua Museum of Art & History are valued at current market value as at 30 June 1992 by Gow, Landsford Fine Art Valuers and Peter Webb Galleries Limited, Estate & Fine Art Auctioneers & Valuers. Any additions since then have been capitalised at historic cost.

Vested infrastructural assets have been valued based on the actual quantities of infrastructural components vested at the current "in the ground" cost of providing identical services. All other revenue is recognised when it is due and receivable.

Airport land, buildings and runway have been valued as at the date of purchase (31 July 2002) by registered valuers Cleghorn Gillespie Jensen & Associates at fair value in accordance with FRS-36. All assets since have been capitalised at historic cost.

All other fixed assets are valued at cost except where historic cost records were not available, in which case Council has estimated the cost.

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

Land is not depreciated.

Roading, wastewater reticulation, stormwater systems and water reticulation assets are depreciated as noted below. A number of the components of the roading network such as excavation, sub base materials and compaction are not depreciated as these assets have an infinite life. Signs and markings are not depreciated as these assets are maintained to the same level.

The useful lives of the Rotorua Museum of Art & History collections and the Library reference collection are considered to be extremely long. Therefore, due to its insignificance, no depreciation has been brought to charge.

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

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

The expected lives of major classes of assets are:

General	Years
Bathroom building	40
Buildings (other)	50
Plant and Equipment	10
Office Equipment	5
Furniture and Fittings	10 to 20
Computer Systems	3 to 5
Library Books (excl Reference)	2 to 15
Parking	10 to 50
Landfill Improvements	5 to 50
Wastewater Reticulation	
Manholes	70 to 100
Treatment Plant	10 to 100
Pump Stations	10 to 50
Pipes	70
Water Reticulation	
Pipes	45 to 90
Motors/Pumps	20 to 25
Reservoirs and other	
Water-Retaining Structures	60 to 80
Meters	15 to 100

Parks

Street and Outdoor Furniture	1 to 20
Street Signals	15
Fencing and Related Structures	40
Playgrounds	25
Jetties and Related Structures	15 to 30
Irrigation Pipes and Sprinklers	6 to 50
Park roads, paths	10 to 100
Kerbs	100
Bridges	50 to 100
Top surface (seal)	8 to 20
Pavement (basecourse)	25 to 80
Drainage	100
Shoulders/Feathers	25 to 80
Culverts	100
Footpaths (concrete)	100
Footpaths (bitumen)	10 to 40

Stormwater systems

Pipes	70 to 100
Manholes, Cesspits	70 to 100
Service connections and outlets	70 to 100

Airport

Runways, Taxiways and Aprons	50
Runway Reseal	12.5

Employee Entitlements

A provision is made in respect of the Council's liability for annual leave, long service leave, and retirement gratuities.

Wages and salaries, annual leave and other entitlements that are expected to be settled within twelve months of reporting date are measured at nominal values on actual entitlement basis at current rate of pay.

Entitlements that are payable beyond twelve months, such as long service leave, resigning and retiring leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- the present value of the estimated future cash flows. A discount rate of 5.5% (2002/2003 5.5%), and an inflation factor of 2.5% (2002/2003 2.5%) were used. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

Financial Instruments

All financial instrument arrangements, except guarantees, have been included in the Statement of Financial Position using the concepts of accrual accounting. They have been included at their fair value. These instruments include bank accounts, accounts receivable and payable, cash investments, equity investments and long term debt. Revenue and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

Landfill Post-closure Costs

The Council, as operator of the Rotorua Landfill, has a legal obligation to apply for resource consents when the landfill, or landfill stages, reach the end of their operating life and are to be closed. These resource consents will set out the closure requirements and the requirements for ongoing maintenance and monitoring services at the landfill site after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including known changes to legal requirements and known improvements in technology. The provision includes all costs associated with landfill post-closure including final cover application and vegetation; incremental drainage control features; completing facilities for leachate collection and monitoring; completing facilities for water quality monitoring; completing facilities for monitoring and recovery of gas.

Amounts provided for landfill post-closure are capitalised to the landfill asset where they give rise to future economic benefits or if they are incurred to enable future economic benefits to be obtained. The capitalised landfill asset is depreciated over the life of the landfill based on capacity used.

The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the Council.

Ratepayers' Equity

Ratepayers' Equity is the community's interest in the Council as measured by the value of the total assets less liabilities. Ratepayers' Equity is disaggregated and classified into a number of reserves to enable a clearer identification of the specific uses Council makes of its accumulated surpluses.

Reserves

Council Created Reserves:

Council Created Reserves are that part of the accumulated surpluses established by Council resolution. Council may alter Council Created Reserves without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

Restricted Reserves:

Restricted Reserves are those reserves subject to specific conditions accepted as binding by the Council, and which may not be revised by Council without reference to the Courts or a third party. Transfers from Restricted Reserves may be made only for certain specified purposes or if certain specified conditions are met.

Sinking Fund Reserves:

Prior to 1 July 1998, when the Local Government Act was amended, funds were required to be set aside each year to meet future repayments of loans or commitments. These funds, described as sinking funds, were administered by an independent body of Sinking Fund Commissioners appointed

by the Council. These funds are included in the Statement of Financial Position, and any associated interest income is included in the Statement of Financial Performance.

Self-funding Reserves:

Certain activities are undertaken by Council on the basis that the activities generate enough revenue over time to cover the cost of their operation. The net surplus or deficit held on behalf of these activities have been included in the Statement of Financial Position as Self-funding Reserves.



Asset Revaluation Reserves

Revaluations are credited or debited to an asset revaluation reserve for that class of asset. When this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Financial Performance.



Changes in Accounting Policies

All Accounting Policies have been applied on a basis consistent with prior years.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

Note 1: Revenue by Category

	Council 2004 \$000's	Council 2003 \$000's	Group 2004 \$000's	Group 2003 \$000's
Rates Made Up Of				
General Rates	35,810	34,395	35,810	35,395
Refuse Rates	1,360	1,289	1,360	1,289
Sewerage Rates	6,899	6,773	6,899	6,773
Water Rates	2,256	2,131	2,256	2,131
Less Rates Remissions (last year in expenditure)	(419)	-	(419)	-
Less Rates Paid by Council	(699)	(993)	(699)	(993)
Total Rates	45,207	43,595	45,207	44,595
Other Revenue				
Airport	137	(266)	2,064	2,348
Dividend	-	493	-	-
Interest- Bank	848	761	862	433
Interest-Advances	4	11	4	11
Interest-Sinking Funds	313	391	313	736
Other Revenue	27,268	21,513	27,200	20,279
Profit on Disposal	39	33	39	46
Total Other Revenue	28,609	22936	30482	23853
	73,816	66,531	75,689	68,448

Note 2: Operating Expenditure by Category

	Council 2004 \$000's	Council 2003 \$000's	Group 2004 \$000's	Group 2003 \$000's
Operating Expenditure Includes:				
Airport	-	-	1,277	2,056
Assets Written Off / Loss on Disposal	1,061	98	1,061	100
Audit fees Re Annual Audit	76	71	83	77
Audit fees Re Other Services	-	10	-	10
Bad Debt Write-offs	564	651	605	652
Change in Doubtful Debt Provision	50	69	52	70
Change in Rates Refund Provision	13	(1,342)	13	(1,342)
Councillor Remuneration (includes Mileage)	534	388	534	388
Depreciation	15,156	15,071	15,494	15,386
Directors' Fees	-	-	39	44
Entertainment*	40	26	40	27
Ex gratia Payments*	-	-	-	-
Insurance Premiums*	725	641	775	690
Loan Interest	3,502	3,264	3,586	3,488
Organisation Contributions*	942	659	942	659
Other Expenditure	44,084	42,281	44,084	41,638
Public Ceremonies*	101	77	101	77
Purchase of Insignia or Robes*	-	-	-	-
Rate Remissions Now in revenue	-	193	-	193
Rent & Leasing Costs	242	235	242	235
Severance Payments#	-	149	-	149
Unauthorised Expenditure*	-	-	-	-
	67,090	62,541	68,928	64,597

* Disclosure of the miscellaneous expenditure as per the Local Government Act 1974 Section 223J and Section 223K for the year ended 30 June 2004.

Severance Payments made by the Rotorua District Council to 30.06.04 per Section 223E(12) of the Local Government Act 1974

Notes to the Financial Statements (cont'd)

Note 3: Other Adjustments

	Council 2004 \$000's	Council 2003 \$000's	Group 2004 \$000's	Group 2003 \$000's
Revenue Includes:				
Provision UAGC reversed as Privy Council case found in favour of local authorities	-	1,417	-	1,417
Asset Revaluation Reserves Reversed *	514	14,970	514	14,970
Shares value increase	-	2	-	2
Total Other Adjustments Revenue	514	16,389	514	16,389

* Re 2003 Mainly due to a change in valuation method in valuing land from existing use to best use in accordance with FRS3

Expenditure Includes:				
Asset Revaluation Reserves in Debit **	-	2,777	-	2,777
Airport Reserve increase	-	4	-	4
Total Other Adjustments Expenditure	-	2,781	-	2,781

**Re 2003 Mainly due to reduction in unit price for bridges

Note 4: Taxation

	Council 2004 \$000's	Council 2003 \$000's	Group 2004 \$000's	Group 2003 \$000's
Total operating surplus/(deficit) before taxation	7,258	17,434	7,224	17,412
Prima facie tax (credit)/expense at 33%	2,395	5,753	2,384	5,746
Add/(deduct) tax effect of:				
Permanent differences	(2,413)	(5,589)	(2,333)	(5,699)
Tax (credit)/expense	(18)	164	51	47
Tax (credit) expense consists of:				
Current Tax	(18)	164	21	58
Deferred Tax	-	-	30	(11)
Tax (credit)/expense	(18)	164	51	47
Movement in Deferred Taxation				
Opening balance	-	-	52	41
Correction from previous year	-	-	(16)	-
Deferred Tax on Current year's timing differences	-	-	(30)	11
Total Deferred Taxation provision	-	-	6	52
Imputation Taxation Credits				
Balance at beginning of year				
Acquired as part of the Rotorua Regional Airport Ltd	-	-	179	284
Plus taxation paid during the year	-	-	-	218
RWT credits received	-	-	6	4
			-	185
Less				
Imputation credits attached to dividends paid	-	-	-	(325)
Imputation credits lost from changes in shareholding	-	-	-	(2)
Balance at end of year	-	-	185	179

Notes to the Financial Statements (cont'd)

Note 5: Cash at Bank

	Council 2004 \$000's	Council 2003 \$000's	Group 2004 \$000's	Group 2003 \$000's
Cash	19	15	19	16
Bank Current Accounts	888	1,299	1,322	1,612
	907	1,314	1,341	1,628

Note 6: Investments

	Council 2004 \$000's	Council 2003 \$000's	Group 2004 \$000's	Group 2003 \$000's
(a) Current Investments				
Term Deposits				
General Funds	13,493	10,500	13,502	0,500
Sinking Funds *	4,589	1,348	4,580	1,348
Local Authority Stock Sinking Funds*	-	2,000	-	2,000
Total current investments	18,082	13,848	18,082	13,848
(b) Non-current Investments				
Advances	537	145	537	145
Term Deposits				
Sinking Funds *	-	793	-	793
Shares				
Rotorua Regional Airport Limited	2,640,000	5,561	5,424	-
NZ Local Govt Insurance Corporation Ltd	87,953	88	88	88
Fonterra Co-operative Group Ltd	60,000	225	225	225
Total non-current investments	6,411	6,675	850	1,251
	24,493	20,523	18,932	15,099

* Sinking Funds represent funds put aside for the repayment of loans in accordance with Sec 122R of the Local Government Amendment Act (No.3) 1996

(c) Maturities (Current and Non-Current Investments)

Maturity Terms	Council 2004 \$000's	Council 2003 \$000's	Group 2004 \$000's	Group 2003 \$000's
Within 12 Months	18,082	13,848	18,082	13,983
One to Two Years	87	833	87	833
Two to Three Years	86	26	86	26
Three to Four Years	77	25	77	25
Four to Five Years	70	16	70	16
Five Years and Over	217	38	217	38
	18,619	14,786	18,619	14,921
Shares Held	5,874	5,737	313	313
	24,493	20,523	18,932	15,234

Notes to the Financial Statements (cont'd)

(d) Interest Rates on Investments

The weighted average effective interest rates on investments (current and non-current excluding shares held) are:

	Council 2004 %	Council 2003 %	Group 2004 %	Group 2003 %
Within 12 Months	6.34	5.48	6.34	5.48
One to Two Years	0.31	14.62	0.31	14.62
Two to Three Years	0.36	1.04	0.36	1.04
Three to Four Years	0.44	1.25	0.44	1.25
Four to Five Years	0.00	2.13	0.00	2.13
Five Years and Over	0.00	0.00	0.00	0.00
	6.16	5.96	6.16	5.96

Note 7: Goodwill on Acquisition

	Council 2004 \$000's	Council 2003 \$000's	Group 2004 \$000's	Group 2003 \$000's
Opening balance	-	-	647	-
Goodwill on acquisition	-	-	(11)	681
Less goodwill amortised	-	-	(34)	(34)
Closing Balance of goodwill	-	-	602	647

Note 8: Inventories

	Council 2004 \$000's	Council 2003 \$000's	Group 2004 \$000's	Group 2003 \$000's
Inventories for Own Use	917	909	917	909
Inventories for Resale	195	344	195	344
Total Inventories	1,112	1,253	1,112	1,253

Note 9: Receivables

	Council 2004 \$000's	Council 2003 \$000's	Group 2004 \$000's	Group 2003 \$000's
Rates Debtors	2,347	2,030	2,347	2,030
General Debtors	5,499	5,720	5,608	5,566
Current Portion - Other Advances	77	1,062	77	1,062
Subsidiary Advance Rotorua Regional Airport Ltd *	4,429	3,429	-	-
GST Receivable	1,560	729	1,650	729
	13,912	12,970	9,682	9,387
Less: Provision for Doubtful Debts	(781)	(623)	(786)	(623)
Total Sundry Debtors	13,131	12,347	8,896	8,764

* The advance will be repaid when the transfer of assets occurs in October 2004.

Notes to the Financial Statements (cont'd)

Note 10: Fixed Assets

Classification	Depreciation		Cost/Val 2004 \$000's	Accum Depn 2004 \$000's	NBV 2004 \$000's	Depreciation		NBV 2003 \$000's
	2004 \$000's	2003 \$000's				2003 \$000's	2004 \$000's	
Art Collections	3	3	5,716	9	5,707	5,787	6	5,781
Bridges	230	230	13,674	460	13,214	13,597	230	13,367
Buildings	1,955	1,925	66,618	3,885	62,733	58,216	1,925	56,291
City Focus	19	19	499	129	370	491	110	381
Computer Equipment	745	757	4,823	3,729	1,094	5,152	3,829	1,323
Computer Software	366	308	4,226	3,045	1,181	3,347	2,602	745
Database	31	47	264	106	158	491	114	377
Environmental	-	-	2	1	1	2	-	2
Footpaths	291	265	18,160	561	17,599	17,072	265	16,807
Furniture & Fittings	255	257	4,583	3,573	1,010	4,842	3,777	1,065
General Works Assets	27	32	422	97	325	382	32	350
Land	-	-	19,375	-	19,375	20,324	-	20,324
Land Restricted*	-	-	72,805	-	72,805	71,595	-	71,595
Landfill	658	357	3,404	994	2,410	3,056	357	2,699
Library Collection	490	551	3,514	1,040	2,474	3,167	551	2,616
Motor Vehicles	722	817	6,787	3,586	3,201	6,435	3,011	3,424
Office Equipment	173	200	1,691	1,430	261	1,826	1,502	324
Parking Infrastructural Assets	63	57	934	137	797	969	57	912
Parks, Roads, Paths, Playgrounds,								
Utilities	681	681	14,486	1,354	13,132	13,964	681	13,283
Plant & Machinery	328	352	5,193	3,335	1,858	6,049	3,639	2,410
Roading assets excluding Land	2,951	2,874	143,515	5,834	137,681	139,029	-	139,029
Roads & Road Reserves Land	-	-	19,544	-	19,544	19,097	2,874	16,223
Stormwater Drainage	1,083	1,074	59,014	2,157	56,857	57,593	1,074	56,519
Street Lighting, Signs, Signals	260	273	5,194	578	4,616	4,480	273	4,207
Waste Management (Bin Sites)	6	23	654	10	644	700	23	677
Wastewater Reticulation	1,460	1,909	58,048	2,944	55,104	56,074	1,909	54,165
Wastewater Treatment Plant	1,131	829	33,650	2,297	31,353	34,396	829	33,567
Waterworks Pipes, Meters	1,228	1,231	49,722	2,473	47,249	45,473	1,231	44,242
Less Projects Under Construction#					(12,116)	(6,551)		(6,551)
	15,156	15,071	616,517	43,764	560,637	587,055	30,901	556,154
Less Properties intended for Sale:								
Long Term Sales					1,638			1,173
Short Term Sales					661			-
Total Council Fixed Assets			616,517	43,764	558,338	587,055	30,901	554,981
Plus Airport Assets								
Land	-	-	3,069	-	3,069	2,797	-	2,797
Runway, Taxiway, Apron	82	142	4,402	532	3,870	5,399	533	4,866
Runway Seal	191	110	2,387	590	1,797	1,091	364	727
Buildings	26	30	1,749	325	1,424	1,253	300	953
Buildings Chattels	1	-	10	1	9	10	1	9
Furniture and Fittings	3	1	44	30	14	43	28	15
Plant and Equipment	16	14	179	57	122	179	43	136
Carpark	4	4	314	53	261	200	48	152
Roading	8	7	387	72	315	386	65	321
Security Fencing	1	2	80	16	64	81	15	66
Computer Equipment	6	5	30	14	16	18	8	10
	338	315	12,651	1,690	10,961	11,457	1,405	10,052
Total Group Fixed Assets (As per Statement of Financial Position)	15,494	15,386	629,168	45,454	569,299	598,512	32,306	565,033

* Restricted Assets are assets that cannot be disposed of because of legal or other restrictions.

** Fair Value: Council considers the Fair Value of Land & Buildings to be the book value of these assets

Capital Work under Construction by Category transferred to current assets include

	Council 2004 \$000's	Council 2003	Group 2004 \$000's	Group 2003 \$000's
Buildings	631	140	631	140
Computer Software	668		668	
Land	275	245	275	245
Landfill	2	46	2	46
Park	31	207	31	207
Plant	11	10	11	10
Roading Assets	1,610	1,016	1,610	1,016
Stormwater	412	1,111	412	1,111
Water	5,818	2,663	5,818	2,663
Waste Management	10	217	10	217
Wastewater Reticulation	734	798	734	798
Waste Water Treatment Plan	1,914	98	1,914	98
	12,116	6,551	12,116	6551

Notes to the Financial Statements (cont'd)

Note 11: Accruals

	Council 2004 \$000's	Council 2003 \$000's	Group 2004 \$000's	Group 2003 \$000's
The Accrued Expenses figure is made up of:				
Employee Entitlements	2,220	2,061	2,246	2,086
Accrued Interest	1,323	1,168	1,323	1,168
Provision of Refund of Rates (Note 18)	353	350	353	350
Other Accrued Liabilities & Income in Advance	1,596	1,064	1,631	1,262
Total Accrued Expenses	5,492	4,643	5,553	4,866

Note 12: Provisions

	Council 2004 \$000's	Council 2003 \$000's	Group 2004 \$000's	Group 2003 \$000's
Landfill Post-closure Costs				
Opening Balance	600	600	600	600
Amount utilised	(40)	(20)	(40)	(20)
Effect of discounting	40	20	40	20
Closing Balance	600	600	600	600
Current Provision	60	20	60	20
Non-current provision	540	580	540	580
Long Term Payroll Provisions	914	989	914	989
Total Long Term Provisions	1,454	1,569	1,454	1,569

Note 13: Public Debt

	Council 2004 \$000's	Council 2003 \$000's	Group 2004 \$000's	Group 2003 \$000's
(a) Current				
Secured loans and debentures	7,501	9,010	8,751	9,010
Unsecured liabilities	-	-	-	-
	7,501	9,010	8,751	9,010
(b) Non-current				
Secured loans and debentures	45,262	37,263	45,262	38,513
Unsecured liabilities	205	205	205	205
	45,467	37,468	45,467	38,718
Total Public Debt	52,968	46,478	54,218	47,728

(c) Security

Public Debt is secured over future rating income by a floating charge through the operation of a Debenture Trust Deed. Rotorua Regional Airport loans are by floating charge over the assets of the Company to a value of \$20,000,000. This is second priority to Rotorua Energy Charitable Trust first mortgage over the property for their loan of \$1,250,000.

(d) Variations from/changes to the Treasury Policy

There have been no changes in the Treasury Policy

Notes to the Financial Statements (cont'd)

(e) Repayment Terms

	Council 2004 \$000's	Council 2003 \$000's	Group 2004 \$000's	Group 2003 \$000's
Within One Year	7,501	9,010	8,751	9,010
One to Two Years	9,416	7,501	9,416	8,751
Two to Three Years	10,409	9,416	10,409	9,416
Three to Four Years	9,007	10,409	9,007	10,409
Four to Five Years	12,507	9,007	12,507	9,007
Five years and over	4,128	1,135	4,128	1,135
	52,968	46,478	54,218	47,728

(f) Interest Rates

The weighted average effective interest rates on borrowings are:

	Council 2004 %	Council 2003 %	Council 2004 %	Group 2003 %
Within One Year	8.97	6.49	8.72	6.49
One to Two Years	6.61	8.97	6.61	8.71
Two to Three Years	6.63	6.61	6.63	6.61
Three to Four Years	6.86	6.63	6.86	6.63
Four to Five Years	6.40	6.86	6.40	6.86
Five years and over	6.58	6.63	6.58	6.63
Overall weighted average	6.94	7.02	6.95	7.03

(g) Sinking Funds held by Rotorua District Council

	Council 2004 \$000's	Council 2003 \$000's	Group 2004 \$000's	Group 2003 \$000's
Opening Balance	4,174	8,433	4,174	8,433
Contributions	419	1,195	419	1,195
Interest Received	313	391	313	391
Withdrawals	(317)	(5,845)	(317)	(5,845)
Closing Balance	4,589	4,174	4,589	4,174

Note 14: Related Party Transactions

The following is the disclosure of transactions between the Rotorua District Council and the Rotorua Regional Airport Limited. Council holds a 100% shareholding in the Airport Company.

- i) Outstanding loans owing from Rotorua Regional Airport Ltd to the Council as at 30 June 2004 total \$4,428,915 (\$3,428,915 2002/03). Interest rate between 7% and 7.5% (2003 7%) being a total of \$242,748 (\$112,140 2002/03).
- ii) Rates of \$25,851 (\$24,830 2002/03) and water charges of \$2,674 (\$2,054 2002/03) have been received from the Rotorua Regional Airport.
- iii) Council received a net dividend from the Airport Company of \$0 (\$330,000 2002/03).
- iv) The Council received \$60,000 (\$35,140 2002/03) for engineering and project management services in relation to the runway extension.
- v) Other payments received from the airport include \$10,000 (\$26,051 2002/03) for development levy marketing, \$9,085 (\$1,636 2002/03) for maintenance services and \$1,661 (\$1,680 2002/03) for permits and tender evaluation
- vi) Airport Debtor as at 30 June 2004 \$72,780 (\$405,133 2002/03).
- vii) Councillors Oppatt and Martin are directors of the Rotorua Regional Airport.

Notes to the Financial Statements (cont'd)

viii) Council purchased \$2,007 (\$1,189 2002/03) worth of goods from Koolen's Bakehouse owned by Councillor Sturt

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with the Council (such as payment of rates, purchase of rubbish bags).

Except for items of a minor nature, no other Councillors or senior management have entered into related party transactions with the group.

Note 15: Equity

	Council 2004 \$000's	Council 2003 \$000's	Group 2004 \$000's	Group 2003 \$000's
(a) Accumulated Funds				
Opening Balance	349,047	327,212	349,025	327,212
Net Surplus	7,258	17,434	7,224	17,412
Change due to airport	-	(4)	-	(4)
	356,305	344,642	356,249	344,620
<i>Transfers to:</i>				
Council Created Reserves	11	9	11	9
Restricted Reserves	516	337	516	337
Self Funding Reserves	1,023	1,579	1,023	1,579
Airport Reserve	-	-	-	-
Payments to Sinking Fund	732	1,586	732	1,586
	2,282	3,511	2,282	3,511
<i>Transfers from:</i>				
Council Created Reserves	14	4	14	4
Restricted Reserves	536	527	536	527
Self Funding Reserves	3,193	1,540	3,193	1,540
Sinking Funds Uplifted	317	5,845	317	5,845
Revaluation Reserves	-	-	-	-
	4,060	7,916	4,060	7,916
Closing Balance	358,083	349,047	358,027	349,025

(b) Self Funding Reserve

Self Funding Reserves are reserves established at Council's will for activities undertaken by Council on the basis that the activities will generate enough revenue over time to cover the cost of their operation. The reserve balance represents accumulated balances to date of such activities.

	Opening Balance 01.07.03 \$000's	Invested During Year \$000's	Withdrawn During The Year \$000's	Interest Earned to 30.06.04 \$000's	Closing Balance 30.06.04 \$000's
Pensioner Housing	211	4		13	228
Wastewater	(1,693)	783		(91)	(1,001)
Eastern Trunk Line	(195)	-	435	-	(630)
Rural Waste Water	-	-	5	-	(5)
Landfill	(1,002)	321		(59)	(740)
Water	1,052	51	2,753	(17)	(1,667)
Refuse Collection	129	10		8	147
Total Self Funding Reserves	(1,498)	1,169	3,193	(146)	(3,668)

Notes to the Financial Statements (cont'd)

(c) Council Created Reserve

Council Created Reserves are established by Council Resolution for the purposes stated below. Transfers to and from these reserves is at the discretion of Council.

	Opening Balance 01.07.03 \$000's	Invested During Year \$000's	Withdrawn During The Year \$000's	Interest Earned to 30.06.04 \$000's	Closing Balance 30.06.04 \$000's
Reporoa Domain	12	6	9	1	10
Waikite Domain	27	2	5	2	26
Total Council Created Reserves	39	8	14	3	36

(d) Restricted Reserve

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

	Opening Balance 01.07.03 \$000's	Invested During Year \$000's	Withdrawn During The Year \$000's	Interest Earned to 30.06.04 \$000's	Closing Balance 30.06.04 \$000's
Reserves Development	217	282	444	8	63
Hillary Commission Reserve	7	-	-	-	7
Creative NZ Reserve	20	44	61	1	4
Library Bequest	300		18	18	300
Property Development	361	138	13	25	511
Total Restricted Reserves	905	464	536	52	885

Restrictions

Reserve Development: Section 108 of the Resource Management Act 1991 requires funds to be set aside for the Development of Reserves.

Hillary Commission Reserve: Hillary Commission Local Funding Scheme funds which are available for assisting programmes in sport, fitness and leisure.

Creative NZ Reserve: Creative Communities New Zealand Scheme funds available for promoting the arts.

Library Bequest: Section 31 of the Local Legislation Act 1937 states the fund is an endowment for the maintenance and benefit of a public library in the Borough of Rotorua.

Property Development: Previously required by Sections 561, 562, 572 of the Local Government Act 1974 required various sales of properties to be credited to a Housing and Property Account. Funds are used for Property Development. This is no longer restricted under the Local Government Act 2002 and this reserve will be used up over the next two years.

Notes to the Financial Statements (cont'd)

(e) Asset Revaluation Reserve

	Council Opening Balance 01.07.03 \$000's	Sales w/o \$000's	Closing Balance 30.06.04 \$000's	Group Opening Balance 01.07.03 \$000's	Revalued Property Sales w/o \$000's	Closing Balance 30.06.04 \$000's
Consists of:						
Airport Assets	-		-	700	-	700
Buildings	14,280	(501)	13,779	14,280	(501)	13,779
City Focus	4		4	4	-	4
Footpaths	7,760	(60)	7,700	7,760	(60)	7,700
General	45		45	45	-	45
Land	35,160	(50)	35,110	35,160	(50)	35,110
Library	326	(7)	319	326	(7)	319
Parking	156	26	182	156	26	182
Parks and Reserves Assets	3,397	(279)	3,118	3,397	(279)	3,118
Roading	65,342	(33)	65,309	65,342	(33)	65,309
Stormwater	26,927	(8)	26,919	26,927	(8)	26,919
Street Items	2,871		2,871	2,871	-	2,871
Waste Management	96		96	96	-	96
Waste Water Reticulation	8,131	(11)	8,120	8,131	(11)	8,120
Water Works	19,398	(92)	19,306	19,398	(92)	19,306
Total Asset Revaluation Reserve	183,893	(1,015)	182,878	184,593	(1,015)	183,578

(f) Share of Airport Reserve

This is Rotorua District Council's Share of Post-acquisition Reserves of our Associate Company, Rotorua Regional Airport Ltd

	Council 2004 \$000's	Council 2003 \$000's	Group 2004 \$000's	Group 2003 \$000's
Opening Balance	8	4	8	4
Transfers to:	-	4	-	4
Transfers from:	-	-	-	-
Closing Balance	8	8	8	8

Note 16: Financial Instruments

Council is risk averse and seeks to minimise exposure from its treasury activities. Council provides risk management for interest rates and the concentration of credit risk. Council has established a Treasury Management Policy specifying what transactions can be entered into. The policy does not allow any transactions that are speculative in nature to be entered into.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could particularly impact on the cost of borrowing or the return from an investment.

Note 6 provides information on investment interest rates and maturity profile.

Note 13 provides information on term loan interest rates and maturity profile.

Council's current policy enables it to hedge up to 100% of its interest rate risk within the next one year period.

Council can hold up to 30% of total debt with a floating rate.

Council finances its public debt by fixed rate stock at interest rates between 2.5% and 16% (2002/2003 between 2.5% and 16%) with maximum due date of 2027.

As at 30 June 2004 Council does not have any interest rate risk management instruments in place.

Currency Risk

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

Council has no exposure to currency risk, all financial instruments are in New Zealand dollars.

Notes to the Financial Statements (cont'd)

Credit Risk

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

Financial instruments which potentially subject the Council to credit risk consist of bank balances, accounts receivable, rates, all investments and sports club and other guarantees.

Council places its cash and short term deposits with high credit quality financial institutions and limits the amount of credit exposure to any one institution.

Accordingly the Council does not require any collateral or security to support the financial instruments with organisations it deals with, except for the short term loan to the Rotorua Regional Airport Ltd (refer Notes 13 and 14).

Concentrations of credit risk with respect to rates and other receivables are limited, due to the relatively low value owed by any single debtor.

Fair Value

Fair Value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties, in an arm's length transaction.

Other than disclosed below, the fair value of financial instruments is approximately equivalent to the carrying amount disclosed in the Statement of Financial Position.

Council	Carrying Amount 2004 \$000's	Fair Value 2004 \$000's	Carrying Amount 2003 \$000's	Fair Value 2003 \$000's
Cash at Bank	907	907	1,314	1,314
Rates and Other Receivables	13,131	13,131	12,347	12,347
Investments Short Term	18,082	18,082	13,848	13,848
Investments Long Term	6,411	6,411	6,675	6,675
Total financial assets	38,531	38,531	34,184	34,184
Accounts Payable	9,906	9,906	9,126	9,126
Public Debt	52,968	52,662	46,478	47,850
Total financial liabilities	62,874	62,568	55,604	56,976
Guarantees	235	235	175	175
Total of Statement of financial position items	235	235	175	175
Group	Carrying Amount 2004 \$000's	Fair Value 2004 \$000's	Carrying Amount 2003 \$000's	Fair Value 2003 \$000's
Cash at Bank	1,341	1,341	1,628	1,628
Rates and Other Receivables	8,896	8,896	8,764	8,764
Investments Short Term	18,082	18,082	13,848	13,848
Investments Long Term	850	850	1,251	1,251
Total financial assets	29,169	29,169	25,491	25,491
Accounts Payable	10,383	10,383	9,292	9,292
Public Debt	54,218	53,875	47,728	49,100
Total financial liabilities	64,601	64,258	57,020	58,392
Guarantees	235	235	175	175
Total off Statement of financial position items	235	235	175	175

Notes to the Financial Statements (cont'd)

The following methods and assumptions are used to estimate the fair value of each class of financial instrument for which it is practical to estimate that value.

Cash and Short Term Bank Deposits, Local Body Stock, Rates and Other Receivables, Creditors and Sundry Liabilities:
The fair value of these items is considered to be equivalent to their carrying amount because of their short maturity.

Investments:

Where it is not practical to estimate fair values as there are no quoted market prices for these or similar investments these have been shown at cost.

Liabilities:

The fair value is estimated discounted cash flows at current market interest rates available to the Council for debt of similar maturities.

Guarantees:

The fair value is estimated at the liability remaining as at balance date under the guarantees .

Note 17a: Chief Executive's Remuneration

The Chief Executive of the Council is appointed under section 119(1) (a) of the Local Government Act 1974. The total cost, including fringe benefit tax to the Council of the remuneration package received by the Chief Executive for the year ended 30 June 2004 was \$201,233 (2003 \$194,648).

	Council 2004 \$	Council 2003 \$	Group 2004 \$	Group 2003 \$
Chief Executive's Remuneration				
Salary Chief Executive	173,134	167,280	173,134	167,280
Vehicle Chief Executive (incl FBT)	18,943	18,504	18,943	18,504
	192,077	185,784	192,077	185,784
Other Benefits				
Professional Association Fees Chief Executive	300	300	300	300
Telephone and Sundries Chief Executive	200	200	200	200
Superannuation	8,656	8,364	8,656	8,364
	9,156	8,864	9,156	8,864
Total Remuneration	201,233	194,648	201,233	194,648

Notes to the Financial Statements (cont'd)

Note 17b: Councillors' Remuneration

The following people comprise the elected members of the Council's governing body. The total monetary remuneration received by the twelve councillors and the Mayor during the year totalled \$506,699.

The monetary remuneration consists of Honoraria and meeting allowances, and is determined by Council resolution, under the Local Government (Local Authorities Salaries and Allowances) Determination 2001. Professional Indemnity and Trustee Liability insurance is also provided to the Councillors against any potential legal litigation which may occur while undertaking Council business.

In accordance with Council policy, meeting fees can only be received where a Councillor has attended at least 75% of a meeting's duration for which he or she is entitled to payment. The total number of meetings attended by each individual is included below.

Note: there are numerous other meetings and functions attended by Councillors for which they are not entitled to receive a meeting fee.

	Honoraria \$	Meeting Allowances \$	TOTAL
Councillors' Remuneration			
Hall G W	80,701		86,605
Barry P	22,000	21,418	43,600
Campbell C	17,000	13,420	31,205
Dean K	17,000	9,240	26,588
Lee C O	17,000	14,520	34,776
Martin R W *	17,000	19,290	37,999
Maxwell T H	27,000	16,720	45,307
Oppatt N F *	22,000	12,540	35,814
Searancke G P	22,000	17,930	40,752
Sturt C W	17,000	14,960	35,214
Waaka M T R	17,000	21,540	39,410
Wepa J G	17,000	17,380	34,952
Winters K	17,000	18,040	41,756
	309,701	196,998	533,978

* Cr Martin and Cr Oppatt also earned directors' fees as directors of the Rotorua Regional Airport Ltd.

Notes to the Financial Statements (cont'd)

Note 18: Reconciliation of Net Surplus to Net Cash Inflow from Operating Activities

	Council 2004 \$000's	Council 2003 \$000's	Group 2004 \$000's	Group 2003 \$000's
Net surplus/(deficit) for the year	7,258	17,434	7,224	17,412
Add/(deduct) non-cash items				
Decrease in Term Gratuities & Long Service Leave	75	58	75	58
Depreciation	15,176	15,071	15,514	15,386
Change in Revaluation Reserve	(514)	(12,193)	(514)	(12,193)
Provision for Doubtful Debts	147	(69)	147	(69)
Airport Income	(137)	266	-	-
Profit on Disposal	(39)	(33)	(39)	(46)
Loss on Disposal	1,061	98	1,061	100
Increase in shareholding	-	(2)	-	(2)
Writedown of UAGC Provision	-	(1,417)	-	(1,417)
Assets vested or recognised for the first time by Council	(745)	(1,800)	(745)	(1,800)
Total non-cash items	15,024	(21)	15,499	17
Add/(deduct) movement in working capital				
Increase in Accrued Payroll	(159)	70	(158)	70
Increase in Accrued Interest Payable	(155)	101	(157)	101
Decrease in Inventories	(141)	(157)	(141)	(157)
Increase in Rates Debtors	317	(95)	317	(95)
Decrease in General Debtors	(208)	287	(252)	737
Taxation	-	-	29	(183)
Deferred Taxation	-	-	-	(10)
Increase in GST Receivable	831	(89)	889	(89)
Decrease in Prepayments	(25)	57	(25)	28
Increase in Creditors	(780)	456	(750)	456
Increase in Other Accrued Liabilities	(535)	(200)	(697)	(235)
Total working capital movements	(855)	430	(945)	623
Add/(deduct) investing items included in working capital	1,331	(456)	1,128	(449)
Total investing activities	1,331	(456)	1,128	(449)
Net Cash inflow from operating activities	22,758	17,387	22,906	17,603

Notes to the Financial Statements (cont'd)

Note 19: Contingencies

	Council 2004 \$000's	Council 2003 \$000's	Group 2004 \$000's	Group 2003 \$000's
Guarantees				
Guarantees to community and sporting groups	235	175	235	175
Performance bond BNZ on behalf of Tourism Rotorua	163	163	163	163
Council is currently facing nine legal claims. Council does not accept the validity of all these claims and is in the process of resolving them through normal legal channels. In the event of any liability being placed upon Council, Council's Indemnity Policy will cover the liability. Council has also been notified of two Watertight Homes Resolution mediation claims against it. At this stage no dollars have been mentioned as part of the claim.	780	613	780	613
Total Contingent Liabilities	1,178	951	1,178	951

Note 20: Commitments

	Council 2004 \$000's	Council 2003 \$000's	Group 2004 \$000's	Group 2003 \$000's
Non-cancellable operating lease commitments:				
Not later than one year	136	145	136	145
Later than one year and not later than two years	136	119	136	119
Later than two years and not later than five years	407	271	407	271
Later than five years	464	573	464	573
Total non-cancellable operating lease commitments	1,143	1,108	1,143	1,108
Council is committed to the following Capital Contracts.				
Recreation and Community Services	1,587	41	1,587	41
Works and Engineering Services	9,717	11,234	9,717	11,234
Support Services	273	-	273	-
Rotorua Regional Airport Ltd		-	2,326	69
Total Capital Contracts	11,577	11,275	13,903	11,344
Total commitments	12,720	12,383	15,046	12,452

Note 21: Changes to the Annual Plan and Prior Period Comparatives

Significant variances in actual transactions from the Annual Plan have been detailed in the Chief Executive's report. Note 1 and note 2 comparatives have been restated to align with new categories.

Note 22: Agency Relationships

The following are agency relationships where Council is involved in administering expenditure and revenue on behalf of other organisations.

These agency transactions have not been included in Council's current year operating results. Council has, however, included in its Statement of Cashflow the net movement in agency debtors and creditors, and included within the Statement of Financial Position the Council's asset or liability in relation to the agencies.

Notes to the Financial Statements (cont'd)

Petrol Tax

The Bay of Plenty Local Authority Petrol Tax distribution for the year ended 30 June 2004:	2004 \$000's	Percentage	2003 \$000's	Percentage
Kawerau District Council	64	2.5%	65	2.7%
Opotiki District Council	71	2.8%	74	3.0%
Rotorua District Council	664	26.0%	658	26.6%
Taupo District Council	347	13.6%	328	13.3%
Tauranga District Council	769	30.0%	738	28.7%
Western BOP District Council	390	15.3%	375	15.1%
Whakatane District Council	247	9.8%	263	10.6%
Total Tax Distributable to Councils	2,552	100.0%	2,501	100.0%

State Highways Administration

	2004 \$000's	2003 \$000's
Expenditure on State Highways Roading Network	7,607	6,471
(Reimbursed from Transit New Zealand & Whakatane District Council)		

Regional Council Rates

	2004 \$000's	2003 \$000's
Rates were collected on behalf of the following Regional Authorities.		
Environment Waikato	358	464
Environment Bay Of Plenty	1,153	1,434
	1,511	1,898

Rotorua Safer Community

	2004 \$000's	2003 \$000's
Operational Grants		
Opening Funds Available	79	52
Grants & Contributions Received	93	47
Less Expenditure	(6)	(20)
Closing Funds Available	166	79
Discretionary Funding		
Opening Funds Available	29	26
Grants Received	-	25
Less Expenditure	(4)	(22)
Closing Funds Available	25	29
Total Funds Available	191	108

Note 23: Events After Balance Date

No significant events that require adjustment have occurred between balance date and the signing of the financial statements.

A decision has been made by Council, after completing a statement of proposal and special consultative procedure pursuant to Section 83(f) of the Local Government Act 2002, to transfer the infrastructural assets of the airport company to the Council. It is expected the transfer will take place on 31 October 2004. The main reasons for this transfer are:

- a) Council is in a stronger position than RRAL to raise capital and directly fund the necessary infrastructure redevelopment at a lower cost;
- b) it makes best use of Council's existing asset management framework, resources and expertise;
- c) RRAL, as the airport operating company, is able to operate in accordance with conventional commercial principles; and
- d) once established, this structure should be simpler to administer than other alternatives.

The RRAL Board is now free to concentrate on airport operations, new services and innovative use of the airport infrastructural asset.

STATEMENT OF FINANCIAL INVOLVEMENT IN COUNCIL-CONTROLLED TRADING ORGANISATIONS (CCTOs) AND OTHER COMPANIES OR ORGANISATIONS

Rotorua has 100% shareholding in Rotorua Regional Airport Limited. Details of transactions in this entity are detailed in note 14.

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

Compliance

1. The Council and management of the Rotorua District Council confirm that all the statutory requirements of Parts VIIA and VIIB of the Local Government Act 1974 regarding financial management and borrowing have been complied with.
4. In the opinion of the Council and management of the Rotorua District Council, the annual Financial Statements for the year ended 30 June 2004 fairly reflect the financial position and operations of the Rotorua District Council.

Responsibility

2. The Council and management of the Rotorua District Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.
3. The Council and management of the Rotorua District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.



Mayor



Chief Executive

DIRECTORY

COUNCIL HEADQUARTERS

Rotorua District Council
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Fax: 07 350 0184
Email: mail@rdc.govt.nz
Website: www.rdc.govt.nz

AUDITORS

Audit New Zealand
Hamilton
On behalf of the Auditor General

BANKERS

Bank of New Zealand
Cnr Fenton and Hinemoa Streets
Rotorua

SOLICITORS

Davys Burton
1109 Fenton Street
Rotorua

INSURERS

Civic Assurance
PO Box 5521
Wellington

SATELLITE OPERATIONS AQUATIC CENTRE

Tarewa Place
Phone: 07 348 8833
Fax: 07 349 1785

CASTLECORP

Vaughan Road
Phone: 07 345 6889
Fax: 07 345 7053
Email: castlecorp@rdc.govt.nz

CITY FOCUS

City Centre
Phone: 07 350 0186
Fax: 07 346 3954
Website: www.rotoruaNZ.com

ECONOMIC DEVELOPMENT

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1061 Haupapa Street
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Website: www.rotorua-business.com

EVENT VENUES

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Email: event.venues@rdc.govt.nz
Website: www.eventvenues.co.nz

LIBRARY

Haupapa Street
Phone: 07 348 4177
Fax: 07 348 9686
Email: Library@rdc.govt.nz
Website: www.rotorualibrary.govt.nz

MUSEUM OF ART & HISTORY, TE WHARE TAONGA O TE ARAWA

Government Gardens
Phone: 07 349 4350
Fax: 07 349 2819
Email: rotoruumuseum@rdc.govt.nz
Website: www.rotoruumuseum.co.nz

TOURISM ROTORUA TRAVEL OFFICE

Fenton Street
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Email: tourism.rotorua@rdc.govt.nz
Website: www.rotoruaNZ.com



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