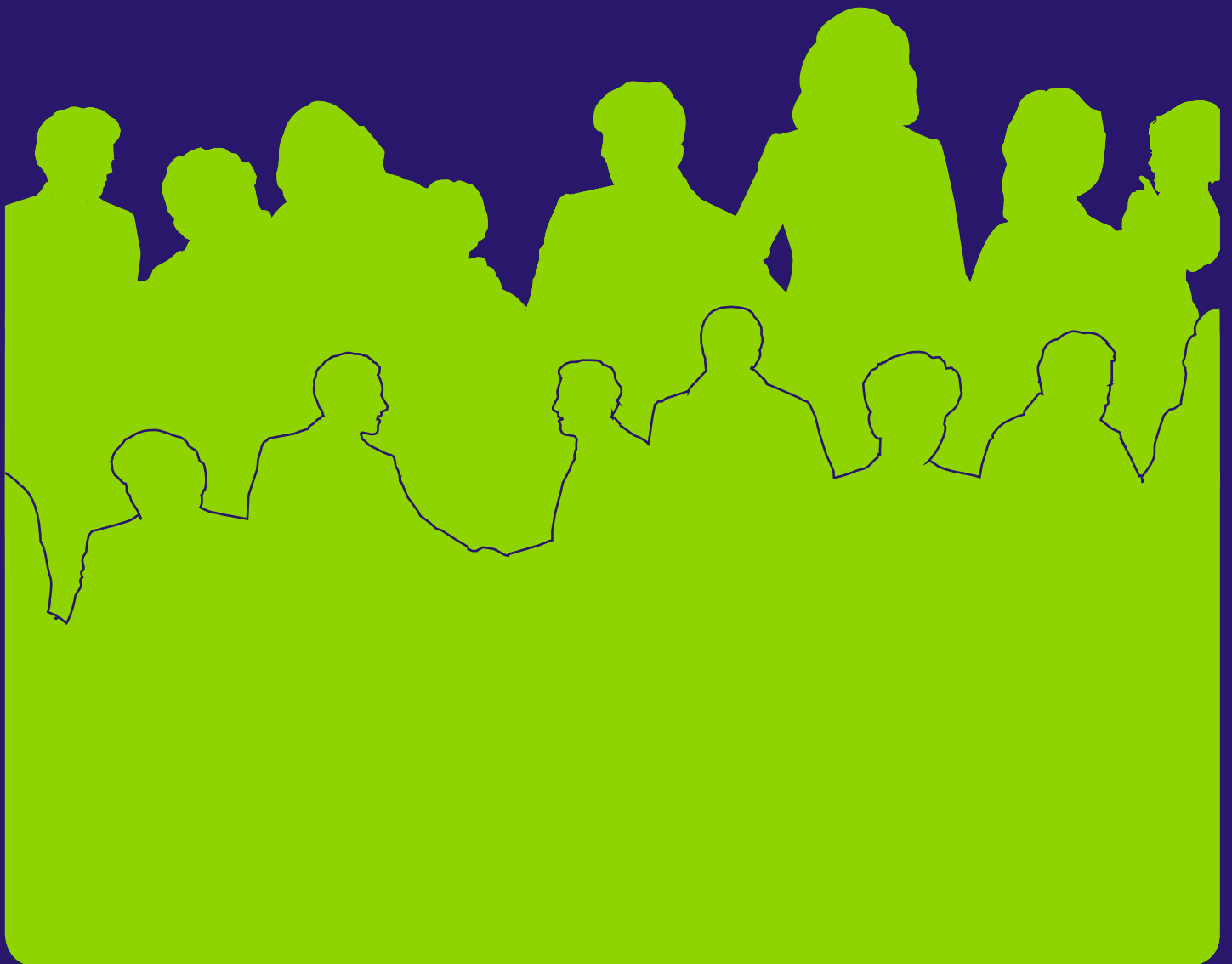


DESTINATION

ROT@RUA

ROTORUA DISTRICT
COUNCIL

Annual Report 2006



MIHI

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

E mihi atu ana ki a koutou e nga kai pupuri o 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 te tuapapa e hanga hei whaiwhai ake ma ratou.

Ko te purongo kua whakaputaina ake nei.

He korero nui i nga mahi tiketike a to Kaunihera.

He nui nga kaupapa kua tutuki engari he mahi ano kei mua i te aroaro hei whakaoti.

Na reira ma te noho tahi ma te ngakaunui tahi ki nga kaupapa ka tutuki a tatou tumanako me a tatou wawata.

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

Tena Koutou Katoa

Greetings to the people of Rotorua.

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

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 up-and-coming generations can follow.

This report describes the excellent community we reside in and the work that your council has done to help 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 in our community.

We need to fulfil the hopes and visions that will make Rotorua move forward as a place where our children and their children can live in harmony.

DESTINATION ROTORUA



The brand depicts the attributes of Rotorua as a desirable place to live, to work, to invest in and to visit. It presents an opportunity to optimise community ownership of a shared vision and a positive destiny.

The concept of the **Destination Rotorua** brand has developed from the established 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 are 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 Civic Centre, 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 2005 to 30 June 2006. It is a key document for the Council, as not only does it outline what we committed to do in the year, it describes 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 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 set 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 promote Community Outcomes. 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 2005/06	Adopted 27 June 2005
Ten Year Plan for 2006-16	Adopted 26 June 2006
Draft Annual Report for 2005/06	Adopted 12 September 2006

MESSAGE FROM HIS WORSHIP THE MAYOR



Tena Koutou Katoa

It is a privilege to introduce the Annual Report for the 2005/06 financial year - another year that has seen significant demands and challenges for elected members and staff of Rotorua District Council.

The report shows outstanding results despite the year's very intense programme. It clearly shows that this community is well-served by councillors and council staff.

A major focus of the RDC's attention this year has been the complex and demanding programme for developing a new Ten Year Plan. The plan received a 'clean bill of health' from the Auditor General which is testament to the quality of the process undertaken and to the valuable input from our community.

I commend residents for engaging with us on a range of issues for which consultation is an integral part of the decision making process. We are appreciative of the informal feedback and formal submissions we receive on proposals, and we are grateful that people take the time to come along and talk directly to Council about issues before we make significant decisions.

This year we made decisions on future representation for the next local government elections. While the council has proposed to retain the status quo in 2007, these decisions are subject to final determination by the Local Government Commission after considering objections.

A three yearly revaluation of property in the district was completed in September 2005 with many properties increasing significantly in value. While the overall increase in general rates to be collected in the 2006/07 year has been kept to a relatively low level, many individual property owners will experience rates increases at higher levels largely as a result of their new higher property valuations. Others, with smaller increases will benefit from rates decreases. Because the current rating system is based on land values which are inclined to fluctuate substantially every three years, the council is to consider whether using a capital value based rates system might be more equitable. Residents and ratepayers will be consulted before any decisions are made.

During the year, via an independent National Research Bureau survey, we again went out and asked the community 'how are we doing?' I was very pleased the results of the NRB survey showed residents rate the performance of the mayor and councillors, and of our staff, well above the national average. Residents have also given high marks to a wide range of services. In particular, the areas of beautification and landscaping; parks, reserves and sports fields; rubbish collection; water supply; sewerage system; library; noise control; museum; aquatic centre; and footpaths, all rate highly.

Rotorua's lakes are national treasures. We are making real progress in improving lake water quality through the work of our very effective Rotorua Lakes Strategy Joint Committee - a unique partnership with Environment Bay of Plenty and Te Arawa Maori Trust Board. I am particularly pleased that the first of our district's new sewerage reticulation schemes for lakeside communities was nearing completion at the end of 2005/06 financial year.

Our local economy continues to show encouraging trends and our strategic planning, economic development and tourism initiatives are contributing significantly to this. The new airport terminal has been completed and progress in developing our airport runway has been made. The new Energy Events Centre - a partnership with Rotorua Trust and our other important partners - is scheduled to open in early 2007 with advance bookings already tracking well ahead of forecasts.

We have come a long way in the last 12 months. As a council we continue to fulfil our legal requirements and we treat our obligations to work closely with Maori very seriously. Our Te Arawa Standing Committee is a notably successful example of that.

RDC is increasingly working with other organisations and agencies towards achieving the community outcomes that residents have told us are priorities - this is the community's 'Bright Future Rotorua' programme. Council will build on the sound work undertaken this financial year and continue to consult with communities wherever appropriate.

I am particularly proud that councillors have put in the long hours and hard work needed to ensure we achieve the things this community needs, and deserves. 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. And my special thanks go to Mayoress Sue and our family for their personal support, co-operation and understanding.

Finally I extend the council's most sincere thanks to the people of Rotorua District for their part in making the year so successful and for making this community so special. Thank you.

As a Council and a community we have achieved a lot together, but more importantly, we have a very positive future to look forward to.

Ma te mahi tahi ka tutuki - Working together we will succeed

Kevin Winters
Mayor

5 YEAR FINANCIAL SUMMARY

Statement of Financial Performance (Council)

For the year ended 30 June:

	2006	2005	2004	2003	2002
\$ in thousands					
Rates	52,615	49,711	47,459	45,535	43,512
Other services	45,423	29,697	26,357	20,996	22,388
Non operating adjustments	4,584	423	514	16,389	1
Total Revenue	102,622	79,831	74,330	82,920	65,901
Operating expenditure	80,953	70,998	67,090	62,541	59,239
Non operating expenditure	0	6,145	0	2,781	0
Taxation	5	23	(18)	164	0
Total expenditure	80,958	77,166	67,072	65,486	59,239
Net surplus	21,664	2,665	7,258	17,434	6,662

Statement of Financial Position (Council)

For the year ended 30 June:

	2006	2005	2004	2003	2002
\$ in thousands					
Current assets	48,497	50,980	46,244	35,555	28,446
Current liabilities	37,389	51,532	22,899	22,779	24,267
Working capital	11,108	(552)	23,345	12,776	4,179
Investments	2,253	1,888	6,411	6,675	6,683
Fixed assets	771,131	581,189	559,976	556,154	485,159
	784,492	582,525	589,732	575,605	496,021
Financed by:					
Rate payers equity	402,806	375,597	358,084	349,047	327,212
Debt	47,022	36,051	45,467	37,468	33,579
Other term liabilities	2,345	1,421	1,454	1,569	1,627
Reserves	332,319	169,456	184,727	187,521	133,603
	784,492	582,525	589,732	575,605	496,021

Revenue

Other services revenue is up on the previous year by \$15.7 million, mainly due to grants for the Energy Events Centre and sewerage schemes, and an additional \$2.4 million from fees and charges. Council has been able to reduce reliance on rates and increase funds from other sources by 1% of total revenue (excluding subsidies and non-operating adjustments).

Expenditure

Operating expenditure is up by \$9.9 million, however \$3.5 million of this relates to a book entry for depreciation as Council's assets were revalued during the year. Due to major capital expenditure over the last two years, there has been a \$1 million increase in loan interest on the previous year. We have made \$0.3 million more in grants for community facilities and increased our economic development expenditure by \$0.2 million. Most operational direct costs increased in line with inflation. We are currently investing for the future in a number of projects such as airport, eastern pipeline, sewerage schemes and the Energy Events Centre. These projects initially increase operating expenditure for the benefit of increased revenue streams, more district-wide economic growth and environmental improvement. There has also been additional costs to meet the more restrictive new Building Act requirements.

Working Capital

Working capital has increased by \$11.7 million mainly due to capital work in progress increases of \$11.7 million and reduced current loans due of \$14.2 million. These increases are offset by a reduction in funds at the bank of \$15.5 million. Capital work in progress increased because there are projects such as the Energy Events Centre and sewerage schemes still being built. Reduced current loans of \$14.2 million are a result of timing of loan raising. Funds on hand are down \$15.5 million due in part to Council's policy of having minimum funds in the bank. This is a change from previous policy of holding a minimum of \$5 million in case of an emergency, and also reflects a large loan raised on the last day of the previous financial year. Council has access to funding facilities should any emergency arise.

Assets

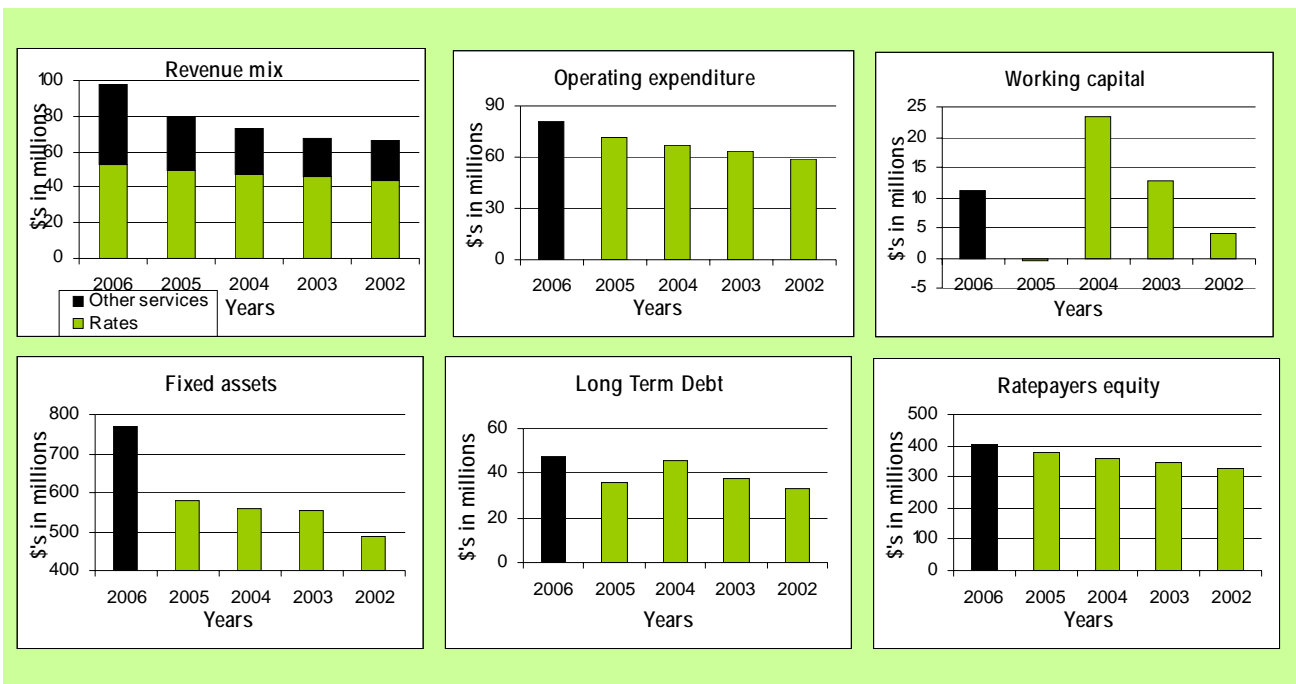
The latest revaluation of assets increased our asset base by approximately 28% as a result of increased construction costs, district land values and petroleum products in roading assets. In addition we are continuing with a capital program of approximately \$44 million this year. Over half of this capital expenditure is for the Energy Events Centre (largely funded by grant), sewerage projects, pensioner housing project, and the airport development.

Debt

Total debt this year reduced by \$3.2 million as some projects initially budgeted have been delayed to 2007, and we have reduced cash resources to pay for projects.

Reserves

Reserves increased by \$154.8 million mainly due to the increase in revaluation reserves for the higher value of assets that we have acquired over the last three years (since the last revaluation). This represents 28% increase in Council's asset values.



REPORT OF THE AUDITOR-GENERAL

AUDIT REPORT

AUDIT NEW ZEALAND
 Mana Arotake Aotearoa

TO THE READERS OF ROTORUA DISTRICT COUNCIL AND GROUP'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2006

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 an audit on his behalf. The audit covers the District Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council and group for the year ended 30 June 2006, including the financial statements.

Unqualified opinion

In our opinion:

- The financial statements of the District Council and group on pages 53 to 183:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect :
 - the District Council and group's financial position as at 30 June 2006; and
 - the results of operations and cash flows for the year ended on that date.
- The service provision information of the District Council and group on pages 53 to 155 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 4 October 2006, and is the date at which our opinion is expressed.

The basis of our 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 the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and the other requirements 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 and the other requirements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and the other requirements. 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 required disclosures are adequate.

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

We evaluated the overall adequacy of the presentation of information in the financial statements and the other requirements. We obtained all the information and explanations we required to support our 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 2006. They must also fairly reflect the results of operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for preparing the information in the other requirements. The Council's responsibilities arise from Section 98 and Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements and the other requirements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

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 and in conducting the audit of the Long Term Council Community Plan, we have no relationship with or interests in the District Council or any of its subsidiaries.



M G Taris, Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand
4 October 2006

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of Rotorua District Council and Group for the year ended 30 June 2006 included on Rotorua District Council's web site. The Board 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 4 October 2006 2006 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 commentary on this 2006 Annual Report. This is the fifth such report I have commented on since becoming the Chief Executive of Rotorua District Council in

2002. In that time I have been continually impressed with the dedication of elected members and staff toward our community and their constant drive for excellence in service provision, project management and policy development. This year is no different.

Major emphasis 2005-2006

In the Annual Plan we identified areas where Council's emphasis would be for the next 12 months. These were:

- Contribution towards community outcomes
- Improving lake water quality in the district's 14 lakes
- Contribution towards the district's sustainable growth
- Implementation of Rotorua Regional Airport Plan
- Maintaining service levels for all activities
- Development of community facilities
- Continuous improvement in efficiency gains
- Building on the district's funding partnership relationships

It is pleasing to report that Council has made substantial progress on all of these emphases. Discussion on each is provided later in this report.

Significant achievements

2005/06 was a very successful year, evidenced by:

- Favourable net operating surplus variance of \$11.4 million
- Performance targets achievement of 91%
- Community satisfaction (NRB survey) continuing at a high level
- 2006 debt \$27.8 million lower than budget but off-set by capital expenditure of \$26 million deferred to 2007
- New lake sewerage schemes advance
- Partnerships programme developed
- Effective combination of elected members and staff

Changes between Annual Plan and Ten Year Plan

This Annual Report provides the accountability mechanism to the community. It is a report against the 2004-14 Ten Year Plan and the subsequent 2005-06 Annual Plan that modified the Ten Year Plan. The main areas where the 2005-06 Annual Plan departed from the Ten Year Plan were around the scope and costs of capital expenditure projects. The two major capital projects were the Energy Events Centre, and lakeshore sewerage schemes for Mourea/Okawa Bay and Eastern Trunk line.

The Annual Plan for 2005-06 also included a major review of 10-year budgets which would normally not be required until subsequent years. However, given the substantial increase in the scope of sewerage schemes beyond the next 2 years covered by the Annual Plan, it was thought prudent to forecast the debt to a new 10 year period. At that time it showed that Council's debt would be approximately \$124 million in the Year 2014 as compared to \$84 million forecast in the previous Ten Year Plan.

Financial Review

At the outset it must be noted that the actual results have varied from those forecast in the Annual Plan. This year there have been two significant changes affecting the surplus for the year - asset revaluation and vested assets. Also, there is a range of other efficiencies or savings which contributed to an overall favourable variance of \$11.4 million. This variance is further explained below.

In addition, the asset revaluation had a significant impact on ratepayers' equity, increasing it by \$175 million. This, along with the \$22 million surplus and deferred capital expenditure of \$26 million, has meant the statement of financial position is markedly different to the budget.

Council now has stewardship of over \$3/4 billion of assets.

Financial Performance

Statement of Financial Performance - summary

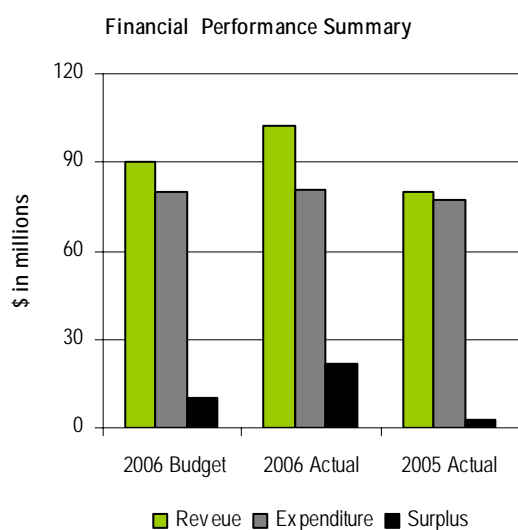
For the year ended 30 June:	2006	2006		2005
\$ in thousands	Budget	Actual	Variance	Actual
General Rates	37,727	38,328	601 (F)	36,379
Other services	52,138	59,711	7,438 (F)	43,029
Non operating adjs (*)	-	4,583	4,583 (F)	423
Total Revenue	89,865	102,622	12,757 (F)	79,831
Operating expenditure	79,622	80,953	1,331 (U)	70,998
Non-operating adjs (*)	-	-	-	6,145
	79,622	80,953	1,331 (U)	77,143
Surplus before tax	10,243	21,669	11,426 (F)	2,688
Taxation	-	5	5	23
Net surplus after tax	10,243	21,664	11,421 (F)	2,665

(*) The non operating adjustment relates to the 2006 asset revaluation

(F) means a favourable variance between the 2005/06 Annual Plan budget and the actual result for the 2006 year

(U) means an unfavourable variance

The graph below shows revenue, expenditure and surplus for the years ending 30 June 2005 and 2006, along with the budget for 2006.



The increased surplus of \$11.4 million is better explained by analysing the favourable revenue variance of \$12.7 million and unfavourable expenditure variance of \$1.3 million.

Major Revenue Variances

Major reasons for the revenue variance

	\$s in millions	
Revenue from 2005	0.9	(F)
Vested assets	3.5	(F)
Asset revaluation	4.6	(F)
Airport investment	0.3	(F)
Pensioner housing loan	(1.6)	(U)
Energy Events Centre grant	1.0	(F)
Interest income	1.1	(F)
Operating income	2.1	(F)
Rates revenue	0.8	(F)
Total revenue variance	12.7	(F)

Further analysis of Major Revenue Variances

Revenue from 2005

In the 2005 year there was project funding (grants and subsidies) carried forward to 2005/06 which was not included in the 2005/06 Annual Plan. This is reported as a favourable operating variance. It should be noted that there will be an unfavourable variance in the associated capital expenditure for the project.

Vested Assets

There has been a considerable increase in the level of property development this year, particularly subdivision. New lots created totalled 984 compared to 629 for 2005. With each of these subdivisions comes infrastructure such as roading, street lighting, water and waste water reticulation, reserves and storm water infrastructure.

Once the subdivision is complete and all assets have been constructed to Council's engineering standards, the developer transfers the assets to Council. From that point on Council becomes responsible for the ongoing maintenance.

In order to record these assets, they must be valued and then recognised in Council's asset register. The correct accounting treatment is to recognise the credit as income in the statement of financial performance. This is a non-cash transaction but is correctly recorded as revenue.

Asset Revaluation

As part of Generally Accepted Accounting Practice (GAAP), Council is required to periodically revalue various fixed assets. Our current policy is to revalue assets every three years. This was last completed at 1 July 2005, i.e. in this 2006 financial year. The revaluation saw a substantial increase in many asset categories' values, with an overall increase of some \$175 million. Generally these increases are recorded in the asset revaluation reserve. However in some instances a credit is recognised in the statement of financial performance.

This year \$4.6 million associated with landfill, stormwater and bridge assets was credited to revenue as opposed to being credited direct to the revaluation reserve.

Airport investment

Rotorua Regional Airport Ltd, which is 100% owned by Council, recorded a profit for 2005/06 which increased the company's overall valuation. This increase in value is recognised in Council's financial statements. More details about airport activity for 2005/06 follow.

Pensioner housing loan

Council has entered into a joint venture (JV) with Housing New Zealand for the construction of 30 new pensioner flats and associated landscaping. As part of the JV, Housing New Zealand has provided an interest-free loan to Council. This loan was budgeted as a grant. However that is not the correct accounting treatment and so the funding has been recorded as a term liability in the statement of financial position.

While Council continues to own the pensioner flats the loan is not required to be repaid and is interest free.

Energy Events Centre grants

The Energy Events Centre capital project has proceeded faster than budgeted. An adjustment to grants income has been made to reflect this.

Interest income

As part of the Airport Asset Transfer, completed on 30 June 2005, Council was required to 'ring fence' the transfer price with a separately identifiable loan. Although most of the cash was available, a separate loan was raised. The reason for this 'ring fencing' is to give certainty in determining the interest costs for tax purposes. However, this meant that for a period of time Council held surplus cash. This is the main reason interest income is higher than budget.

Fees and Charges

	(\$ in thousands)
Consent fees	500 (F)
Increased resource consent fees from higher level of subdivision consents, particularly in the last three months	
Travel Office revenue	400 (F)
Tourism Rotorua Travel Office income was considerably up on budget. The business is run very professionally and business like. The Travel Office is continually looking for innovative new services opportunities. These have contributed to the activity's success this year.	
Rotorua Regional Airport Ltd lease	100 (F)
RRAL asset lease income increased in line with its performance and Council's increased investment in infrastructure.	

Strategic property rental	100 (F)
As Council acquired more strategic properties for roading etc, rental income increased. Once a property is used for the strategic purpose, generally the balance of the property is sold and rental income will reduce.	
Parking enforcement fees	100 (F)
There has been no major change in infringement notice transactions during the year. However, the Courts have increased their processing performance.	
Lake water quality projects	400 (F)
Subsidies for lakeside sewerage schemes increased. However this is off set by increased cost of the capital expenditure.	
Landfill revenue	100 (F)
Council introduced a differential charging system in January 2006 to provide a financial incentive for separating green waste. This has also contributed to an increase in landfill revenue.	
Aquatic Centre	100 (F)
The Aquatic Centre performance has continued to improve.	
Other	200 (F)
Total Fees and Charges variance	2,000 (F)

General Rates

This year's rates calculations were based on an estimate of the rating database at March the previous year. An allowance for some growth in the number of rateable properties, based on the previous year's statistics, is included in the calculations. However there is always some growth after the calculations are complete and rates made and assessed, hence the favourable variance.

Major Expenditure Variance

Major reasons for the expenditure variance

	\$ in millions	
Net expenditure carried forward to 2007	1.1	(F)
Council grants	0.5	(F)
Depreciation	(3.5)	(U)
Interest expense	1.1	(F)
Other operating costs	(0.5)	(U)
Total expenditure variance	(1.3)	(U)

Further analysis of major expenditure variances

Net expenditure accrued to 2006

Overall, activity expenditure is close to budget. There is a number of operating projects, including community assistance grants and environmental planning that were deferred from the 2005 year to 2006.

Grants

Council has changed the way it recognised some grants to community groups. These are now classified as a five year suspensory loan. This has resulted in a loan being created which will be written off over five years.

Depreciation

Asset revaluation undertaken at the commencement of this financial year has increased overall depreciation expense, which was not budgeted for. This is in part offset by the delay in some capital projects (with depreciation budgets) not being completed by year end.

Interest

The total Council debt is \$28 million less than budgeted. This has had obvious interest savings for this year.

Other Operating Costs

	(\$ in thousands)	
Waste water	300	(F)
Lakes water quality (offset by revenue above)	(400)	(U)
Landfill resources recovery	(100)	(U)
Ten Year Plan compliance costs	(100)	(U)
Aquatic Centre costs	(200)	(U)
Roading	(200)	(U)
Other expenditure savings	200	(F)
Total operating costs variance	(500)	(U)

Reason for Surplus

Many readers of the financial statements have expressed surprise that a non-profit organisation such as Council achieved a surplus at the end of its operating year, let alone budgeting for such a surplus. So I have taken the opportunity to provide a brief explanation as to why Council makes a surplus.

The expression "surplus" is the term used to describe the difference between operating revenue and the operating expenditure in the Statement of Financial Performance. It should be noted that the Statement of Financial Performance does not include any expenditure of a capital nature. That expenditure is recorded in the Statement of Financial Position. Some of the revenue (for example rates revenue, grants and Land Transport NZ subsidies), is used to fund capital expenditure. The Land Transport NZ subsidy includes provision for a rural seal extension, which is capital expenditure. The cost of that rural seal extension is recorded in the balance sheet. However the funding or income to pay for that expenditure coming from rates and Land Transport NZ subsidies is recorded in the Statement of Financial Performance.

So revenue to fund capital expenditure is recognised and recorded in the Statement of Financial Performance. The revenue then flows down through that statement to the surplus (i.e. the excess of revenue over expenditure). The surplus is then transferred through the Statement of Movement and Equity and then into the Statement of Financial Position (balance sheet). As already noted, that surplus then allows some balance sheet financing of capital expenditure and also repayment of loans etc.

Analysis of Surplus

A surplus of \$10.3 million was budgeted for in the 2005-2006 Annual Plan. The actual surplus was \$21.7 million. The main reason for the variance of \$11.4 million is provided earlier in this commentary. This analysis shows how those surpluses have been used.

Explanation of need for surplus

	\$ in millions	Actual	Budget
Surplus from operations		21.7	10.2
Non cash items adjustments:			
Depreciation		20.9	17.5
Vested assets		(4.6)	(0.8)
Revaluation adjustments		(4.6)	-
Surplus adjusted to fund capital		33.4	26.9

Add other sources of cash:

Increase in debt	(3.0)	24.7
Advances repaid	0.1	0.2
Working capital funds	10.4	10.9
Energy Events Centre grant	(6.0)	(6.0)
Reduction in cash holdings	9.5	5.0
	11.0	34.8
Total cash available for capital items	44.4	61.7

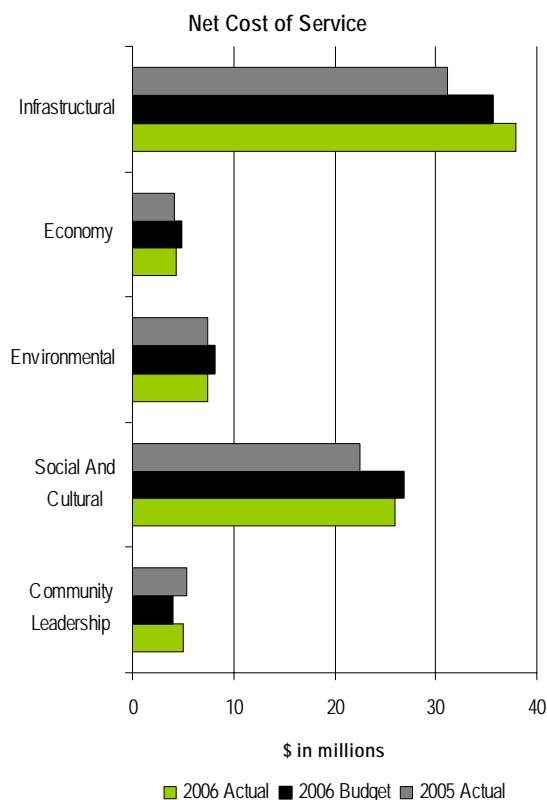
Used for:

Capital expenditure	44.4	61.7
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In summary it can be seen that the additional actual cash and reduced capital expenditure programme has been used to reduce overall debt in 2006 by \$3 million compared to the budget that identified an increase of \$24.7 million debt.

Net Cost of Service Summary

The graph below shows the net cost of service for each of the groups of activities, compared to the budget and the previous year. The net cost of service is the difference between the gross cost of providing the service less any revenues associated with that activity.



From the above graph it can be seen that apart from Community Leadership Group and Infrastructure Group, other groups' net cost is less than the budget and last year's (2005) actual result. The major reasons for variances are:

- Less borrowing has meant less interest costs for each group.
- Managers constantly working to improve revenue streams and to reduce costs.
- A number of projects now to be completed in 2007.
- The target of \$200,000 corporate savings was initially budgeted in the Community Leadership Group – now within the groups that made the savings.
- The Infrastructure Group has increased depreciation costs due to the revaluation of assets.

Financial Position

Council's financial position, as measured by ratepayers' equity, has increased by some \$178 million since 2005. The major movements in equity have been caused by an increase in asset values and a surplus of \$22 million this year.

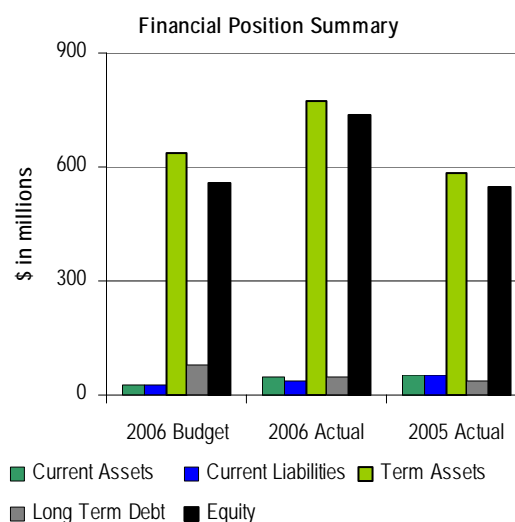
Statement of Financial Position - summary

For the year ended 30 June:	2006	2006		2005
\$ in thousands	Actual	Budget	Variance	Actual
Current assets	48,497	26,414	22,083 (F)	50,980
Current liabilities	37,389	26,012	11,377 (U)	51,532
Working capital	11,108	402	10,706 (F)	(552)
Investments	2,253	1,359	894 (F)	1,888
Fixed assets	771,131	635,930	135,201 (F)	581,189
	784,492	637,691	146,801 (F)	582,525

Financed by:	2006	2006		2005
	Actual	Budget	Variance	Actual
Equity	404,134	409,950	(5,816) (U)	375,596
Debt	47,022	79,566	(32,544) (F)	36,051
Other (term) liabilities	2,345	1,454	891 (U)	1,421
Reserves	330,991	146,721	184,270 (F)	169,457
	784,492	637,691	146,801 (F)	582,525

(F) means a favourable variance between the 2005/06 Annual Plan budget and the actual result for the 2006 year

(U) means an unfavourable variance



Major Reasons for variances

	\$ in millions	
Working Capital		
Reduction in cash held	(4.7)	(U)
increase in short term investments	5.9	(F)
Current portion of debt	(4.7)	(U)
Capital work in progress	14.4	(F)
Other	1.0	(F)
	10.7	(F)
Fixed assets		
Asset revaluation	173.0	(F)
Vested assets	3.6	(F)
Capital works in progress	(14.5)	(U)
Capital expenditure not completed	(26.3)	(U)
Acquisition of strategic properties	4.0	(F)
Sales and depreciation	(4.6)	(U)
	135.2	(F)

Debt

From 2005 for capital	4.4	(F)
To 2007 for capital	29.0	(F)
Strategic properties	2.0	(F)
Self funding accounts	1.1	(F)
Other	(4.0)	(U)
	32.5	(F)

Community Outcomes

In 2003 Council coordinated a process with other agencies in the community identifying eight community outcomes which have been prioritised.



These community outcomes are now an important strategic driver for Council activity and direction. All activities that Council is involved in are related back to these outcomes. In the last 12 months work has focussed on how we might measure progress towards achievement of those community outcomes. A programme has been developed in consultation with key community sectors and government agencies.

Next year Council will report in detail against these progress indicators.

Rotorua Trust (Rotorua Energy Charitable Trust)

Rotorua Trust is a major contributor towards the wellbeing of the Rotorua district. There is a healthy and active communication relationship between Council and Rotorua Trust that ensures we are able to provide information and advice on some of the key priorities that we see for the Rotorua district. Over the past 12 months the Trust has shown a special interest in working with Council on projects that contribute towards a safe and caring community.



The two projects that have been of special interest this year are:

- Closed circuit television monitoring of the CBD
- CBD safety lighting

I take this opportunity to convey my very special thanks to the Trustees, very ably led by Chairman Grahame Hall and advised by Trust Manager Stuart Burns. This support for a safe and caring community follows on from the very generous contribution of \$12.5 million towards the Energy Events Centre. That decision showed a lot of confidence by the Trust in both the community, its economy and in Rotorua District Council. Again, I thank the Trust for that.

We look forward to continuing to work with the Trust on matters such as the Museum of Art & History Centennial Project and Rotorua Lakefront development.

Lakes Community Sewerage Schemes

The Rotorua Lakes Strategy Joint Committee, with membership from Te Arawa Maori Trust Board, Environment BOP and Rotorua District Council, has worked together throughout the year with other organisations and individuals, including the Lakes Water Quality Society, Waikato University, Landcare and Ag Research. From Council's perspective the year has been extremely busy, with an emphasis on design of the lakes sewerage schemes for:

- Otaramarae/Okere Falls
- Brunswick
- Okareka

Considerable research has been applied to design innovation. A low pressure grinder system has been explored in place of the traditional gravity system with rising mains etc. Studies to date have shown that there are likely to be significant cost savings. In addition, the low pressure grinder system installation within already built urban environments is less intrusive. The network of pipes can be installed using underground directional drilling as opposed to the open trench needed for traditional gravity reticulation.

Council has acknowledged, along with members of the Joint Committee, that solutions to improving Rotorua lakes water quality are beyond the community's capability. It is estimated that in excess of \$200 million may be required for the solutions proposed by Environment BOP and Rotorua District Council. To this end the Joint Committee has put considerable effort into building a relationships with Central Government. It is believed that this partnership will be critical to funding solutions in the future.

Regulatory Activities

Council has an important regulatory role which at times makes it difficult to achieve high levels of community satisfaction. This year we were required to manage:

- The establishment of a national dog database with ensuing community resistance.
- Implement changes of the Building Act 2002 in a market with increasing numbers of building consents.
- Process a record number of resource consents in an environment of introducing the development contributions policy.
- Continued enforcement of national standards and policies for noise, parking, inspection and health.

I use this opportunity to thank all the staff that work in the regulatory area of Council's services. They do their very best to satisfy the requirements of our community within the law and Council policy. Very often they go unrecognised for high levels of service which, at the end of the day, protect the community and visitors.

Sustainable Growth

As already noted, a growth model has been developed for the first time. This has allowed a lot more certainty in planning for future growth and is one of the key documents behind the development contributions policy giving certainty to calculations. The development contributions policy, along with the growth model, are to be reviewed annually to ensure they are accurately meeting the growth needs of our district for the foreseeable future. Council has invested considerably in understanding the economic development needs of our district. Over the past 12 months Council has completed:

- A BrightEconomy Economic Development Strategy and established the BrightEconomy Advisory Board, ably led by Bryce Heard. Council has an important role to play in ensuring that its regulatory framework supports business development in a sustainable way.
- The Rotorua Employment Skills Project.
- The Rotorua CBD Revitalisation Strategy, developed in partnership with Retail Rotorua, Event Venues, Destination Rotorua Tourism Marketing and City Focus, along with the Chamber of Commerce, and business leaders in both retail and property.
- Film Volcanic which is a joint venture with local authorities in the central North Island, and has been very successful in encouraging feature films to be shot on location in our region.

Destination Rotorua Tourism Marketing has been very strategic in promoting Rotorua has a destination. Sustainability has become important in the marketing and now there is a membership of 34 in the Rotorua Sustainable Tourism Charter. The Rotorua Travel Office is also an important partner in the Destination Rotorua Tourism Marketing strategy.

Rotorua Regional Airport

Rotorua Regional Airport Ltd (RRAL) infrastructural assets were transferred to Council last year. This is the first full year of operation in the new environment for both organisations.

The change allowed RRAL to focus very clearly on the business of growing scheduled air services to Rotorua region and creating new business. RRAL have been especially successful in increasing new income opportunities. There has been a particular emphasis on developing a trans-Tasman service.

RRAL's financial result is particularly satisfying with a net profit of \$312,382 after paying \$1.025 million in rent to Council.

The RRAL profit gives Council great confidence in its decision to invest in airport infrastructure. During the year capital expenditure included:

- new aprons for larger jets including Boeing 737 – 800s and Airbus A320s, and strengthening of existing aprons
- completion of car parking extensions
- northern runway starter extension commencement
- purchase of properties to the south of the airport

RRAL and council have worked together to implement a change to the District Plan and lodge an Obstacle Limitation Surface (OLS) designation. Both these Resource Management Act (RMA) processes are required to extend the scope and scale of the airport's operation. This is needed if the airport is to make its full contribution to the region's economy. At the same time, the process will provide protection for surrounding properties and their owners from the effects of the airport. Hearings for the plan change and designation were commenced in August 2006.

Rotorua Partners' Programme

Rotorua Partners' Programme membership is set out in the next section after my report. These organisations have a high level of confidence in our community and its future. Their contribution to funding community projects which otherwise would be beyond our capability, allows a high level of community wellbeing.

I take this opportunity to thank all partners for their very generous support of Council and our community, and look forward to working with them into the future.

Energy Events Centre



The Energy Events Centre will be a fantastic facility for Rotorua. Excellent progress has been made with construction and the completion date will be in February 2007.

2006 Highlights

Community Leadership

- **Representation review:** Review completed along with consideration of Maori wards
- **Ten Year Plan:** Plan prepared under Local Government Act and received clear audit opinion

Social And Cultural Group

- **Aquatic Centre:** Business awards finalists, recreation programme, fifth in the National Lifeguard Competition, 1000+ children participated in Unison Lake Safety Programme, over 39,000 individual lessons at Swimsation
- **City Services:** new day/night CCTV cameras introduced which will assist in making our city safer.
- **CDEM:** co-ordinator to lead public awareness, Reporoa volunteer group established, successful annual exercise
- **Community Assistance:** funding for Hockey turf \$300,000, Rotorua Rugby League \$48,000, Agricultural & Pastoral Assn \$50,000
- **Community Policy and Resources:** Truant-free project implementation, Mountain Bike Champs Crime Prevention Plan, Community Safety Project, CPTED assessments, Project Papa Waka, CBD CCTV, Sister Cities, ANZAC Day, publications, arts and culture promotion, Children's Day, Pathways and Youth in Transition
- **Event Venues:** Energy Events Centre construction, Rotorua Partners Programme, UB40 concert, many major events
- **Pensioner Housing:** Rawhiti Flats redevelopment, 20 Year Celebration
- **Public Gardens/General Reserves:** Open Space Strategy, Rotorua City Entrances Strategy, Tarawera Landing Reserve Designation, Environmental Enhancement Projects, third ranking out of 43 local authorities in Yardstick,
- **Public Library:** Fletcher Tuatara, Teens Packs, reference services, Infoshare BOP Libraries, Council's 'Free Day'
- **Rotorua Museum of Art & History:** Viewing Platform, Centennial Project and Trust establishment

Environmental Group

- **Animal Control:** National dog database compliance
- **Building Control:** 2,045 consents and 245 new dwellings.
- **Environmental Planning:** District Plan review, Lakes A Zone, Rotorua Lakes Restoration and Rehabilitation Programme, Plan Change 32 Rotorua Regional Airport Limited, continued improvement in consent processing.
- **Inspection:** level of satisfaction maintained

Economy Group

- **Economic Development:** Rotorua BrightEconomy Project, Employment Skills/ Knowledge Project, finalist in National Vero Excellence Awards, NZ Opportunities Expo 2005 in London, Rotorua CBD Retail Strategy, Volcanic Films
- **Destination Rotorua Tourism Marketing:** TRENZ 2007 in Rotorua, rotoruaNZ.com, highest average overall domestic visitor satisfaction rating of Auckland, Rotorua, Wellington, Christchurch, Queenstown and Dunedin, Rotorua Sustainable Tourism Charter membership now 34
- **Tourism Rotorua Travel and Information:** 2006 VIN Inc/Qualmark assessment rate 97% for official visitor information centres criteria

Infrastructural Group

- **Land Drainage:** Pohutukawa Drive works completed, water quality monitored
- **Roading:** Rotorua Transport Strategy completed, Tryon Street upgrade completed, additional Crown funding
- **Road Safety:** Cycleway policy, walking school bus, casualty figures decreasing
- **Rotorua Regional Airport:** Apron construction, carparking and Hannahs Bay wetland mitigation completed, commenced 150m northern runway extension
- **Rural Fire:** response trailer, National certification
- **State Highway Administration:** coordinated SH 5 Gasline Curves Realignment, Rotoma flood damage repairs, Tauranga Direct Road corridor development
- **Waste Management:** Differential pricing
- **Waste Water:** treatment plant upgrade, Eastern trunk sewer main and pump stations, Mourea/Okawa Bay sewerage scheme, Okareka and Brunswick/Rotokawa sewerage scheme design, low pressure grinder pump system application review, subsidy applications
- **Water:** Rotorua Basin Water Strategy, Eastern supply duplicate delivery main completed.

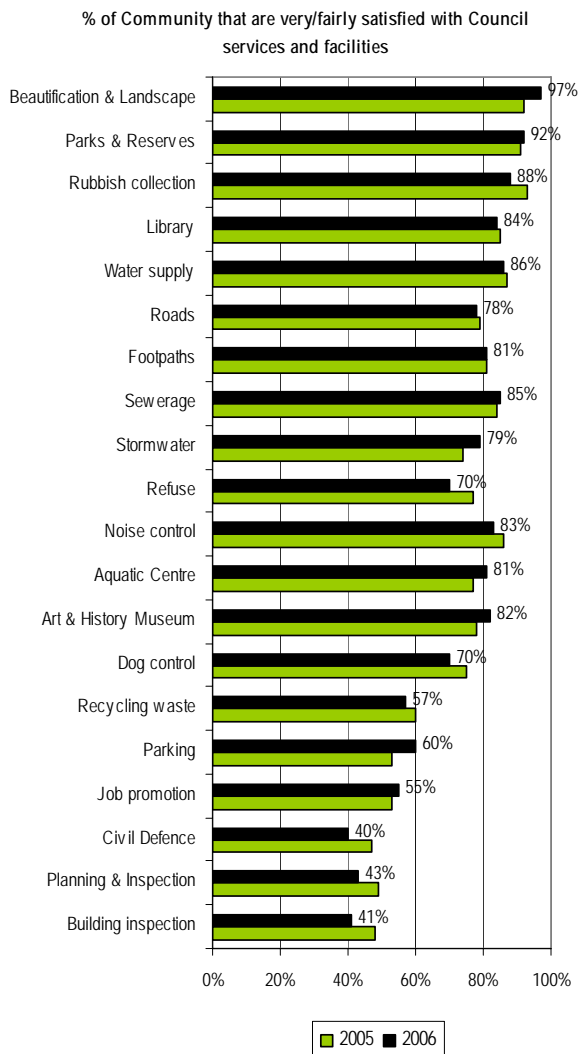
Castlecorp

- Favourable ISO 9001:2000 registration, liaison with NZ Police, National Certificate in Water and Wastewater Reticulation

NRB Community Satisfaction Survey

This year's NRB Community Satisfaction Survey again shows a high level of satisfaction with Council's services reinforcing policies and direction of Council. Three areas where we propose to spend some more time over the next 12 months identifying how we can improve satisfaction are:

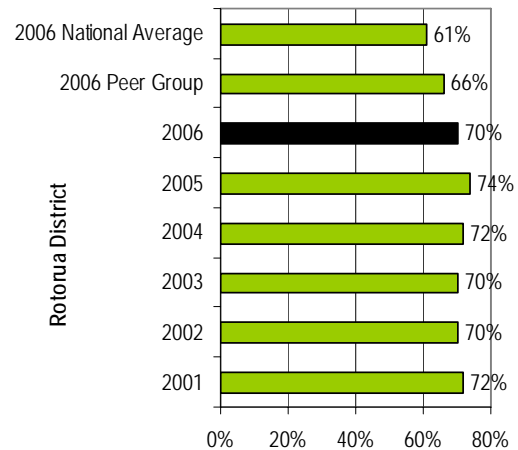
- On-street parking
- Civil Defence Emergency Management community awareness
- Public toilets



Staff

Council is a service-based organisation and staff are our most important asset. Rotorua District Council is fortunate to have such a talented team of high energy, high performing staff. My views about our teams are validated by the NRB Survey. Participants were asked to rate staff performance and 70% believe that Council's staff performance is very or fairly good.

% who rate Council staff performance as very/fairly good



Awards

Benchmarking is also an important part of Council's performance measurement system. This is important in testing our services and systems against peers and other organisations. Below are a number of awards that have been entered over the past 12 months.

- The Aquatic Centre participated in the Chamber of Commerce Business Excellence Awards.
- Council took part in the Te Reo Maori Week and was a finalist in that process.
- The Aquatic Centre also won the Aquatic Centre Lifeguards Award for the Central North Island Championships and was fifth in the National Lifeguard Championships.
- Finalists in the National Vero Excellence in Business Support Awards.

Peter Guerin
 Chief Executive

ROTORUA PARTNERS' PROGRAMME

So far around \$17 million in philanthropic support has been confirmed from our Rotorua Partners, for the next few years.

The Rotorua Partners' Programme was formally established in 2005 to recognise significant contributions from corporate and other organisations, aimed primarily at developing projects for the good of the wider Rotorua community, in partnership with Rotorua District Council.

It comprises three categories of partners:

Foundation Partner



Corporate Partner



Project Partner



The Rotorua Partners' Programme is based on corporate and community philanthropy. Its intent is twofold:

- to provide an opportunity for corporates and other organisations to contribute towards community projects, and for Rotorua District Council to appropriately acknowledge that support.
- to foster the best possible communication and working relationship between the council and each partner organisation.

Note: The Rotorua Partners' Programme has no bearing on the council's regulatory, purchasing and decision making processes. These processes are totally independent of the Partners' Programme.

What is the Rotorua Partners' Programme?

The Rotorua Partners' Programme, simply put, is about the Council partnering with other important Rotorua stakeholders to get things done. Our Partners want to be part of the Rotorua vision for the future.

Council is never going to be able to fund all the things that a growing district needs and in the timeframe needed, without huge impacts on ratepayers.

However there are many important district stakeholders who have the means, community spirit and desire to get involved in some way in Rotorua's development.

The Rotorua Partners' Programme matches partnering organisations (our Partners) to projects and other opportunities they want to be associated with.

What the Rotorua Partners' Programme is not

Rotorua Partners do not enter into a partnership with the council and then receive special favours on contracts that the council tenders, on council purchasing or on any other council decisions.

Partners are not contributing money and other support that would otherwise have gone to voluntary organisations and other causes. They are contributing because they want to be a part of the future of Rotorua and because it makes good business sense for them to do so. They are making an investment in the future, for all of Rotorua's citizens.

Foundation Partners



Project Partners



With the support of



Corporate Partners



DEVELOPING MAORI CAPACITY TO CONTRIBUTE TO DECISION MAKING



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

The following structures and forums provided the opportunity for greater involvement of Maori with Council's decision-making process throughout the year.

Te Arawa Standing Committee (TASC)

The committee met regularly, every six weeks, to provide a Te Arawa perspective for Council on all matters that affect Maori. The Committee has representatives from Council, along with representatives appointed by Maori stakeholder organisations and elected by iwi.

It was resolved by Council that TASC members could attend all Council Committee meetings, be acknowledged by the Chair of those committees and be afforded speaking rights. This policy enables Maori to have a greater input into Council decision making at a strategic level, especially as it might affect Te Arawa and Maori of the Rotorua District.

Te Arawa Standing Committee Marae Hui

As part of the Te Arawa Standing Committee's community engagement role, regular marae hui are scheduled throughout each year. These hui enable local Maori communities to raise and address local issues and where necessary bring them forward onto a council agenda.

Changes have been made to where and how these marae hui are to be managed. The dates are set by TASC and the schedule is distributed to the marae in the district. Marae Committees are then able to select a date, notify their community and set an agenda that is suitable and/or relevant to their Marae community. Council requests that the Marae meeting agenda is set in advance to enable Council to prepare and bring along information, staff and resources that are relevant to the agenda set for the Marae hui.

Marae meetings are open to all in the community; organisations, the public, ratepayers and marae beneficiaries have attended meetings held over the year.

Te Pukenga Koeke O Te Arawa O Te Whare Taonga

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

Ngati Whakaue Gifted Lands Protocol

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

Iwi Consultative Group

The Iwi Consultation Group held scheduled fortnightly meetings to assess resource consent applications and advise Council accordingly with respect to sections 6(e) of the Resource Management Act 1991 and to provide relevant Tangata Whenua contacts in relation to consent matters.

Kauae Cemetery Committee

Kauae Cemetery Committee trustees meet once a year to work through operations, policies and procedures, including provisions for the burial of descendants of Ngati Whakaue.

Pukaki Trust

The Pukaki Trust meets to ensure the safe-keeping, conservation and maintenance of Pukaki, located in the council Civic Centre galleria. The Trust has met once this year in March 2006 and the next meeting is scheduled for August 28th 2006.

Waka Taua Trust

The main function of this trust is to ensure that the Te Arawa Waka Taua and the shelter that houses the waka are both well maintained.

Ngati Rangiteaorere Kahikatea Trust Consultative Group

This group has responsibility for setting priorities for work to be carried out in order to fulfil the terms of the Kahikatea Management Plans and the approval of estimates.

Council's Kaupapa Maori Unit

This unit initiates, builds and maintains Council relationships with Tangata Whenua and Maori as well as strengthening the organisation's ability to effectively engage with Maori through exposure to, and training in tikanga and te reo. The 2006 te reo and tikanga staff and Council training will be run from 17 July to 21 September 2006. The unit has also produced resources such as 'Whare Korero' which is a pocket booklet for staff, councillors and the public in general. The booklet is a guide to Maori protocol, rituals and basic Maori language and pronunciation. The aim of the booklet is to provide an easy to use guide for Maori rituals, structures (Marae) practices and language that Council and members of the public may encounter if living in or visiting Rotorua.

Mana Whenua Funding Policy

In 2005/06 Council reviewed its existing support of iwi management plans and developed a new Mana Whenua funding policy with objectives that are aimed at both supporting the intent of section 81 of the Local Government Act 2002 as well as promoting resource management objectives. This policy will be operative with promotions and advertising beginning in Dec 2006. The overall aim of the policy is to stimulate and/or encourage the sustainable development of unoccupied Maori land in the District. The intent is to investigate viable strategies; build capacity of Maori land owners and develop feasible joint projects that will benefit owners and the wider community.

Memorandum of Understanding

In November 2004, Council adopted a memorandum of understanding with Tuhourangi. The founding statements of the memorandum include: *"Council also wishes to establish and maintain processes to provide the opportunity for Tuhourangi to contribute to the decision-making of the Council"*.

Further memoranda of understanding will be investigated and developed where appropriate.

Tangata Whenua and Maori Communications and Consultation Guide

In 2005/06 Council developed a Tangata Whenua and Maori communications and consultation guide. This resource enables staff to more effectively engage with Tangata Whenua and Maori and hence improves Maori participation in Council decision-making processes. The principles of this guide have ensured appropriate Maori input into long term land use planning initiatives such as the Eastern Structure Plan and Rotorua Regional Airport consultation. The guide has recently been updated and will be available to staff at the end of July 2006.

Rotorua Lakes Strategy Joint Committee

This joint committee, with representatives from Environment Bay of Plenty, Te Arawa Maori Trust Board and Rotorua District Council, met regularly to ensure a proactive strategic approach was taken to coordinating lakes quality improvement in the district. This structure will be enshrined in legislation as part of the Te Arawa Rotorua Lakes Settlement.

Lakes Restoration and Rehabilitation Programme

This programme was established for both the strategic and operational delivery of objectives to enhance fresh water sustainability of the Rotorua lakes and has iwi representatives at the highest level.

Energy Events Centre

The Energy Events Centre working party includes a representative from Pukeroa Oruawhata to ensure Tangata Whenua values are taken into consideration throughout the design and construction phases of the project.

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

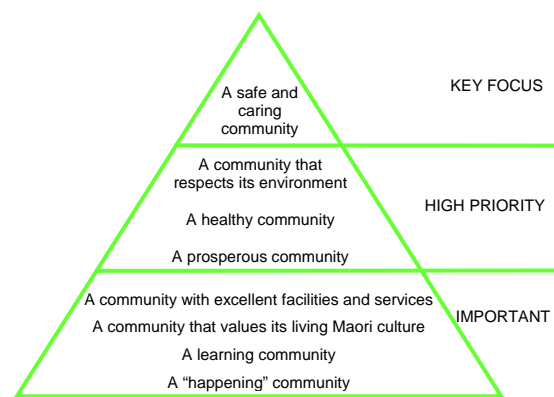
Community Outcomes are overarching strategic goals that councils and other organisations can use to guide their service delivery and resource allocation. They are also a focal point for promoting closer working relationships, to ensure resources are used more effectively and in a coordinated manner.

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-2004 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 2004 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 and 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. Council will be undertaking this reporting in 2006/07.

Rotorua District Council is continuing to work with other agencies and organisations, in consultation with the community, to develop a monitoring framework. A set of indicators has been agreed, and monitoring of some indicators is already underway. 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.

Also, Council must report, in relation to each group of activities, the results of any measurement undertaken during the year of progress towards the achievement of the community outcomes.

Council does identify for each group of activities the community outcomes that are contributed to. Each activity within the group has a number of 'key result areas' and subsequent performance targets which are reported annually. A lot of the targets are measures of the quality or quantity of the particular activity, and as such are essentially

measuring the progress towards the achievement of the community outcomes identified for that activity group.

In addition to these measurements, Council has also undertaken two significant surveys during the year (as well as the NRB Satisfaction with Council Services Survey). These surveys were:

- Environmental Perceptions Study; and
- Perceptions of Safety

The Environmental Perceptions Study measured people's perceptions of the district's community amenities and general character, housing, subdivisions (and the changes that result), lakes reserves and parks, walkways and cycleways, transport, natural hazards, climate change, waste, geothermal resources, hazardous substances impact of tourism, and tangata whenua (relationship with Rotorua district Council).

The Perceptions of Safety Survey measured people's perceptions of safety in the CBD, vehicle safety, safety in local neighbourhood and home, safety in Rotorua (generally), personal experience with crime in the last year, awareness of crime reducing initiatives, and ways to make Rotorua safer.



Native bush – Rainbow Springs



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 e.g.: 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 around 70,000, 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 2,708 km².
- The district's population is projected to be around 70,000.
- 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 5,343 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 \$10.3 billion and gross land valuation is around \$5.0 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

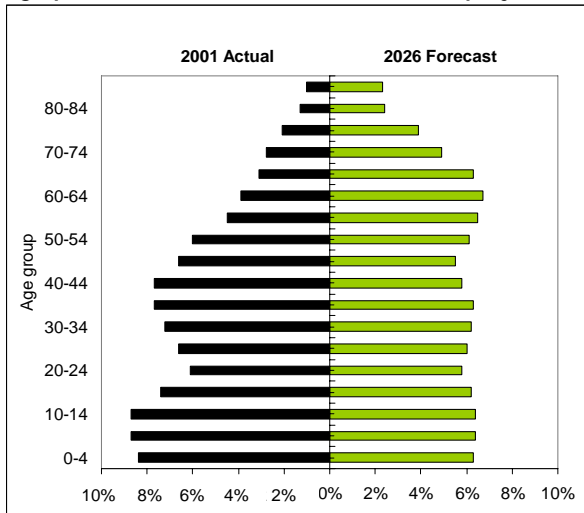
geothermal activity, including Ohinemutu and Whakarewarewa. Descendants of the original settlers have left their mark on modern-day Rotorua through song, dance, legends and place names.

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 Whakaue 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 (70%), Maori (38%), Pacific Islands (5%) and Asian (4%). More than half of Rotorua's young people are of Maori descent. According to 2001 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 profile, Rotorua District, 2001-2026 (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, Rototiti, 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. 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 1,100 births in the Rotorua District and 1,000 deaths, so natural increase is around 0.1% per year.

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 [70,000 as at June 2006]. The official results of the 2006 Census will be published in November 2006.

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.

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 0.3% per annum over the coming 20 year period (2006-2026), compared with a national growth rate of 0.7%. The Bay of Plenty as a whole is forecast to grow at 1.0% per annum over this period, due to an expected continuation in the rapid growth in the Tauranga (1.7%) and Western Bay of Plenty districts (1.6%).

The Rotorua District population is forecast to reach 72,800 in 2026. Assuming higher rates of in-migration and births, this figure could be as high as 80,500. Assuming lower rates of migration and births, Rotorua’s population could drop to 65,200 over the next 20 years. These upper and lower limits are fairly arbitrary, but give some indication of the possible variation.

Improving our knowledge

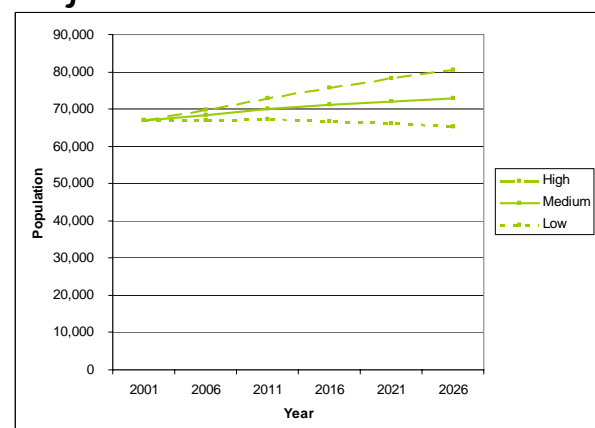
To ensure there is accurate information for the basis of planning, further work is currently being undertaken to analyse growth in the district; and its likely impact.

The work done was included in a growth model and also included assumptions around the type of growth, e.g. residents versus visitors and demographic make up. This information underpinned our projected services included in the 2006-16 LTCCP. It is crucial that our planning for services, infrastructure and funding are realistic and coordinated across the district.

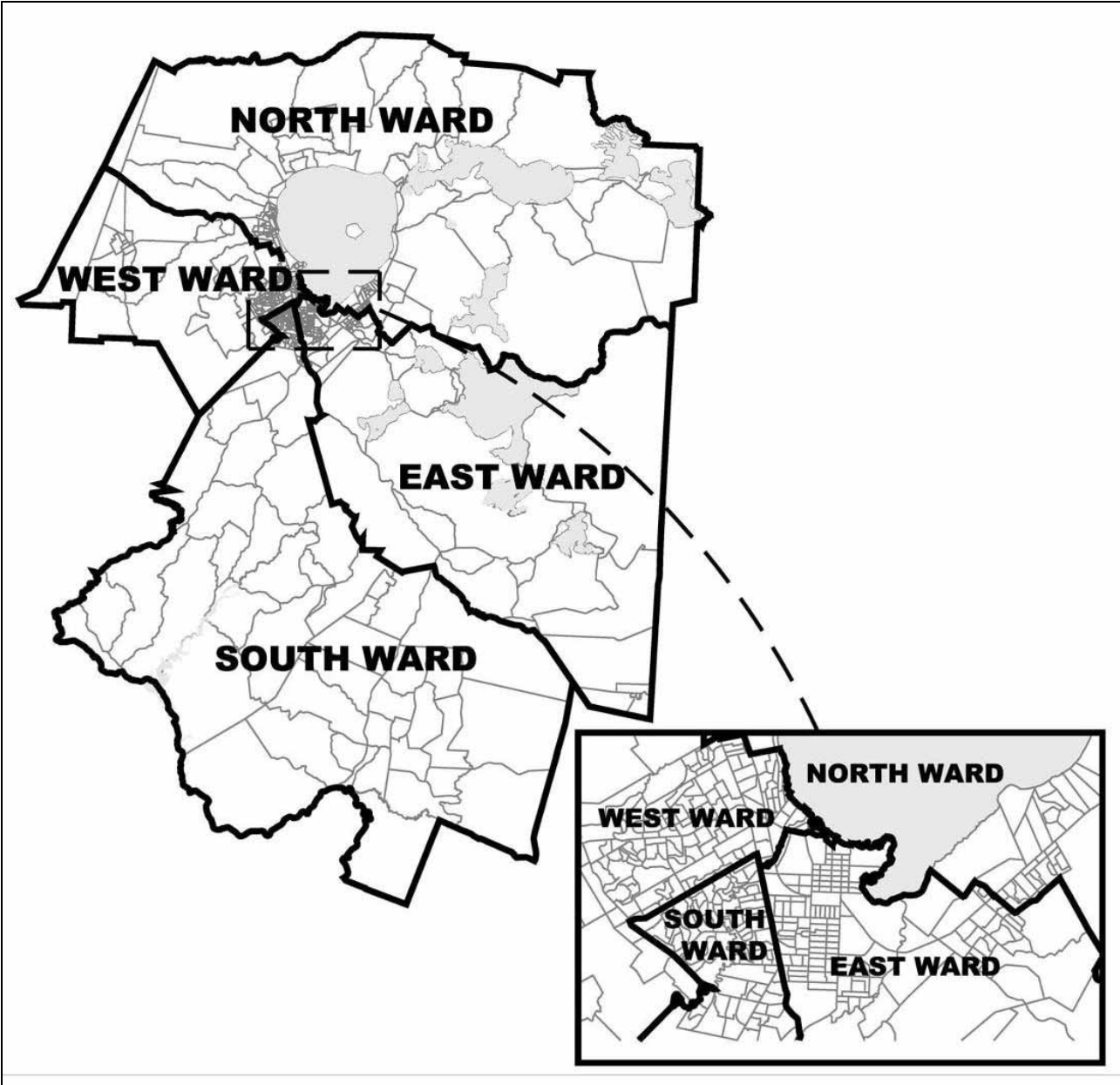
Rotorua District Population Change 1996 to 2001

1996 population	64,509
Population at same address in 2001	24,921
Population at different Rotorua address in 2001	17,172
2001	
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:

Operational policy and strategic direction, including:

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

Representation

Electoral System

The system of elected member representation is presently being reviewed for the 2007 elections. 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 were held in October 2004 and the next elections will be held in October 2007.

Meetings

Council's committee structure and meeting arrangements were determined by the new council in November 2004, and this committee structure provides an open and accountable governance system.

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 trustee or board member, committee member or chair, and patron. The Mayor also hosts many meetings to ensure facilitation and that information is passed on to the community.

The Mayor is a Justice of the Peace, and hosts Citizenship Ceremonies, Community Awards, Trustpower Spirit of Rotorua Awards, and Young Achievers' Awards. The award ceremonies 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 30 June 2006



His Worship the Mayor
Kevin Winters

North Ward Members



Cr Russell Judd



Cr Charles Sturt



Cr Bob Martin

South Ward Members



Cr Mike McVicker



Cr Glenys Searancke QSM



Cr Charles Te Kowhai

East Ward Members



Cr Maureen Waaka MNZM, JP



Cr Cliff Lee



Cr Mark Gould JP

West Ward Members



Cr Trevor Maxwell MNZM

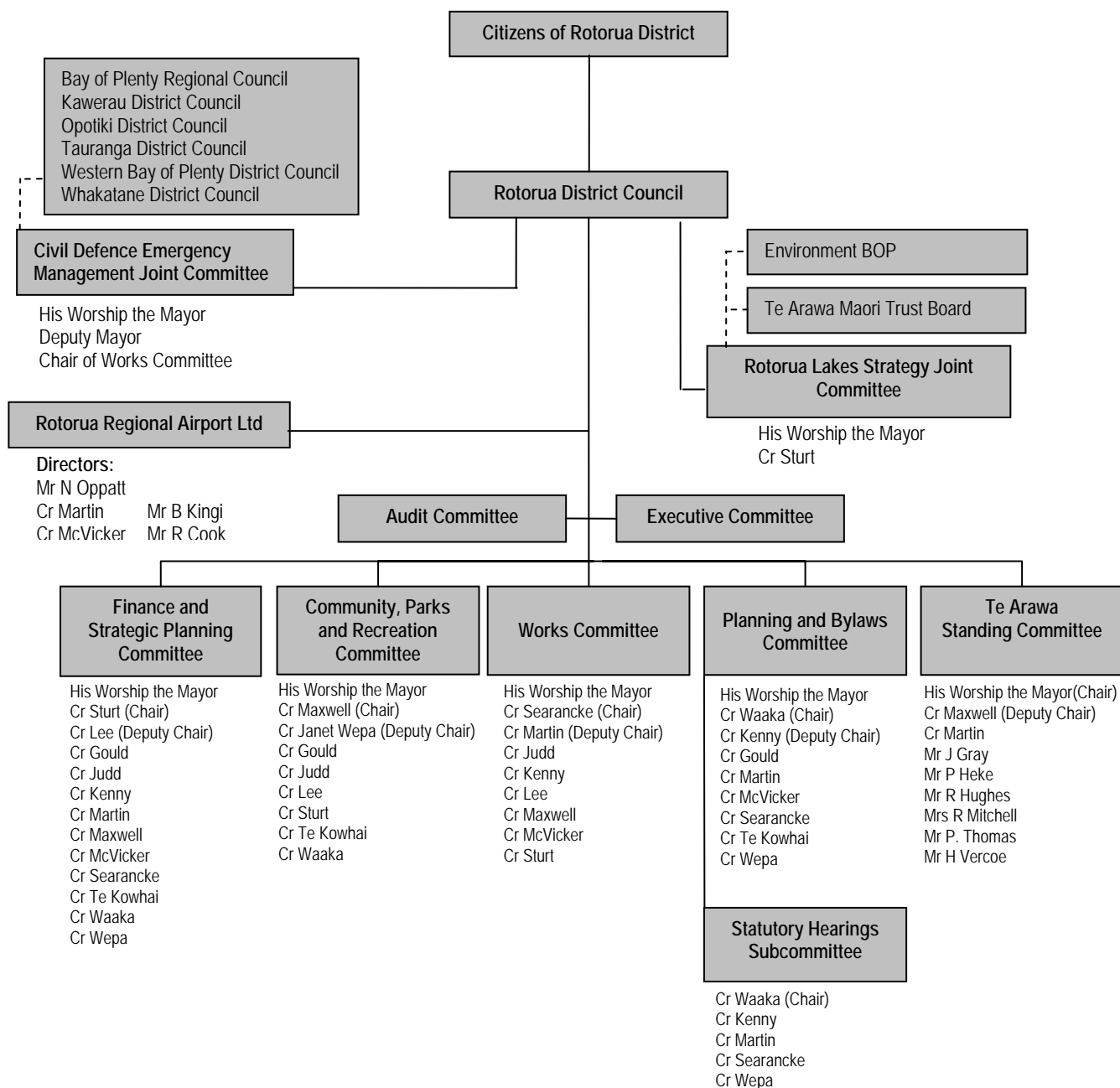


Cr Geoff Kenny



Cr Janet Wepa

Committee Structure



Committee Terms of Reference

- Finance and Strategic Planning**
 LTCCP and Annual Plan, rates, financial, general, tourism marketing, economic development, Castlecorp business unit, civil defence, airport company, City Focus
- Community, Parks and Recreation**
 Rotorua's Museum of Art and History, library, community, social policy, monitoring, information and research, community assistance policies, Safer Community Council, sister city relationships, pensioner housing, parks and reserves, aquatic facilities, cemeteries/crematorium, event facilities.
- Works**
 Local roads, state highways, footpaths, street lighting, vehicle crossings, road closures, road and traffic safety, land drainage, waste management, sewerage, water supplies.
- Planning and Bylaws**
 Planning, lakes waters, building, geothermal, health and control of dogs and stock control, parking, noise control, signage

- Te Arawa**
 The Te Arawa Standing Committee was established in 1993 and is chaired by the Mayor at the request of Te Arawa at the time the committee was established. As part of the Rotorua District Council's decision making process Te Arawa Standing Committee has the responsibility to provide a Te Arawa perspective on all matters that affect Maori.
- 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 subcommittee is chaired by Cr Waaka along with four other councillors who are members of the Planning and Bylaws Committee. It has approximately 12 meetings per year and deals with matters such as subdivision applications, resource consent conditions and applications, objections and the District Plan
- 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 that a proactive strategic approach is taken toward co-ordinating lakes quality improvement. Mayor Winters and Councillor Sturt are Council's representatives.
- Rotorua Regional Airport Ltd (RRAL)**
 The airport is a vital infrastructural component of the Rotorua and wider Bay of Plenty/Southern Waikato Region's economy. The Airport is 100% owned by the Rotorua District Council through a company which manages and plans separately to Rotorua District Council through a board of directors. Members of the Board during the year were Cr B Martin, Cr M McVicker, Mr R Cook and Mr B Kingi, Cr N Oppatt.
- Civil Defence Emergency Management Joint Committee**
 The six district councils in the Bay of Plenty region, together with the Bay of Plenty Regional Council, form this joint committee. The functions of the joint committee are to identify, assess and manage hazards and risks for the Bay of Plenty region.
- 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, Mr B. Lane. Its work includes internal/external audit matters. This committee meets as required
- 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 an ex-officio member of all committees.

Te Arawa Committee

This Committee has representatives appointed and elected from 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): Hawea Vercoe, Peter Guerin (Chief Executive), Piki Thomas, Mayor Kevin Winters, Cr Bob Martin, Mauriora Kingi (Director Kaupapa Maori), Deputy Mayor Trevor Maxwell
 Front row (left to right): Bella Tait (Iwi Research Officer), Jim Gray, Rene Mitchell, Piwiki Heke
 Absent: Ruka Hughes

Councillor Meeting Attendance

The table below sets out the percentage attendance recorded by councillors at Council and standing committee meetings. These figures are taken from councillor attendances of 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. There are also subcommittee and other meetings that councillors will attend throughout the year.

Council and standing committee meetings attended for the year ended 30 June 2006

	Te Arawa %	Works %	Community Parks and Recreation %	Planning and Bylaws %	Finance and Strategic Planning %	Council %	Overall %
	(8)	(8)	(8)	(8)	(20)	(14)	
GOULD		100	88	75	90	93	90
JUDD		88		88	90	93	90
KENNY		75		75	70	86	76
LEE		100	88		90	100	94
MARTIN	100	100		100	95	100	98
MAXWELL	100	75	88		85	93	88
MCVICKER		88		100	95	93	94
SEARANCKE		75		100	90	93	90
STURT		88	88		90	93	90
TE KOWHAI			88	75	80	79	80
WAAKA			75	88	80	86	82
WEPA			100	100	90	100	96

Overall % attendance for Council and standing committee meetings

Please note that councillors' attendance on other council business during meetings, is not included in the calculation

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 Remuneration Authority determines the overall salary pool for the Mayor and councillors, and how Councillors are remunerated from the pool is determined by Council.

Elected members are advised by the Chief Executive (who may seek additional external advice on matters such as legal opinions) and 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 last 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.

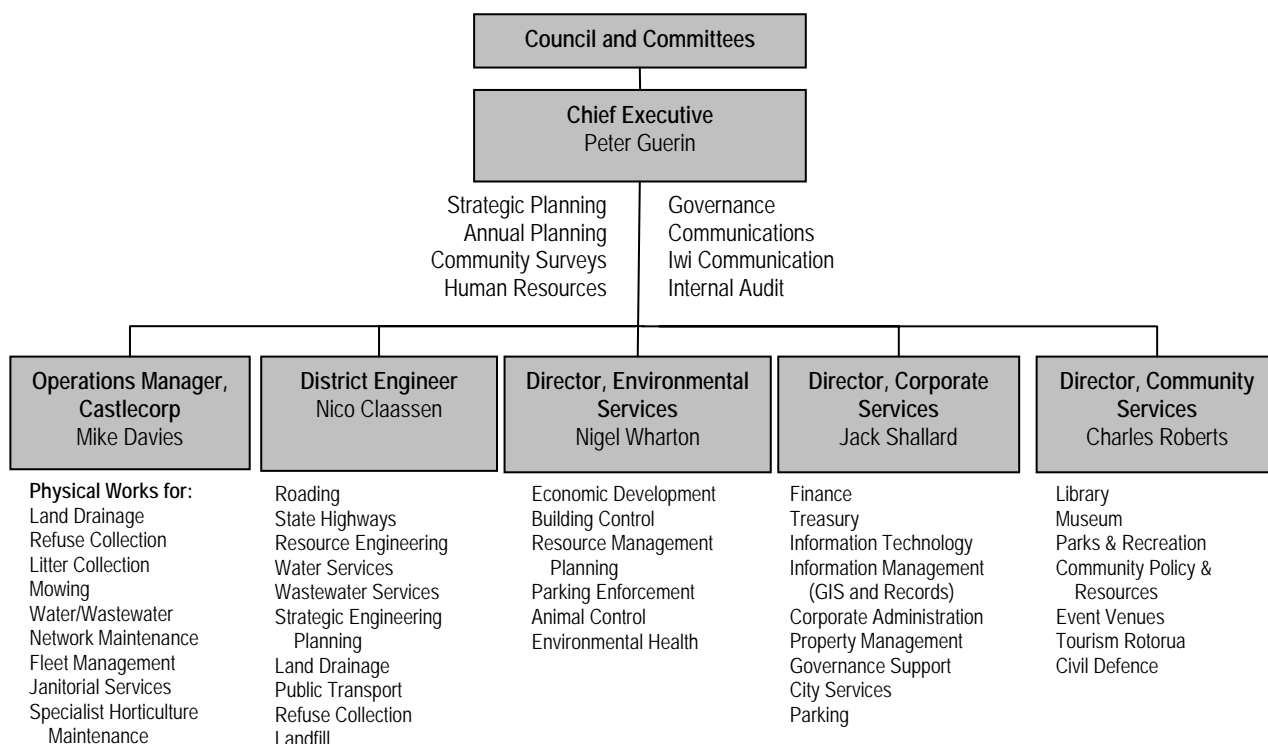
The management team regularly reviews the work of occupational health and safety subcommittees and also ensures appropriate staff are familiar with the SOLGM legal compliance project as it relates to their work area.

A schedule of members' financial interests 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: Nigel Wharton, Director Environmental Services; Jack Shallard, Director Corporate Services; Peter Guerin, Chief Executive; Nico Claassen, District Engineer; Charles Roberts, Director Community Services

STRATEGIC DIRECTION

Strategic Framework

Council has adopted a strategic and corporate planning framework that ensures there are clear linkages between the community's desired outcomes and the services Council provides.

The community outcomes express what is important for the Rotorua District to achieve social, economic, environmental and cultural well-being.



Long Term Council Community Plan

Council's LTCCP is also called our Ten Year Plan. This plan is required by the Local Government Act 2002 and describes our activities and budgets for the next ten years to ensure:

- Transparency with the community
- Sound decision making for the long term; and
- Best use of resources

Annual Plan

The Annual Plan is an action plan produced in the years that Council does not adopt a LTCCP, which sets out how Council has prioritised its goals on an annual basis.

The Annual Plan for 2005/06 was adopted on 27 June 2005 after public consultation was undertaken. There were 147 submissions on a range of issues relating to Council's services and activities.

During this process amendments were also made to the Ten Year Plan to ensure consistency between the documents and to reflect ongoing community input into the decision-making process.

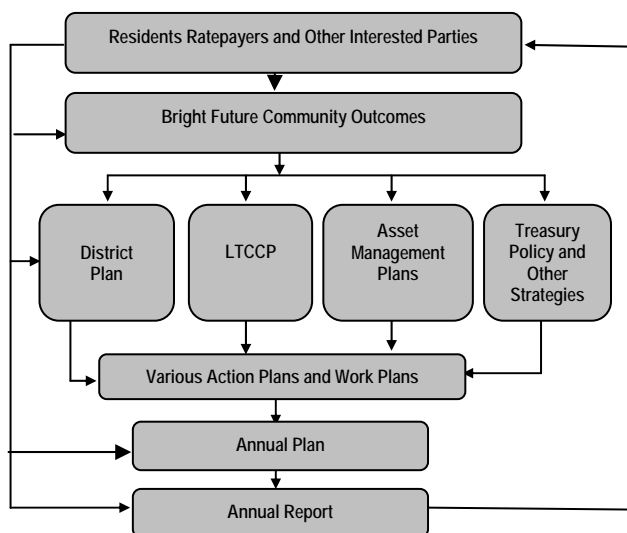
It is to this plan that the Annual Report compares what was intended with what was actually achieved for the year.

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 2005/06. 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 overleaf shows how 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.

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 effective 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 for local authorities 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.

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
- BrightEconomy
- Rotorua Visitor Industry Strategy
- Retail Strategy
- Funding and Rates Review
- District Plan 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:

Long Term Council Community Plan 2006-16

Council adopted its Long Term Council Community Plan 2006-16 (LTCCP) on 26 June 2006 following extensive consultation with the community. This ten year plan informs the community about the activities and services, and the level to which Council will provide these activities and services for the next ten years. It also identifies community well-beings and how Council contributes to these well-beings. Finally, the LTCCP provides the indicative costs of providing the various activities and services, and the funding required.

The Long Term Council Community Plan 2006-16 is a comprehensive document which includes a number of significant Council policies, as well as extensive information on the services and activities provided, so a summary report is also produced which highlights the main issues for the next ten years.

Other consultation and events during the year

Council undertook a significant amount of consultation with the community during the 2005/06 year either as part of a special consultative process or that Council wanted an indication from the community as to what option was preferred. Some of this consultation included:

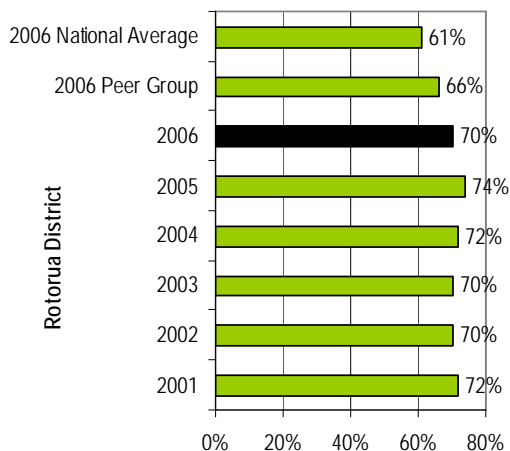
- Dangerous and Insanitary Buildings
- Development Contributions
- Resource Management Act fees and charges
- Representation Review
- Capital Value Rating Option
- Satisfaction Survey
- Marae meetings (to exchange information and clarify issues)
- Lakes Water Quality meetings (in conjunction with Environment BOP and Te Arawa Maori Trust Board)
- Eastern and Lake Okareka Sewerage Schemes
- Eastern Basin Development Plan (for land use)
- Notified District Plan Changes throughout the year

Community Satisfaction Survey

The 2006 Community Satisfaction Survey undertaken by National Research Bureau indicated that 70% of those surveyed thought the performance of the Council staff over the past 12 months was very good or fairly good. This is comparable to the peer group average of 66% and the national average of 61%. This is an indicator to Council that it generally meets the expectations of residents, ratepayers and other interested parties. Of those who contacted Council

over the past 12 months, 85% were satisfied with the service received.

% who rate Council staff performance as very/fairly good



Rotorua Regional Airport Ltd

As at 30 June 2006 Council owned 100% of the Rotorua Regional Airport Ltd and appointed all directors to that company. The directors appointed by Council that served on the board during the year are Councillor Neil Oppatt; Councillor Bob Martin; Councillor Mike McVicker; 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 Winters and Councillor Sturt as elected members, and Mr B. Lane, a Chartered Accountant, as an external member. The Committee met once during the year and received management reports from Audit NZ on end of year reporting.

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	
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. (Any complaints determined in Council favour).	Achieved
	– Ombudsman		
	– Privacy Commissioner		
	– Audit		
5.	Litigation Schedule	Risks manageable	Achieved
6.	Serious Fraud Matters (in terms of Council Policy)	Nil	Achieved
7.	NRB Rating (Council staff)	At least 10% above national average in satisfaction rating (61%)	Achieved
8.	Staff Turnover (organisationally)	No higher attrition than national statistics per annum	Achieved
9.	OSH Reports	OSH Audit Reports satisfactory ACC discount rating not less than 15%	Achieved

SUSTAINABLE DEVELOPMENT REPORTS

Sustainable Well-being 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 well-being – 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 well-being
- Economic well-being
- Environmental well-being
- Cultural well-being

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 Well-being 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 and put 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 0.3% 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 28% in 2001. This continued a positive trend falling from 29% in 2000 and 31% in 1999. The comparable 2001 figure for New Zealand overall was 23%. 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 birth weight 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 686 housing units for low-income families in Rotorua, and Rotorua District Council currently provides 152 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 3,200 Rotorua children. According to Ministry of Education statistics, 41% 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 267 in 2004 from 297 in 2000. This was in contrast with many other parts of New Zealand which experienced a rise in stand-downs over this period. 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 recent information from the Ministry of Education shows that the percentage of Rotorua school leavers with no formal qualification is around 16% compared with 12% at the national level over this period.

Standard of living

Around 34% of Rotorua children live in sole-parent families (2001 Census), 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 June 2005, 1,531 people were registered as receiving the Unemployment Benefit at the Rotorua work service site, down from 2,101 in June 2004. The Bay of Plenty regional unemployment rate is currently around 4.8%, which is a small rise after reaching an all time low for the previous year.

Community safety

In the "Rotorua District Perceptions of Safety Survey", conducted in April/May 2006, it emerged that 20.2% of Rotorua residents thought the district was not really or

definitely not a safe place to live. This is down from 21.3% in 2005 (24% in 2001).

The most common mentions by respondents in the survey as to why the District was not a safe place included high crime rate, burglary/home invasion, and assaults, muggings and physical violence. This is similar to the findings surveyed in 2005.

The total number of crimes reported to the Rotorua Police Area dropped to 10,529 for the year to June 2005, compared with 12,830 in 2004. This equates to a 17.9% reduction in crime in the space of one year.

The annual number of car crashes within the Rotorua District Council boundary during 2004 was 712. Of these, 33 resulted in serious injury, 157 resulted in minor injury and 515 were non-injury crashes. During 2003 there were a total of 772 car crashes with 29 resulting in serious injury, 160 minor injury and 578 in nil injury. There were eight road fatalities in the District during 2004, as compared to ten during 2003.

Social connection

As at May 2006, 44% of Rotorua residents believed that generally speaking they could trust people. Historically, levels of community spirit in Rotorua have been on par with the national average.

Economic Well-being 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 \$2.3 billion per year. Rotorua's estimated economic growth rate is currently down slightly on previous years at around 1.7 % per annum, which is slightly below the national level. However in line with national projections a growth rate of around 2.8% 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).

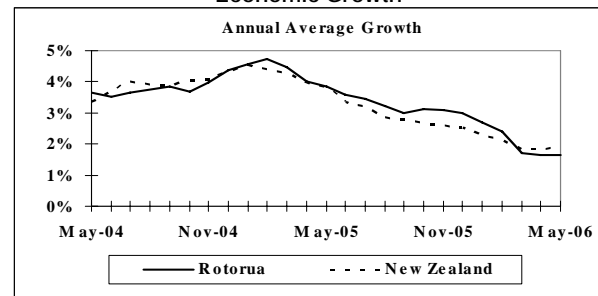
Fast-growing sectors over the coming years are expected to include trade and tourism, machinery and equipment manufacturing, wood products manufacturing, health, education, forestry and transport along with the business and services sector. There are a number of available sites for new investment in the Rotorua District, particularly for light industry including Eastgate Business Park and the recently opened Te Papa Tipu Innovation Park located on the SCION site.

Recent major developments include the Rotorua Energy Events Centre, Skyline Skyrides gondola upgrade, construction of the Ibis Hotel, airport upgrade, Rotorua Central Mall developments, upgrade of the Red Stag Timber Waipa Sawmill site and many real estate developments including the impressive Parklands Estate development on the outskirts of the city. These are only a few of the major investments to have flowed into the city over the past 12 months however they indicate a relatively high level of confidence in the future across all sectors of the economy. This recent activity is also backed by an annual average growth rate in the number of new building consents issued in Rotorua rising 54% for the year ended May 06.

In 2005 / 06 Council has adopted a 'sustainable economic growth' strategy for the district known as the "BrightEconomy Strategy" and a Board of eleven private sector representatives have been appointed to assist in driving the implementation of this strategy. The strategy focuses on a nine point framework for growth recognising the three primary drivers of the economy in farming, forestry & wood processing and tourism, while also identifying six new areas of opportunity in local energy generation, biomaterials, land use optimisation, water, immigration & lifestyle investment and research and development. More can be found out about the BrightEconomy project at www.brighteconomy.com.

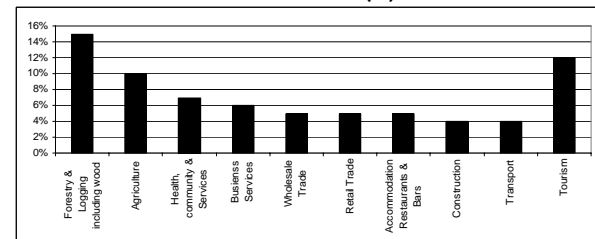
Economic growth across all industries is also being supported through the Rotorua Employment Skills Project, which is about developing industry lead solutions to the employment skills issues facing the regions employers through the development of sector specific cluster groups. There is also strong support for the tourism and screen production sectors with Rotorua being a major partner in the regional film office initiative known as Film Volcanic, and the strong destination marketing program being implemented by Destination Rotorua Tourism Marketing.

Economic Growth



Source: APR Consultants

Estimated Sectorial Contributions to Rotorua GDP (%)



Sources:

1. Donnelly, P. (2003), Statement of Evidence of Philip Thomas Donnelly
2. APR Consultants (2004), Economic Impact of Tourism on the Rotorua District Economy

Note: Statistics NZ does not have a classification for the tourism industry, but applying data in the Tourism Satellite Account to the classifications of accommodation, restaurants/cafes, activities, and retail yields an estimated value of tourism's contribution to GDP.

Business confidence

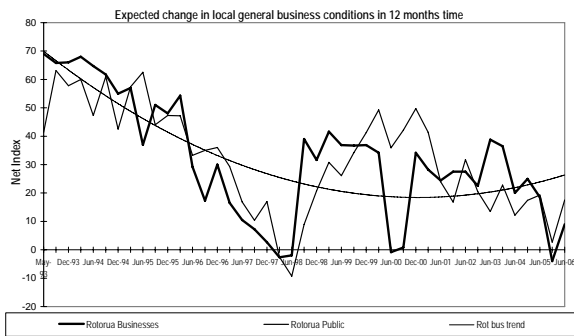
Council commissions a six monthly survey of Rotorua firms and consumers to assess trends in business confidence. The results are compared with those of a national survey undertaken by the National Bank. The most recent results for June 2006 show that the local business confidence indexes are at steady levels, with most local indices having positive expectations.

The latest survey shows that in Rotorua there is confidence that:

- local business conditions will improve or remain at current levels over the next 12 months,
- economic activity will increase,
- personal income will go up,
- business employment will remain at current levels,
- business investment will be at increased levels,
- promotional budgets will increase,
- export volumes will improve, and
- building construction levels will increase.

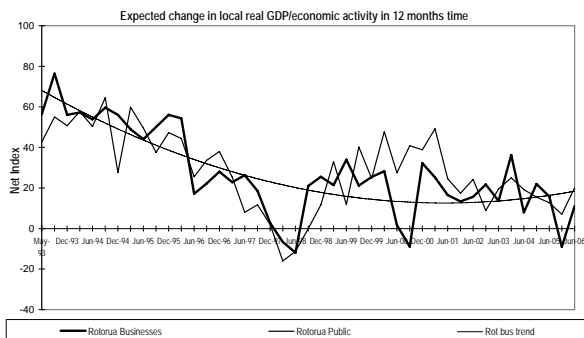
However, Rotorua residents and businesses are less optimistic about local unemployment and profits, as well as national issues such as business conditions, unemployment, interest rates and prices.

Local General Business Conditions



Source: APR Consultants; June 2006 Business & Consumer Confidence Survey – www.rotorua-business.com

Local Real GDP



Source: APR Consultants; June 2006 Business & Consumer Confidence Survey - www.rotorua-business.com



Agriculture

The agricultural industry directly employs around 1,400 people in Rotorua, with a further 260 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 RADi centre. Also having a world leading science and research organisation such as SCION (formally Forest Research) within the Rotorua city provides an extra dynamic to the already extensive Rotorua and central North Island forest industry.



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. Of recent times, 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

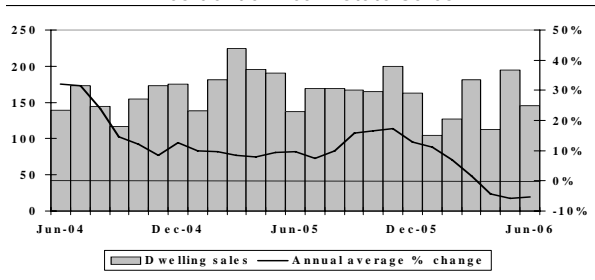
The construction sector, including building-related services such as plumbing and roofing, employs around 1,460 people in Rotorua. Approximately 65% of equivalent full-time jobs in this sector relate to trade services. The continued development of tourism and other business activity will be a key driver of commercial construction growth in the future.

Rotorua's residential building sector continued to grow for the year to May 2006 with the annual average growth rate in the number of new residential building consents issued in Rotorua at a growth rate of 54.2%.

The level of activity in Rotorua's housing market eased in June 2006. There were a total of 145 houses sold during the month, with a median sale price of \$203,100. The number of

sales recorded in June 2006 was less than the 195 sales recorded in May 2006, and slightly greater than the 137 sales recorded in June 2005. There has been good annual growth in the median house prices for the year end to June 2006 with a 12.9% growth rate.

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 2.6% annually to 2010, 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 5,250 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. Compared with a value of Bay of Plenty (BOP) retail sales that totalled \$373.6 million in April 2006, sales in May 2006 totalled \$344.5 million while the value of sales in May 2005 was \$329.2 million. The annual average growth rate in the value of BOP's retail sales was a robust 10.3% for the year ended May 2006.

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 visitor resort destinations in New Zealand. More than one

third of all international visitors to New Zealand 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 major hotels to luxury lodges. 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 passive attractions and towards more 'interactive' type attractions. The tourism industry in Rotorua is also a major contributor to the District's economy. The District attracts more than 1.6 million overnight visitors and 1.4 million day visitors annually. The 1.6 million overnight visitors spend an average of 2.1 nights each in Rotorua, which equates to approximately 3.4 million visitor nights. 20% of all jobs in Rotorua are within tourism businesses (that's one in five people employed in the tourism industry) and a further 5% of jobs are dependent on tourism by virtue of being in roles that service the tourism industry. The Ministry of Tourism forecasts visitor expenditure in the Rotorua region will be \$469.8 million for the year ending December 2006. This expenditure has a significant flow on effect into other business sectors that service the tourism industry, into the many Rotorua households that have members employed in the tourism industry and into the Rotorua community as wages and profits derived from visitor expenditure are spent by local residents and businesses. In the same forecast, visitor arrivals are expected to increase 2.4% annually and expenditure to increase 4.9% annually through until 2011. The tourism sector is guided by the Destination Rotorua Visitor Industry Strategic Plan, which maps out the development 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 Well-being Report

The Rotorua community has identified that the second most important community outcome is *A community that respects its environment*. Indicators have been developed to measure whether this is being achieved.

Environmental reporting is required by both the Local Government Act 2002 and the Resource Management Act 1991. In addition, reporting of environmental trends helps to inform people about their local environment and inspire community action. To enable Council to respond to how we as a community are interacting with and affecting the resources of our District, Council has undertaken an Environmental Perceptions survey in 2006 of some 1000 residents. The results of this survey will form part of a follow up report in 2007 to the first District State of the Environment Report - Tracking Together published in December 2002.

The State of the Environment report presented data on 37 baseline indicators of environmental progress. These indicators are being further developed not only for the purposes of the State of Environment Report but also to enable RDC to contribute to regional information sharing programmes with Environment Bay of Plenty and Environment Waikato. The indicators are not just focused on the natural environment but also aim to provide a broader picture of how the Rotorua community interacts with the district's resources. The data in Council's environmental monitoring programme currently covers the following topics:

- Tangata whenua
- Water
- Land
- Urban
- Transport

In addition to this council recognises that there are global environmental issues such as climate change, energy efficiency and wise use of resources.

Tangata whenua

Rotorua District Council has a legal and social responsibility to give consideration to Maori values in the 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. An Iwi consultative committee meets to discuss consent applications received. This committee refers the applications to the relevant Iwi or hapu where further consultation is required. The 2006 Environmental Perceptions Survey showed 28% of respondents thought that the relationship between Tangata Whenua and Rotorua District Council had improved over the last five years, an increase of 9 percentage points from the 2002 survey.

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. Around 80% of Rotorua residents visit the District's lakes on at least a monthly basis.

The cultural, recreational, ecological and functional values of water directly influence the wellbeing of the community.

Improving and protecting lake water quality is a priority issue for the community. 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. The Joint Lakes Strategy Committee, a collaborative body made up of Environment Bay of Plenty, Te Arawa Māori Trust Board and Rotorua District Council, oversees the work of the Rotorua Lakes Protection and Restoration Programme.

Significant short term solutions to the problems being experienced by some of the lakes are being progressed such as proposed Ohau Channel diversion, alum dosing and in-lake flocculant treatment. In tandem a significant programme of sewerage reticulation for lake side communities is already underway. The Wastewater Treatment Plant has also undergone an upgrade recently to further reduce to nutrient levels eventually reaching Rotorua's lakes and streams. 82% of residents are provided with a sewerage system of these, 95% are satisfied with the service.

Not only do nutrients from wastewater affect water quality but stormwater eventually ends up in our waterways. Currently 100% of urban stormwater receives at least primary treatment. In 2005 Rotorua District Council introduced the Water and Trade Wastes Bylaw. This will assist in reducing contaminant runoff into the lakes of the district.

In the longer term it is recognised that changes in land use and land management practices are inevitable to better manage lake water quality. As each catchment is different, 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 has an annual budget allocation for this type of work to improve landscapes, protect lake margins and wetlands and conserve and increase biodiversity in the District.

Trend data shows that water levels in the Rotorua geothermal field have significantly recovered since the closure of many bores. This year sees the beginning of the

review of the Rotorua Geothermal Plan by Environment Bay of Plenty. This may create opportunities to make use of the geothermal resource for community heating schemes.

Land

Rotorua District Council has a responsibility under the Resource Management Act 1991 to manage the effects of land use activities. Effective management of land use and subdivision is essential to ensure 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 potential to be recycled. The recycling centre at the landfill and the in-town recycling centre divert more than 15,000 tonnes of material from the landfill each year. Increased use of these recycling facilities would 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. 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 with 92% of residents stating that Rotorua has suitable housing. Over 90% of existing residents are satisfied with the accessibility of amenities such as health services, reserves and supermarkets. Some 89% of residents are satisfied with their level of privacy, and District Plan guidelines are largely being met with regard to noise levels. Over the past year there were 2,876 noise complaints received and 83% of residents are satisfied with Council's noise control activity. All residential dwellings within the Rotorua urban fence have access to reserve areas within a 500 metre radius. Council has invested significantly in improving public infrastructure in Rotorua, including upgrades 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 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 200 km of state highway. Council has a rural seal extension programme of 7 km per year that equates to an annual spend of \$1 million. Another \$700,000 per year is spent on urban and rural street improvements. A 2006 survey showed that 57% 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 (61%) believe that traffic in and around Rotorua has become worse in the last two years (although 66% 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. Almost half (47%) 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.

Climate Change

The environmental wellbeing being of Rotorua District also contributes to the national and globally environment. Increasingly climate change is being recognised as an environmental issue, with 96% of Rotorua residents stating they are aware of global warming.

Over the past year Rotorua District Council has become a Communities for Climate Protection Council, joining 18 other councils in New Zealand. With 19 participating councils 63% of New Zealand's population is represented. The Communities for Climate Protection Programme addresses issues such as energy use, transport and waste. Since joining the programme, Rotorua District Council has received a recognition award and a Milestone 1 trophy.

Cultural Well-being Report

Cultural well-being 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 well-being 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 unrivalled 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 (70%), Māori (38%), Pacific Islands (5%) and Asian (4.1%). (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 offers a wide range of opportunities to be involved in arts and cultural activities. The arts trail lists galleries and artists' studios, as well as featuring some of the district's public art works. The Rotorua Arts Village Experience is home to many craft groups, community and professional exhibitions, workshops and classes. Local arts funding through the Rotorua Trust and Rotorua District Council supports community and public arts programmes, which contribute to making Rotorua a vibrant, engaged and culturally diverse place to live and visit.

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 five 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 strive for excellence in its people practices as well as instilling a pride and strong customer focus in all its activities. As part of the Council's continuous improvement practices, an employee survey has been undertaken which will assist in the recruitment, development and retention of staff. In turn, this will also ensure that our customers, residents, will continue to receive the best possible service from a highly skilled workforce.

The NRB survey for 2006 indicates that the performance of Council staff over the 2005/06 financial year has dropped slightly in comparison with last year's results but still has the Rotorua District Council as one of the highest performing local authorities in New Zealand.

Maintaining a safe working environment, terms and conditions of employment and staff's physical well being continues to be of paramount importance to management. The commitment and professionalism displayed by staff throughout the year is one of the key reasons for the staff performance being rated so highly.

Employment Situation

The Northern Amalgamated Workers Union and the Northern Distribution Union represent our wage worker employees in terms of the coverage clauses of the respective collective agreements whilst salaried staff are represented by the Public Service Association which includes some third tier managers.

Approximately 48% of salaried staff and 80% of waged staff employed by Council are union members and therefore employed under the respective negotiated collective agreement terms and conditions while the remainder are employed on individual employment agreements.

Staff Turnover

The overall staff turnover for the year ending 30 June 2006 which includes both wages and salaried staff but excluding fixed term and casual employees was 12% compared with 16% in 2005 and 18% in 2004.

The labour market remains tight for recruitment activities which creates strong competition in attracting and retaining the best skills. Engineers and Planners are still in short supply and some other disciplines remain difficult to attract. The Council will continue to support the "Opportunities New Zealand Expo" held in London and Manchester each year

and seek skills for middle to upper management positions that cannot be filled through traditional methods.

Remuneration Committee

The Remuneration Committee is constituted as follows:

Chairperson	Peter Guerin	Chief Executive
Members	Garry Page	Parks and Recreation Manager
	Cherie Meechan	Manager Collections and Programmes
	Jean Douglas	Supervisor Parking Services
	Mijo Katavic	Business Manager Castlecourt
Secretary	Sue Dunn	Human Resources Advisor
Job Analyst	Judy Holden	Human Resources Manager

The Remuneration Committee reviewed 31 positions during the year ending 30 June 2006 compared with 52 for the previous year. There were 10 new positions reviewed

Health and Safety Committee

We have an Employee Participation in Health and Safety Agreement with our site unions as required by the Health and Safety in Employment Act. Council has a Health and Safety Committee made up of 22 elected health and safety representatives whose responsibility it is to assist in the improvement of health and safety in the work place. These health and safety representatives represent 19 work sites throughout Council. We continue to be highly rated by Occupational Safety and Health inspectors which is a just reward for all our staff who constantly ensure that they work safely and that the work environment is safe.

During the year ended 30 June 2006 there were 133 reported accidents compared with 115 for the previous year. This is a slight increase on the previous year. Time off statistics have increased slightly as well due to one staff member being off work for 258 days.

We have continued to provide flu vaccinations for staff during the year and 121 staff took up this opportunity compared to 118 in 2005.

Training and Development

The annual Performance Development review process for staff is used to identify training and development needs for individual staff. Human Resources arrange training by external providers to meet these training requirements.

During 2005-06, there were 922 attendees at training courses, seminars and conferences. Some of the courses attended by a reasonably high number of staff were First Aid (103); Microsoft Training (69); Stay Safe Training (53); and Fire Extinguisher Training (51) to highlight a few.

Most training requirements for staff are identified through their annual Performance Development Review.

Long Service

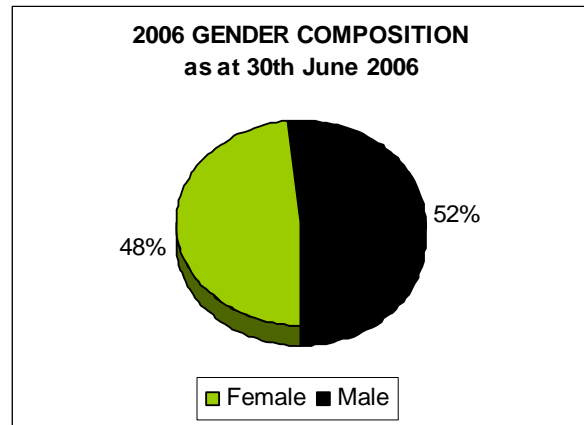
The Mayor and Chief Executive made formal presentations to 18 long serving staff members in recognition of loyal service to Council and the community. Our longest serving staff member had completed 45 years service with four others having completed 30, 35 and 40 years respectively. In addition, three staff had completed 25 years service with a further 10 having completed 20 years service. These 18 staff have a total accumulation of 475 years of service with Council. The loyalty of these staff to Council is commendable.

Employee Assistance Programme/ Support Systems

An Employee Assistance Programme (EAP) is an independent, confidential, counselling service that is available to all staff. It provides professional and confidential assistance to staff that have personal problems and could potentially impact on their health and performance at work. A number of staff benefited from EAP assistance during the year.

Gender Composition of Council

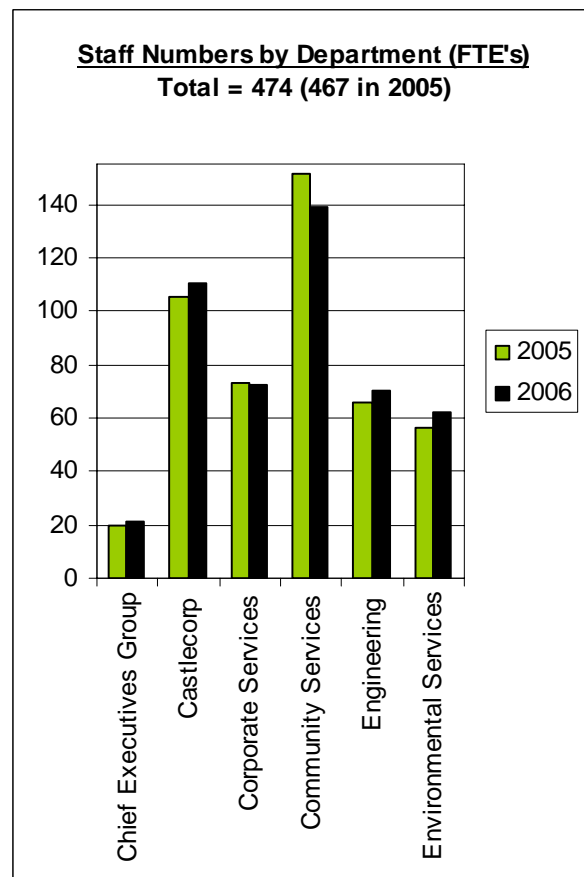
As at 30 June 2006, the gender composition of Council was 48% females and 52% males. These numbers include staff employed either in full time, part time or casual positions.



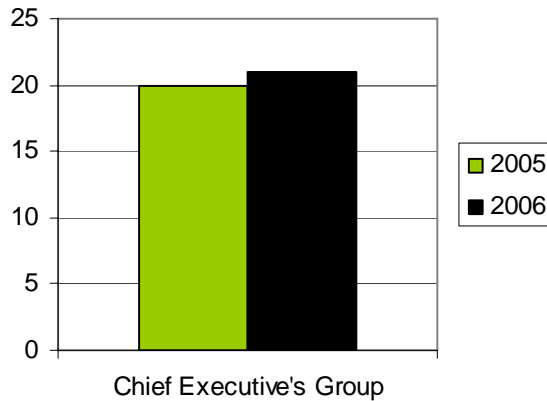
Staff Numbers

The following graphs show staff numbers by department and by section within each department. Increase/decreases in some areas relates to structural changes.

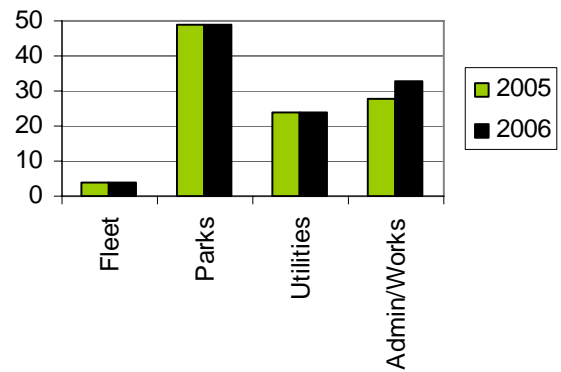
The staff numbers represent fulltime equivalents (FTEs).



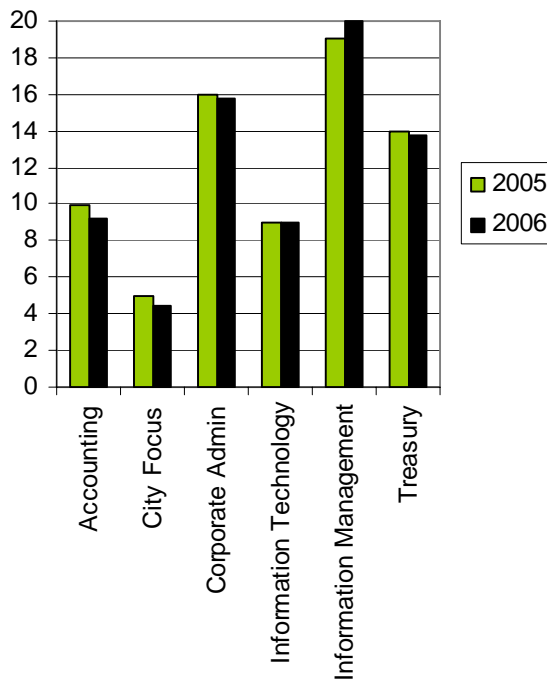
Chief Executive's Group
 Total staff (FTE's) = 21 (20 in 2005)



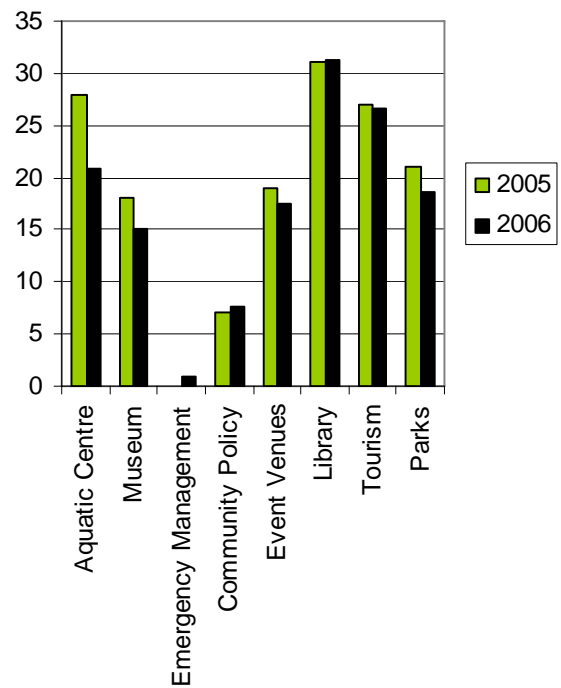
Castlecorp
 Total staff (FTE's) = 110.5 (105 in 2005)



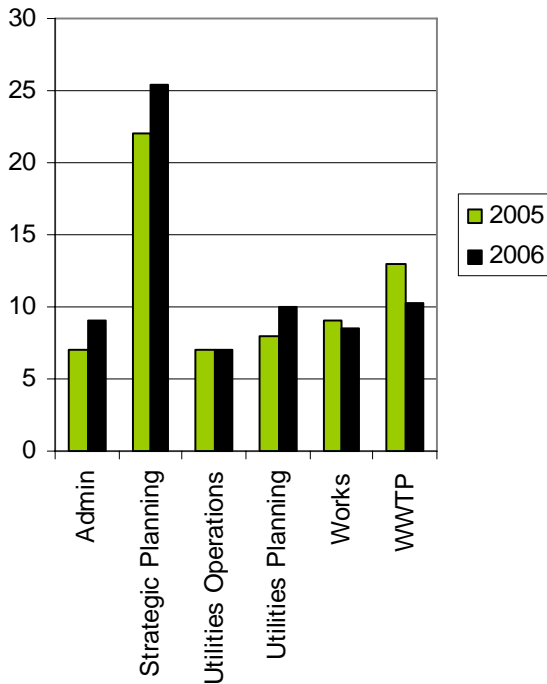
Corporate Services
 Total staff (FTE's) = 72.176
 (73 in 2005)



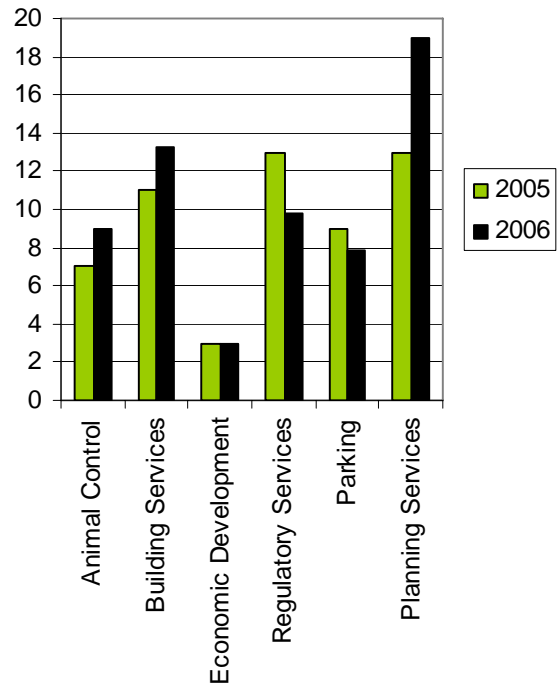
Community Services
 Total staff (FTE's) = 138.576
 (151 in 2005)



Engineering
Total staff (FTE's) = 70.244
(66 in 2005)



Environmental Services
Total staff (FTE's) = 61.925
(56 in 2005)



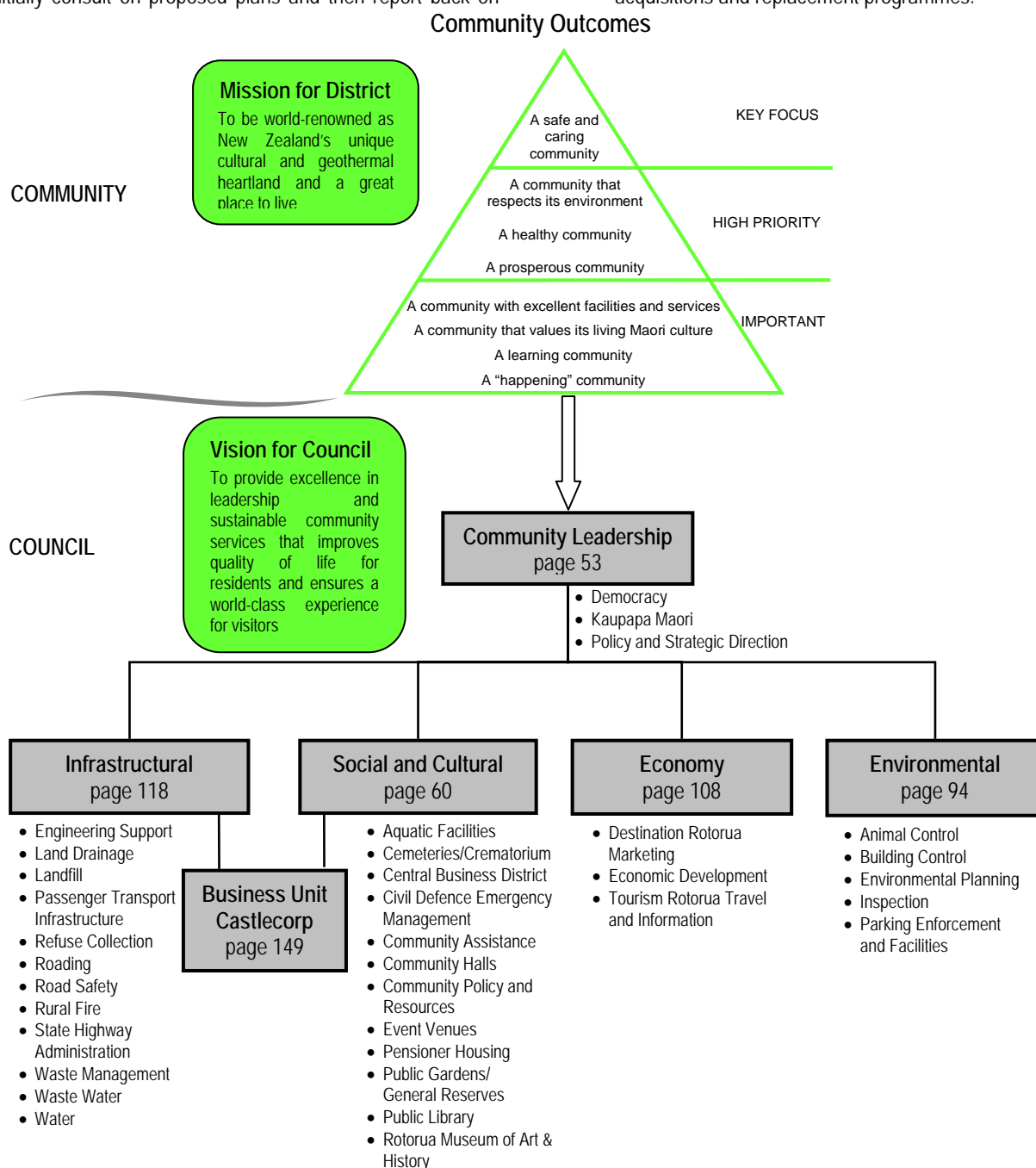
STATEMENTS OF SERVICE PERFORMANCE

Council is responsible and accountable for giving effect to community identified priorities and desired outcomes in an efficient and effective manner. Council operations have been divided into six key areas of responsibility (Activity Groups), which are 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, economic or cultural well-being 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 covers the period from 1 July 2005 to 30 June 2006, 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. Some performance targets refer to an NRB survey. This is an annual community satisfaction survey relating to Council, its policies, its operations, its levels 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 in subsequent years. The margin of error for the latest survey was $\pm 4.9\%$. The results obtained from the May 2006 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. 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 Castlecourt 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

		Community Outcomes							
Page	Activities within this Group	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
54	Democracy	✓	✓	✓	✓	✓	✓	✓	✓
56	Kaupapa Maori	✓	✓	✓	✓	✓	✓	✓	✓
58	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.

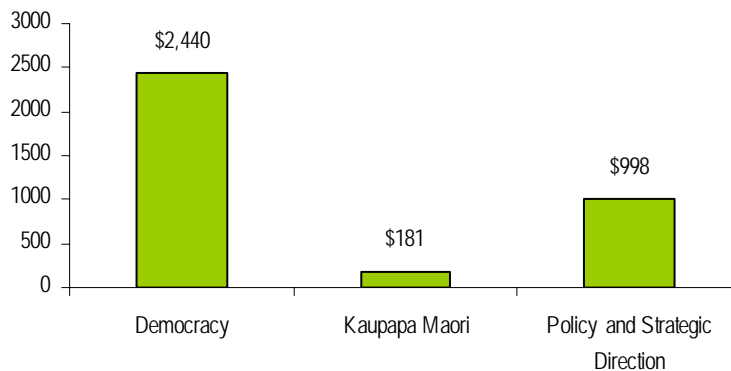
The activities in this group are central to ensuring that Rotorua District Council's services are contributing towards the promotion of community outcomes and improving social, cultural, economic and environmental well-being for the people of the District.

Significant Negative Effects

No significant negative effects have been identified in relation to this activity group.

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 seek to balance stewardship, growth and affordability, and ensure community involvement.

This year's highlights and achievements included

- **Representation** - Undertook a review of representation for the 2007 elections.
- **Overseas delegations** - Hosted 109 overseas delegations in the Civic Centre, predominantly from China and Korea.

Activity purpose – how and why we provide the service

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 from 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.

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

The activity contributes towards sustainable development by promoting the following 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 ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATING COSTS			
Direct costs	2,463	2,455	2,392
Depreciation	9	12	4
Total costs	2,472	2,467	2,396
REVENUE			
Fees and charges	32	20	82
Total revenue	32	20	82
Net cost of service	2,440	2,447	2,314

Capital Expenditure

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
Other renewals	11	39	6
Total capital	11	39	6

How we pay for this activity

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATIONAL FUNDING			
Net cost of service	2,440	2,446	2,314
Less depreciation for capital	(9)	(12)	(4)
Total rates for/(from) operations	2,431	2,435	2,310
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	9	12	4
Loans	2	27	2
Total capital	11	39	6

Performance for 2006			
Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Public approval for Council's policies and performance.	Ensure that all council meetings have a quorum of members at the beginning, and for the duration of all meetings.	100% compliance	Achieved 100%.
	Councillors will attend all full council meetings, with absences for officially sanctioned council business taken into consideration.	95% attendance	Achieved 97%.
	Councillors will attend all committee meetings of which they are members, with absences for officially sanctioned Council business taken into consideration.	95% attendance	Achieved 95%.
	Where members have attended conferences as council representatives, a written or verbal report will be provided at the next appropriate committee meeting.	All conferences reported back to appropriate committee.	Achieved.
	Use a community survey as a method to gauge public approval for the performance of the Mayor and councillors.	NRB 75% Fairly good/very good rating or higher. Satisfaction with Mayor and councillors is higher than average for peer authorities	Not achieved – 55%.
Ensuring that transparency and accountability in the decision making process is maintained at all times	Members will provide full disclosure of any conflict of interest where issues are being debated, and where they may have an interest greater than the public at large.	Members Interest Register kept current, and maintenance of database for audit purposes	Achieved.
Ensuring that the basis for the triennial elections is consistent with the wants of the community.	Review and determine the basis for the 2007 triennial election in accordance with the provisions of the Local Government Act.	To determine the basis of the 2007 triennial elections in accordance with relevant legislation.	Achieved June 2006, subject to objection to the Local Government Commission.

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

- Whare Korero booklet - Completed.
- Te Reo Maori Week Awards - Finalist.
- Communications policy - Completed.
- Mana Whenua - Draft completed.
- Marae meetings - Three Marae meetings completed.
- Maori Committees and Advisory Groups - Maori Committees and Advisory Groups that support Council – guide completed May 2006.
- Tangata Whenua and Maori Communication and Consultation Guide - Completed.

Activity purpose - how and why we provide the service

This activity employs the Director Kaupapa Maori and its key outcome revolves around the following operational 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, and consistent with the environmentally prudent development of all 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.

The activity contributes towards sustainable development by promoting the following 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 ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATING COSTS			
Direct costs	179	223	170
Depreciation	2	3	3
Finance	0	0	0
Total costs	181	226	174
REVENUE			
Net cost of service	181	226	174

Capital Expenditure

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
Other renewals	3	0	0
Total capital	3	0	0

How we pay for this activity

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATIONAL FUNDING			
Net cost of service	181	226	174
Less depreciation for capital	(2)	(3)	(3)
Total rates for/(from) operations	179	223	170
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	2	3	3
Loans	1	(3)	(3)
Total capital	3	0	0

Performance for 2006			
Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
The inclusion of a Maori perspective in existing Council policies.	Have all new relevant Council policies assessed from a Maori perspective.	100% compliance	Achieved. All Council policies, reports and documentation have been culturally audited. The Te Arawa Standing Committee have also made comment to the policies and these have been included.
Understanding of Maori cultural values in areas of Council core business, including Te Reo Maori and Tikanga Maori, will be encouraged.	Have management approved training programmes in Te Reo Maori and Tikanga Maori, including Waiata, available to staff and councillors each year.	Available by 31.12.05	Te Reo Maori classes commenced in July 2005 together with Waiata and Tikanga classes.
Working with Maori of the district to facilitate appropriate policies.	Iwi Management Plans will be supported and approved where requested.	Plans supported and completed when requested by 30.06.06.	The Mana Whenua Plan is complete and will be presented to the Te Arawa Standing Committee for their comment. The budget has been set aside to fund Mana Whenua Plan. The document has had iwi input.



Policy and Strategic Direction

Overall aim of the activity

To guide the organisation with inspiring competent leadership and direction.

This year's highlights and achievements included

- **Ten Year Plan** - Adopted Ten Year Plan for period 2006-2016. Plan received clear audit opinion from the Auditor-General.
- **Ministry for Culture and Heritage reference group** - Rotorua District Council invited onto Ministry for Culture and Heritage reference group developing good practice resource.
- **Community Outcomes Bay of Plenty** - Development of strong working relationship with government agencies in the Bay of Plenty and other local authorities through 'Community Outcomes Bay of Plenty' focussing on housing, health, and economy.
- **Well-being statements** - Completion of social, economic, environmental and cultural well-being statements to link community outcomes to Council's Ten Year Plan (see Chief Executive's report for further details).
- **Networking** - Strong networking with other agencies and organisations through Chief Executive:
 - Appointment as a member of the Office of the Auditor-General's local government advisory group.
 - Chair of Joint Electoral Working Party, with members from Ministry of Health, Department of Internal Affairs, Local Government Commission, Society of Local Government Managers, and Local Government New Zealand.

Activity purpose - how and why we provide the service

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

The Local Government Act (LGA 2002) requires rigorous decision-making processes for policy development. 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 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. It is believed that 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

The activity contributes towards sustainable development by promoting the following community outcomes

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

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

Cost of Service

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATING COSTS			
Direct costs *	(490)	(770)	(358)
Depreciation	2,307	2,142	2,075
Finance	540	(154)	1,073
Total costs	2,357	1,218	2,790
REVENUE			
Investment income	346	(390)	916
Fees and charges	1,013	746	1,790
Total revenue	1,359	356	2,706
Net cost of service	998	862	84

* Net of internal recoveries from other activities for internal support services.

Capital Expenditure

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
Other renewals	1,073	2,500	1,792
Strategic properties	3,181	1,000	909
Total capital	4,254	3,500	2,701

How we pay for this activity

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATIONAL FUNDING			
Net cost of service	998	862	84
Less depreciation for capital	(2,307)	(2,142)	(2,075)
Total rates for/(from) operations	(1,309)	(1,280)	(1,991)
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	2,285	2,142	1,199
Loans	490	227	(4,912)
Reserves net	1,128	1,101	3,526
Advances net	10	10	14
Shares	0	0	350
Asset sales	341	20	2,524
Total capital	4,254	3,500	2,701

Variance from budget

OPERATING COSTS: The net cost of service is higher as Council's corporate target of \$200,000 savings initially budgeted in this activity have been saved in other areas of Council. Delayed capital projects has meant net interest savings. These savings have been allocated across other activities of Council.

CAPITAL COSTS: Council purchases strategic properties as they become available. This year we purchased a major property in Te Ngae Road.

Performance for 2006

Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Community participation in setting strategic direction.	Identify and review Community Outcomes on behalf of community.	Re-identify Community Outcomes	N/A – To be completed in 2010 as per Local Government Act 2002.
	Consult with public on draft LTCCP.	N/A	Communication plan completed.
	Facilitate Integrated Outcomes Plan.	Plan completed and publicly available 30.08.05.	Not achieved – Deferred to 2006/07 to align with Community Outcomes BOP work programme.
Community informed and consulted on major policies, decisions, projects and activities.	Publication of Council/Community news.	At least 4 issues per year.	Achieved.
	Question residents on approval/disapproval of Council decisions/actions.	Less than 35% of NRB respondees disapprove of recent decisions/ actions.	Achieved – 21%.
	Report to community on progress towards Community Outcomes.	Report to community by 01.12.05.	Not achieved – Deferred to 2006 due to LTCCP commitments.
Council performance monitored and reported back to community.	Report to the public against LTCCP and Annual Plan financial and non financial targets in accordance with the Local Government Act.	Report adopted by 30.10.2005.	Achieved.
		Unqualified Audit opinion.	Achieved.
	NRB survey used to gauge public perception of Council performance.	Survey completed and reported by 31.08.06.	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
61	Aquatic Facilities	✓		✓		✓		✓	✓
65	Cemeteries/Crematorium	✓		✓		✓			
67	City Services Operations	✓				✓			✓
69	Civil Defence Emergency Management	✓							
71	Community Assistance	✓		✓		✓			✓
73	Community Halls	✓				✓			
74	Community Policy and Resources	✓		✓	✓		✓		
77	Event Venues	✓	✓		✓	✓			
81	Pensioner Housing	✓							
83	Public Gardens/General Reserves	✓	✓	✓	✓	✓			✓
87	Public Library	✓	✓	✓	✓	✓	✓	✓	✓
91	Rotorua Museum of Art & History	✓	✓		✓			✓	

Overview of Group

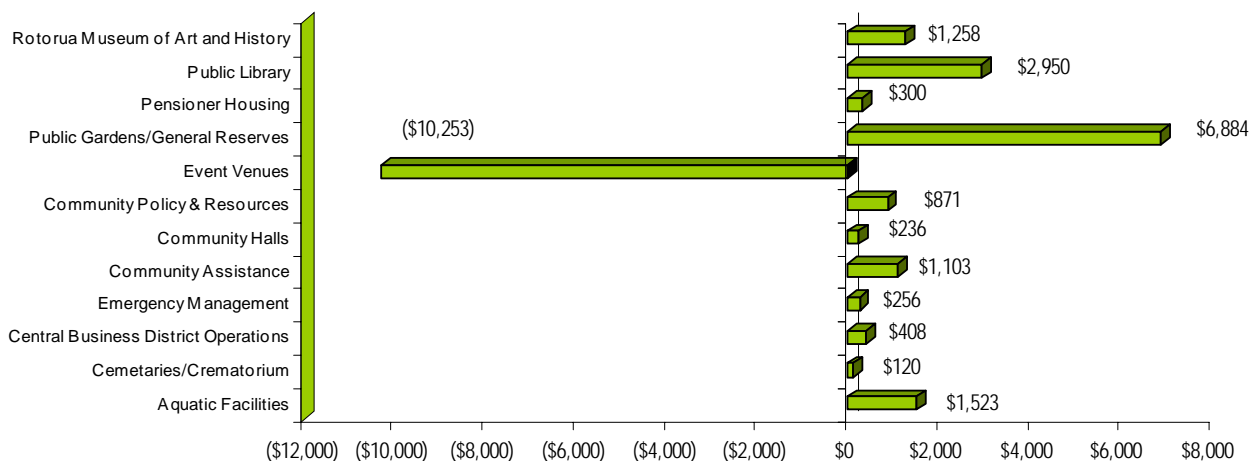
The activities in this group enhance the district as a place to live. Many of the services provided through these activities are recognised as very important to the community and would not be able to be provided to the level expected without Council's contribution and involvement.

Significant Negative effects:

No significant negative effects have been identified in relation to this activity group.

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

- **Westpac Chamber of Commerce Business Awards 2005** - Finalists in Hospitality and Attractions section.
- **Recreation programme** - Establishment of Aquatic Centre recreation programme.
- **Management reporting system** - Development of Aquatic Centre interfaced management reporting system via Intranet.
- **Chemical dosing system** - Commissioning of Aquatic Centre 'Hot Spots' automated chemical dosing system.
- **Lifeguard Championships** - Aquatic Centre lifeguards won the Central North Island Lifeguard Championships – and came fifth in the National Lifeguard Competition.
- **Unison Lake Safety Programme** - 1000+ children participated in programme, sponsorship from Unison.
- **Swimsation** - Over 39,000 individual lessons taken during past financial year.
- **Blue Water Cardio Studio** - Has had strong growth with current membership of 200 and annual return of \$32,000.

Activity purpose – how and why we provide the service

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 Rotorua Aquatic Centre is a recreational and competitive swimming and aquatic leisure facility, open 7 days per week from 6.00am to 9.00pm. Supervision is provided by trained lifeguards, ensuring the safety of patrons and the effective operation of the aquatic centre. Each year over 315,000 admissions are predicted. The water quality is to New Zealand Standards and supervision levels are as promoted by Water Safety NZ.

The centre also provides a "Learn to Swim" school (using the franchise 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.

The activity contributes towards sustainable development by promoting the following 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.
- To provide programmes that encourage the working together of organisations on agreed priorities.
- To promote and provide facilities and programmes that promote the growth and strengthening of families to work, play and talk together
- To provide 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.
- To provide an affordable aquatic facility for the local community.
- To invest in additional facility upgrades to provide excellent facilities.
- To provide qualified, friendly and helpful staff

A healthy community

- By maintaining and actively promoting the Rotorua Aquatic Centre for health and recreation.
- To provide programmes which promote a healthy community.
- To provide 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

- To provide 'fun and enjoyable' events and programmes that caters for all ages and ethnicity of the community.

Cost of Service

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATING COSTS			
Direct costs	2,123	2,027	1,996
Depreciation	282	270	287
Finance	43	69	31
Total costs	2,448	2,366	2,314
REVENUE			
Subsidies and grants	3	12	5
Fees and charges	922	1,031	912
Total revenue	925	1,043	917
Net cost of service	1,523	1,323	1,397

Capital Expenditure

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
Aquatic Centre Upgrade			
Level of Service Change	88	181	81
Pool Equipment			
Renewal	3	10	15
Other renewals	4	4	10
Total capital	95	195	106

How we pay for this activity

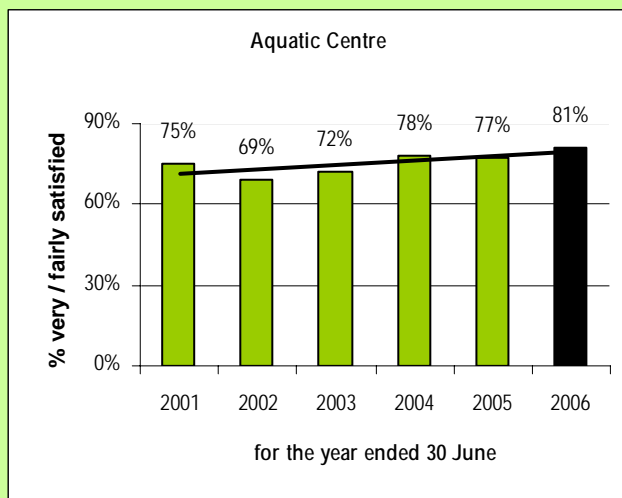
For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATIONAL FUNDING			
Net cost of service	1,523	1,323	1,397
Less depreciation for capital	(282)	(270)	(287)
Total rates for/(from) operations	1,805	1,593	1,684
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	282	270	287
Loans	(187)	(75)	(180)
Total capital	95	195	107

Performance for 2006

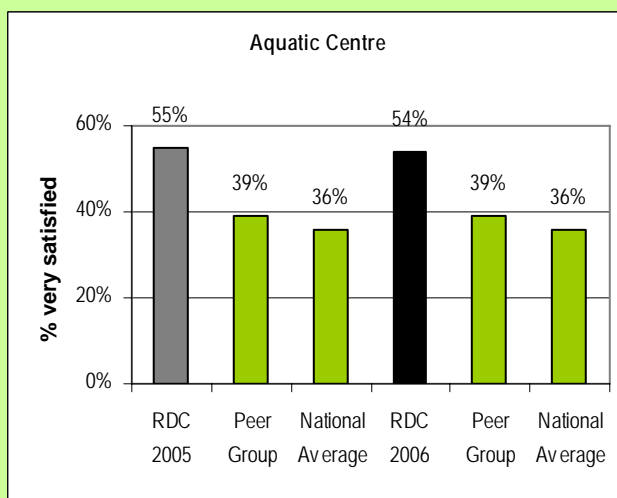
Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Maintaining and actively promoting the Rotorua Aquatic Centre for health and recreation.	Provide an Aquatic Centre facility within budget whilst achieving the targeted community satisfaction level.	77% NRB Fairly good/very good rating or higher.	Achieved – 81%.
		85% User Survey	Achieved – 85%.
Enhancing the core philosophies that "Learn to Swim" is within the reach financially and physically for all residents of Rotorua District.	Provide a quality Learn to Swim teaching service at the centre that is available to users of the facility.	97% programme availability.	Achieved – 100%.
		User survey undertaken first and third terms.	Achieved.
		95% satisfaction user survey.	Achieved – 95%.

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.



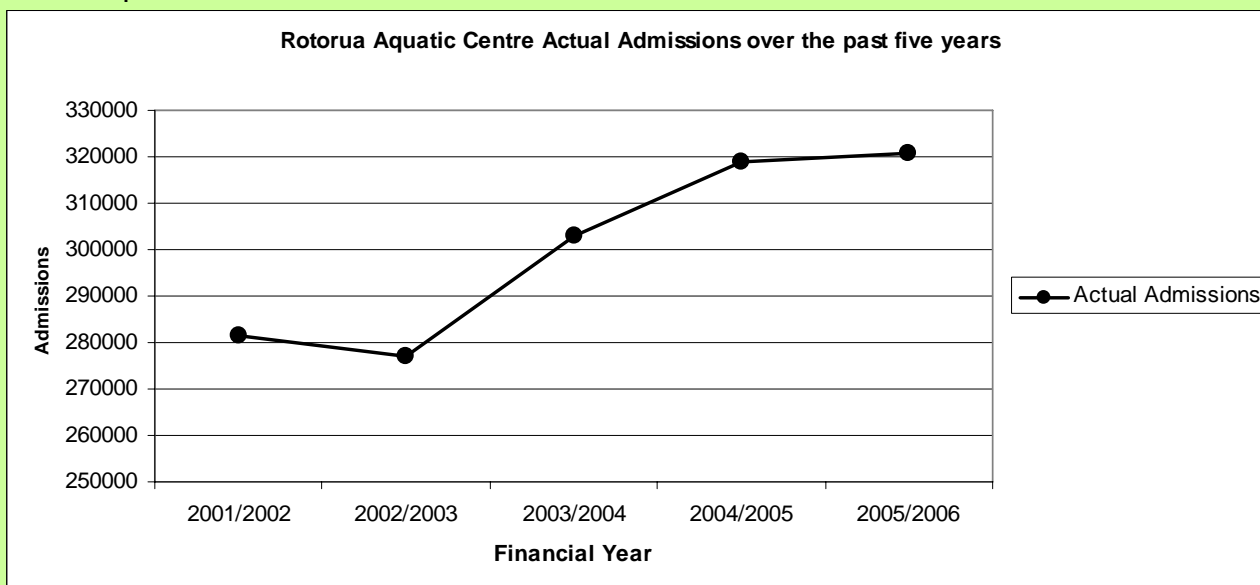
This graph shows the percentage of survey respondents that are very or fairly satisfied with this service over the last six years. There is a trend line which helps show the general direction of service satisfaction over time.



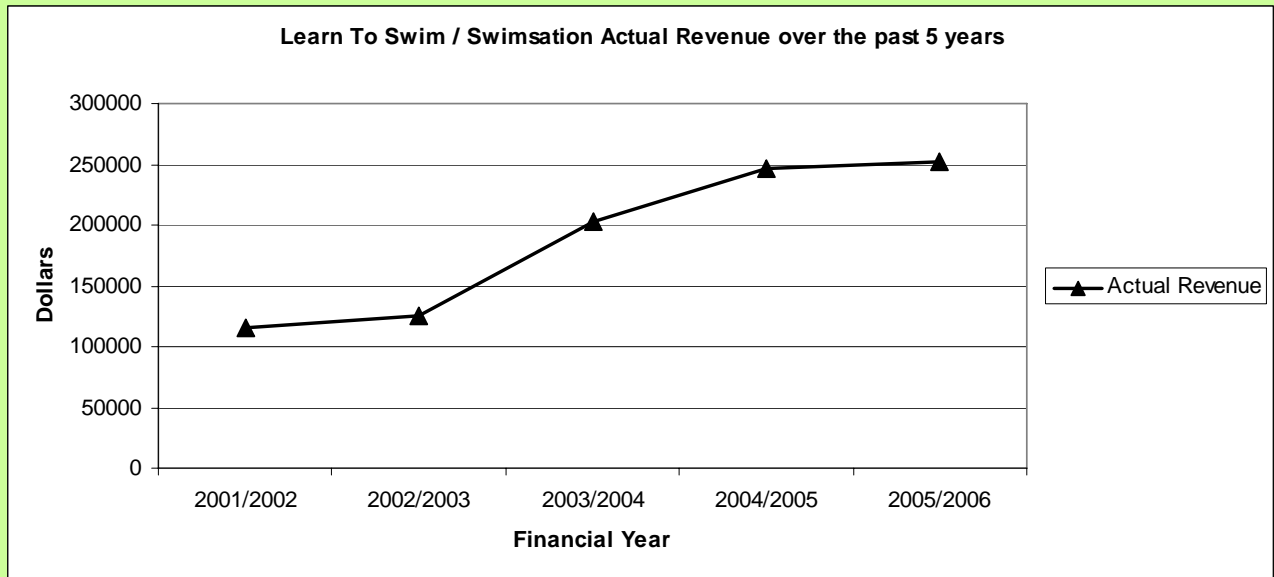
This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last two years and compares it with our peer group and the national average.

Other Indicators

Rotorua Aquatic Centre Actual Admissions



Learn to Swim / Swimsation Actual Revenue



Aquatic Centre Lifeguards win Central North Island Lifeguard Competition

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

- **Day to day management** - Cemetery/ crematorium day to day management contracted to Castlecorp.

Activity purpose – how and why we provide the service

Council provides this service for legislative compliance reasons and to enhance community health and safety, and because the activity is significant, and involves management of strategic assets.

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 Board of Trustees with administrative and corporate support costs met by Council

The activity contributes towards sustainable development by promoting the following 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 ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATING COSTS			
Direct costs	268	292	289
Depreciation	19	16	19
Finance	10	15	8
Total costs	297	323	316
REVENUE			
Fees and charges	175	165	175
Capital grants and contributions	2	3	0
Total revenue	177	168	175
Net cost of service	120	155	141

Capital Expenditure

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
Cremator Upgrade Plant			
Renewal	0	13	0
Crematorium - General >\$1000			
Renewal	12	35	21
Cemetery Toilet			
Level of Service Change	51	15	0
Cemetery Development			
Provision for Growth	0	300	0
Other renewals	1		2
Total capital	64	363	23

How we pay for this activity

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATIONAL FUNDING			
Net cost of service	120	155	141
Plus capital grants and contributions	2	3	0
Net cost of service	122	158	141
Less depreciation for capital	(19)	(16)	(19)
Total rates for/(from) operations	103	142	122
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	19	16	19
Loans	43	344	4
Capital Grants	2	3	0
Total capital	64	363	23

Variance from budget

CAPITAL EXPENDITURE: Developing new cemetery will now take place in 2007

Performance for 2006

Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Providing 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.	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.
	Have cremated remains ready for dispatch in a timely manner.	Within 16 working hours of accepting the body for cremation.	Achieved.
	Acquire and develop additional cemetery land to provide for future needs.	Development plan completed by 30.06.06.	Not achieved – Delays in identifying cemetery site.



City Services Operations

Overall aim of the activity

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

This year's highlights and achievements included

- **CCTV cameras** - Introduction of new day/night CCTV cameras.
- **Pay and display parking** - Introduction of solar powered 16 bay 'pay and display' parking unit in Haupapa Street.
- **Street events** - Successful staging of street events, including:
 - Jambalaya Street Festival
 - Rally of Rotorua ceremonial start
 - Last of Summer Wine Streetfest (end of daylight saving).

Activity purpose – how and why we provide the service

Council is the service provider, asset manager and provides regulatory assistance.

This service is provided in order to meet ratepayers expectations and involves keeping the central city and adjacent areas 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, and includes promotion of the city.

The activity contributes towards sustainable development by promoting the following 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

Central Business District Operations

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATING COSTS			
Direct costs	1,278	1,362	1,244
Depreciation	98	87	82
Finance	8	12	6
Total costs	1,384	1,461	1,332
REVENUE			
Subsidies and Grant	4	0	0
Fees and charges	6	8	6
Capital grants and contributions	78	0	23
Total revenue	88	8	29
Net cost of service	1,296	1,453	1,303

Parking CBD Operations

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATING COSTS			
Direct costs	363	413	373
Depreciation	217	133	129
Finance	19	32	17
Total costs	599	578	519
REVENUE			
Fees and charges	1,487	1,592	1,403
Total revenue	1,487	1,592	1,403
Net cost of service	(888)	(1,014)	(884)

Capital Expenditure

Central Business District Operations

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
Sound System			
Renewal	0	0	5
Other renewals	127	36	43
Total capital	127	36	48

Parking CBD Operations

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
Parking Meter Acquisition			
Renewal	126	30	71
Other renewals	61	60	37
Total capital	187	90	108

How we pay for this activity

Central Business District Operations

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATIONAL FUNDING			
Net cost of service	1,296	1,453	1,303
Plus Capital grants	78	0	23
Less depreciation for capital	(98)	(87)	(82)
Total rates for/(from) operations	1276	1,366	1,244
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	99	87	82
Loans	(50)	(51)	(57)
Capital Grants	78	0	23
Total capital	127	36	48

Parking CBD Operations

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATIONAL FUNDING			
Net cost of service	(888)	(1,014)	(884)
Less depreciation for capital	(217)	(133)	(129)
Total rates for/(from) operations	(1,105)	(1,147)	(1,013)
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	126	133	129
Loans	61	(43)	(21)
Total capital	187	90	108

Performance for 2006

Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
A safe CBD environment for all users.	Maintain the operation of the crime prevention camera system.	100% achieved.	Achieved 100%.
Ensuring high standards of CBD cleaning and maintenance.	Ensure CBD, Lakefront and Government Gardens cleaning and maintenance is completed within approved budget and to approved standards.	Budget achieved. 95% contractor compliance.	Achieved.
Provision of efficient and effective sanitary janitorial services for all public conveniences.	Have janitorial services programmes completed within approved budget.	Budget achieved. Janitorial programme completed 100%.	Achieved.
	Ensure all janitorial services policies are complied with.	100% compliance	Achieved 100% compliance.
	Respond promptly to all complaints on sanitary standards.	Within 1 hour	Achieved.



City Centre during 2006 UCI World Mountain Bike Championships

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 and contributing to the needs of the region in accordance with the Bay of Plenty Civil Defence Emergency Management Plan.

This year's highlights and achievements included

- **Emergency Management Co-ordinator** - Fulltime employee position of Emergency Management Co-ordinator (previously service contract) to co-ordinate and lead public awareness.
- **Civil Defence vehicle** - New Civil Defence vehicle purchased with extensive signwriting forming part of increased public awareness campaign.
- **What's the Plan Stan?** - New MCDEM initiative for schools called "What's the Plan Stan?" Increasing public awareness.
- **Reporoa Civil Defence volunteer group** - Established.
- **National CDEM Plan and Guide** - New Plan effective from 1 July 2006.
- **RAPID Pathway** - Scheme introduced. Training for staff and volunteers more structured. Successful annual exercise held 1 December 2005.

Activity purpose – how and why we provide the service

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.

The activity also covers the cost of conducting training exercises and competitions such as 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 Regional CDEM Group has been actively developing task specific plans e.g. Welfare Plan, as a consequence of the adoption of the Bay of Plenty CDEM Group Plan.

Council has been active in developing a Pandemic Emergency Plan in response to the bird flue threat. Although at a national and regional level this is a health board initiative, it impacts on Council as a provider of key infrastructural services that cannot be allowed to fail and through civil defence responsibilities for logistics.

The activity contributes towards sustainable development by promoting the following community outcomes

A safe and caring community.

- An efficient, effective and responsive organisation.

Cost of Service

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATING COSTS			
Direct costs	266	266	239
Depreciation	8	11	8
Total costs	274	277	247
REVENUE			
Subsidies and grants	18	20	10
Total revenue	18	20	10
Net cost of service	256	257	237

Capital Expenditure

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
Other renewals	11	23	8
Total capital	11	23	8

How we pay for this activity

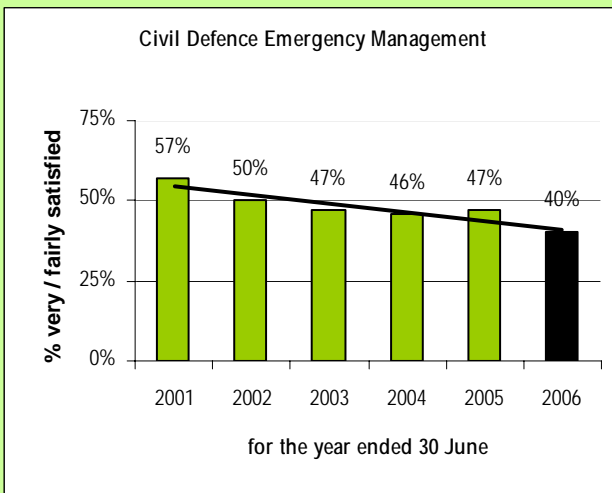
For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATIONAL FUNDING			
Net cost of service	256	257	237
Less depreciation for capital	(8)	(11)	(8)
Total rates for/(from) operations	248	246	229
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	8	11	8
Loans	3	12	0
Total capital	11	23	8

Performance for 2006

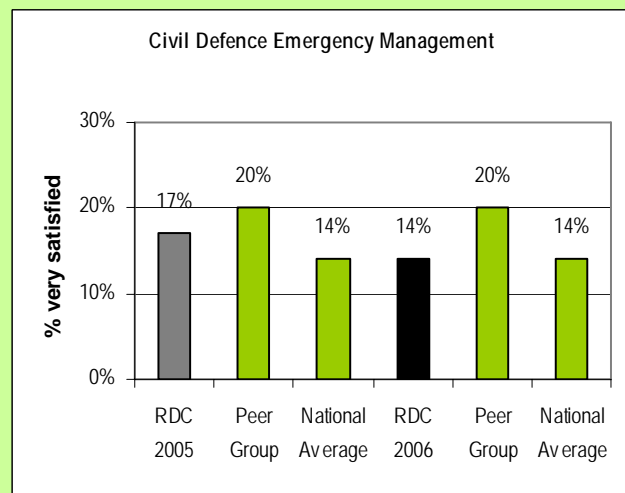
Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Maintenance of efficient and effective Civil Defence operations to standards necessary to provide adequate protection in terms of the Bay of Plenty CDEM Group Plan.	Hold a major internal (district) Civil Defence exercise 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 the Civil Defence Emergency Management Group Plan.	1 internal exercise 1 joint exercise	Achieved – Council exercise “Waimangu” 01.12.05. Achieved – BOP Group Exercise “Rapier” 22.03.06. Also National Exercise “Pacific Wave” 17.05.06.
	Identify the status of home preparedness for a civil defence emergency and mount a campaign to reinforce this.	Status monitored and reported.	Achieved – Presentations and visits to various groups and schools.

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 very or fairly satisfied with this service over the last six 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 two years and compares it with our peer group and the national average.

Community Assistance

Overall aim of the activity

To improve community well-being.

This year's highlights and achievements included

- Review of Community Assistance policies - Paper presented to Community Parks & Recreation Committee 31 May 2006.
- Community Assistance Development Fund - Funding granted to Hockey Turf (\$300,000), Rotorua Rugby League (\$48,000), and Rotorua Agricultural & Pastoral Assn (\$50,000). Community Assistance Development Fund policy reviewed by Councillors in workshop; revised policy approved July 2006.

Activity purpose – how and why we provide the service

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 well-being.

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 Fund
- Contracts with the not-for-profit sector;
- Council's annual and rates grants;
- Creative Communities Rotorua Fund (on behalf of Creative NZ).
- Funding for Neighbourhood Support.
- Funding for Rotorua Healthy Homes insulation retrofit project.

The activity contributes towards sustainable development by promoting the following 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 well-being, 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 ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATING COSTS			
Direct costs	1,147	1,260	576
Total costs	1,147	1,260	576
REVENUE			
Investment income	0	0	1
Subsidies and Grants	44	44	44
Total revenue	44	44	45
Net cost of service	1,103	1,216	531

How we pay for this activity

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATIONAL FUNDING			
Net cost of service	1,103	1,216	531
Less community assets funding	(378)	(490)	(71)
Total rates for/(from) operations	725	726	460
CAPITAL FUNDING			
Capital funded by:			
Loans	284	347	299
Reserves net	16	7	(4)
Advances net	78	136	(224)
Grants for community assets	(378)	(490)	(71)
Total capital	0	0	0

Performance for 2006

Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Community funding management to support local community initiatives which improve well-being.	Administer all of Council's Community Assistance policies within budget and timeframes and prepare an annual report.	By 30.06.06	Achieved.
Administration of Creative New Zealand funding	Administer funding within budgets and within agreed guidelines and timeframes.	Funding rounds completed. 100% compliance with guidelines.	Achieved.
Consolidate policy and action plans around assisting the not for profit social and community services sector on the basis of pilots begun in 04.	Review current local and national policies and practices and develop new policy and action plans for adoption.	Implement action plans and report by 30.06.06	Achieved.

Summary of Community Assistance Development Fund Years 1-4

	ORGANISATION	AMOUNT APPROVED	AMOUNT PAID
YEAR 1 2002-2003	Rotorua Lakes High School		11,250.00
	Muruika Arts		21,850.00
	Tarawera Sail Sports		5,900.00
	Rotorua Bowling		2,000.00
	Rotorua Tennis Club		10,000.00
	Rotorua BMX	32,888.33	24,666.25
	Lynmore Primary School	40,000.00	30,000.00
	Western Heights High School	300,000.00	
	Lake Okareka Tennis and Netball	3,375.00	3,375.00
	Netball Rotorua	3,665.40	
	Netball Rotorua	439.00	
	380,367.73	109,041.25	
YEAR 2 2003-2004	Rotorua Cycling Sports	2,143.33	2,143.33
	Rotorua BMX		5,487.50
	Tarawera Sail Sports		1,987.50
	Lynmore Primary School		10,000.00
	Rotorua Lakes Water Trust	15,733.33	11,800.00
	Western Heights High School		225,000.00
	Netball Rotorua		3,655.40
	Rotorua -Ngo Rail Trust	10,000.00	10,000.00
	Supported Employment Ag	2,477.00	2,477.00
	Rotorua Girls High School	300,000.00	225,000.00
		330,353.66	497,550.73
YEAR 3 2004-2005	Rotorua BMX		10,051.25
	Rotorua Lakes Water Trust		5,532.41
	Western Heights High School		75,000.00
	Rotorua Girls High School		75,000
	BOP Hockey	300,000.00	
	Rotorua Cricket	17,357.42	12,393.00
	Kaharoa Primary	100,000.00	
	St Chad's Communication Centre	132,302.00	99,236.50
	Reporoa College	100,000.00	
	Rotorua Stock Car Club	24,082.08	18,061.56
	Rotorua Softball Assn	35,595.95	24,830.35
	709,337.45	320,105.07	
YEAR 4 2005-2006	Rotorua Cricket		6,052.61
	St Chads		33,075.55
	BOP Hockey		225,000.00
	Rotorua Stock Car Club		6,020.52
	Rotorua Rugby League	48,000.00	42,441.34
	Rotorua A & P Assn	45,254.00	33,940.00
	Kaharoa Primary		75,000.00
		93,254.00	421,530.02
TOTAL TO DATE AFTER FOUR YEARS		\$1,513,312.84	\$1,348,227.07

Community Halls

Overall aim of the activity

To provide access to quality rural halls.

This year's highlights and achievements included

- Ngongotaha Hall - Continues sustained popularity.
- Publicity brochure - Produced to market Council's community halls.

Activity purpose – how and why we provide the service

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, both used by a number of Rotorua ratepayers.

The activity contributes towards sustainable development by promoting the following 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 ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATING COSTS			
Direct costs	158	159	151
Depreciation	81	78	86
Finance	11	17	9
Total costs	250	254	246
REVENUE			
Fees and charges	14	15	16
Total revenue	14	15	16
Net cost of service	236	239	230

Capital Expenditure

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
Community Halls Capital			
Renewal	0	0	0
Total capital	0	0	0

How we pay for this activity

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATIONAL FUNDING			
Net cost of service	236	239	230
Less depreciation for capital	(81)	(78)	(86)
Total rates for/(from) operations	155	161	144
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	81	78	86
Loans	(81)	(78)	(86)
Total capital	0	0	0

Performance for 2006

Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
The management of Council's community halls	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. Activity report presented by 30.06.06	Achieved.
Active support to community halls to increase community use of halls with vacant capacity.	Develop and maintain promotional material about the rural hall facilities, and assist halls administrators to plan for increasing use.	Update material by 30.06.06	Achieved.
Establish and implement a robust monitoring programme about the level of use of rural halls	Develop and implement systems for documenting the level and type of community use of rural halls.	Report on usage levels and patterns by 30.06.06	Achieved.

Community Policy and Resources

Overall aim of the activity

To improve community well-being.

This year's highlights and achievements included

- **Truant-free shopping areas in CBD** - Led implementation of truant-free shopping areas in CBD, Westend and Brooklyn Road shopping centres. Produced "Truant-free shopping areas: guide for retailers".
- **Oceania Mountain Bike Champs Crime Prevention Plan** - Worked closely with Rotorua Police in development of crime prevention plan for Oceania Mountain Bike Champs in March 2006.
- **Community Safety Project Fund** - Held inaugural Community Safety Projects Fund round, with \$50,000 available for projects which enhance community safety.
- **Funding from Crime Prevention Unit** - Attracted further \$5,000 from Crime Prevention Unit, Ministry of Justice, for lighting-based Crime Prevention Through Environmental Design (CPTED) assessment in southern Government Gardens.
- **Local Services Mapping** - Teamed with Family and Community Services for local service mapping project of Rotorua services focused on youth offending.
- **Project Papa Waka** - Began Project Papa Waka –two year car crime reduction project. New signage, CPTED assessments of four problem car parking areas, and relationships developed with local accommodation industry.
- **CBD CCTV** - Upgraded CBD crime prevention (CCTV) cameras to night vision quality. Upgraded monitoring infrastructure, allowing monitoring and control of cameras over internet link.
- **Sister City Relationships**
 - Two hundred and forty students and teachers from Beppu visited in November 2005
 - Twenty five people delegation from Beppu visited
 - Hamurodai School visited in June with 43 in party.
 - Six person delegation from Lake Macquarie visited in September 2005
- **ANZAC Day service** - Seven hundred people attended service in atrocious weather.
- **Good Health Publication** - Publication of 8th edition of Good Health! – Directory of Health and Well-being Services.
- **Social Monitor Update** - Publication of 2005 Social Monitor Update – latest information on key social trends.
- **Creative Rotorua Website** - Features arts and culture in Rotorua including information on key events and opportunities, profiles on local artists and galleries, subsection on the Rotorua Arts Village Experience (RAVE) and general arts database.
- **Children's Day - October 30** - Celebrated with group of artists led by Jill Walker from the Travelling Tuatara, with support from Save the Children, Plunket and Cancer Society.

- **Waitangi Day 2006** - Grant of \$3,000 from Ministry for Culture and Heritage put toward exhibition and workshop for Waitangi Day.
- **Matariki 2006** - Working with community groups to host and promote exhibitions, music events, poetry readings, workshops, a play 'Motupohue' and more. Range of funders including Te Puia (\$2,000), Creative Communities Rotorua, RAVE and Te Waka Toi.
- **Pathways and Youth in Transition**
 - Attracting \$50,000 from Mayors' Taskforce for Jobs.
 - Attracting \$15,000 from Hospitality Standards Institute (HSI) for a new initiative with secondary schools and local chef's association.
 - Pathways into Tourism Project ran for second year with nine students completing programme.
 - Hospitality initiative successful with over 100 students in school road shows.
 - Collaborative initiative to encourage young people (especially Maori) into the Health industry underway.
 - \$25,000 attracted from Ministry of Social Development to support Strategic Implementation Group around Youth in Transition.
 - Two successful Youth in Transition forums held, targeted at working with young people. User friendly information broadsheets produced and distributed
- **REPREZENT Youth Forum -16th and 17th of May 2006**
 - Successful forum attended by 300 young people. Funding from Ministry of Youth Development (\$35,000), Rotorua Trust (\$10,000) and Council (\$1,000).
- **Canadian International Youth Internship Program**
 - Facilitated work placements within local youth organisations for three indigenous Canadian interns.
 - Two interns from Pacific Peoples' Partnership Program and one from University of Saskatchewan's Native Law Centre to Da Bomb Shelter and Te Waiariki Pura Trust.

Activity purpose – how and why we provide the service

For many years successive Rotorua Councils have prioritised focus on social, cultural and community needs. The Local Government Act 2002 now requires that all local authorities take into account these dimensions of well-being 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 well-being 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 (e.g. 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 Wuxian 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 well-being, including Council's community halls, Pensioner Housing and Community Assistance policies (various grant and loan schemes, community contracts and community group facilities including the Arts Village and Community House).

The activity contributes towards sustainable development by promoting the following 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 ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATING COSTS			
Direct costs	923	1,051	780
Depreciation	58	45	50
Finance	10	17	1
Total costs	991	1,113	831
REVENUE			
Subsidies and grants	118	67	86
Fees and charges	2	0	5
Total revenue	120	67	91
Net cost of service	871	1,046	740

Capital Expenditure

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
Other renewals	11	0	12
Total capital	11	0	12

How we pay for this activity

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATIONAL FUNDING			
Net cost of service	871	1,046	740
Less depreciation for capital	(58)	(45)	(50)
Total rates for/(from) operations	813	1,001	690
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	58	45	50
Loans	(47)	(45)	(38)
Total capital	11	0	12

Performance for 2006			
Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Facilitating consultation, research, and activities around community, social and cultural issues, and advising Council on appropriate responses.	Produce annual workplan and reports within Council's priorities	Produce annual workplan (coming year) and Annual Report (year past) by 30.06.06.	Achieved.
Monitoring Rotorua's social trends	Produce and distribute an annual report	By 30.06.06	Achieved.
Produce quality information to support local community development including web and hard-copy resources	Produce annual workplan and report	By 30.06.06	Achieved.
Youth Policy implementation of action plans including youth employment development focus.	Produce Youth Policy Annual Report on action plans and annual update of plans	By 30.06.06	Achieved.
Older Persons Policy implementation of action plans.	Produce Older Persons Annual Report on action plans and update of plans	By 30.06.06	Achieved.
Computers in the Community (Community ICT Strategy) implementation of action plans.	Produce Computers in the Community Annual Report on action plans and update of plans	By 30.06.06	N/A – This function has become part of the Rotorua ICT Trust's work and no longer a function of this activity.
Community Safety Strategy implementation of action plans	Produce Community Safety Strategy Annual Report and update of plans	By 30.06.06	Achieved.
Art Policy implementation of action plans.	Produce Art Policy Annual Report on action plans and update of plans	By 30.06.06	Achieved.



Prime Minister Helen Clark visits Rotorua Lakes High School Hospitality Roadshow

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 support 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

- **Energy Events Centre** - Construction proceeding at pace providing clear indication of size and quality of new \$25 million dollar facility.
- **Rotorua Partners Programme** – Events Centre project has received exceptional support through the Rotorua Partners programme and Rotorua Trust in particular. Public fundraising programme recently launched.
- **Bookings for Energy Events Centre** - At this early stage bookings well in advance of original and revised projections.
- **International Stadium** - Current year has seen increased use by Soccer and Rugby League and in February hosted very successful UB40 concert.
- **Event Attraction** - Major events have continued to grow in participation and visitor numbers. In March Rotorua hosted Oceania Mountain Biking Championships in successful trial for World Championships in August. Rotorua will host World Water Ski Racing championship in 2007. Other major events such as Rotorua Marathon, Rally of Rotorua, Xterra and Jambalaya Festival continued. Targa Rally and International Forestry Expo also returned to Rotorua.
- **Marketing Initiatives** - Successful marketing initiatives have increased level of forward bookings for the 2006/07 year, including significant improvement in usage of Te Runanga Tea House.
- **Sportsdrome** - Despite disruption caused by the construction of Energy Events Centre, usage levels and income have been maintained at prior year's levels.
- **Utilisation** – Utilisation for each venue for the six month period January-June 2006 is set out below:

Venue	Days in Use*	Total No. Bookings	No. Events over 100 pax	No. Events under 100 pax
Convention Centre	132	124	62	62
Sportsdrome	106	93	80	13
Soundshell	72	72	17	55
Teahouse	71	64	0	64
International Stadium	125	163	59	104

* includes pack in/out

Activity purpose – how and why we provide the service

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

This activity covers the operation of the Rotorua Convention Centre, Civic Theatre, Ticketek, Te Runanga Tea House, Soundshell and Sportsdrome, the development of the 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 for the buildings in order to obtain optimum return. Current usage varies for each centre. The Convention Centre was opened in March 1995 and the 2005/06 financial year was its eleventh full year of operation.

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

The activity contributes towards sustainable development by promoting the following 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 ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATING COSTS			
Direct costs	2,801	2,894	2,401
Depreciation	869	1,118	659
Finance	100	159	84
Total costs	3,770	4,171	3,144
REVENUE			
Subsidies and grants	157	249	99
Investment income	512	345	317
Fees and charges	997	938	849
Capital grants and contributions	12,358	10,020	2,042
Total revenue	14,023	11,552	3,307
Net cost of service	(10,253)	(7,381)	(163)

Capital Expenditure

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
CAPITAL COSTS			
International Stadium General Level of Service Change	30	55	53
Energy Events Centre Provision for Growth	12,956	16,006	1,942
Renewals	149	1858	255
Total capital	13,135	17,919	2,250

How we pay for this activity

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATIONAL FUNDING			
Funded by:			
Net cost of service	(10,253)	(7,381)	(163)
Plus capital grants and contributions	12,358	10,020	2,042
Net cost of service	2,105	2,637	1,880
Less depreciation for capital	(869)	(1,118)	(659)
Total rates for/(from) operations	1,236	1,519	1,221
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	869	1118	659
Loans	(92)	6,781	(451)
Capital Grants	12,358	10,020	2,042
Total capital	13,135	17,919	2,250

Variation from budget

NET COST OF SERVICE: Timing of grants is to match project timing.

CAPITAL EXPENDITURE: Energy Events Centre project to now be finished in 2007

Performance for 2006

Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Provision of venue operations that meet the needs of customers in all aspects.	Undertake client surveys and achieve required satisfaction levels.	90% satisfaction	Achieved.
Attracting events to benefit the Rotorua District economically.	Obtain national/international conferences/events of significance size (that could not be held without Event Venues).	18 conferences/ events	Achieved.
Provision of facilities for community use.	Ensure that community bookings are at least 40% of total bookings.	Community bookings to be 40% or more	Achieved.
	Increase community functions at Te Runanga Tea House.	5% increase	Achieved.
	Increase weekday use of Te Runanga Tea House.	5% increase	Not achieved – Extended maintenance requirements prevented this being achieved.
	Introduce new events at the Soundshell.	4 events	Achieved.
	Increase audience attendance of theatre shows.	5% increase	Not achieved – No direct control of this as promoters determine events.
Increasing and enhancing community events and sports activities.	Instigate new community events.	5 events	Not achieved due to reduced staff numbers – on target until February 2006.
	'Revamped' community events.	N/A	N/A

Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Diversifying marketability of facilities.	Increase diversity of use of the International Stadium by attracting:		
	a) cultural events	a) 2	Achieved.
	b) new events other than rugby	b) 5	Achieved.



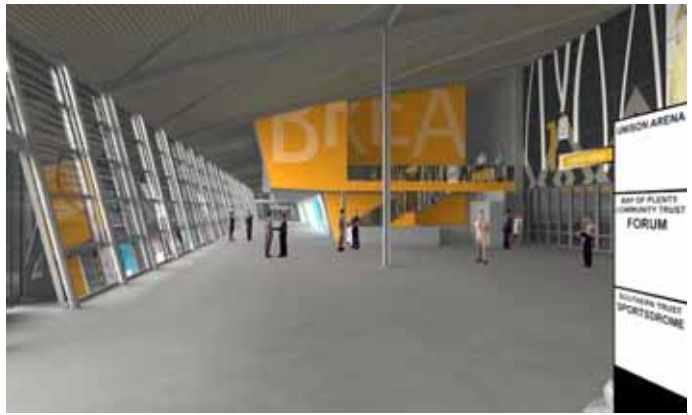
Aerial view of Energy Events Centre under construction



Exterior of Energy Events Centre



Banquet set up in Unison Arena – Energy Events Centre



Grand Hall – Energy Events Centre



Event Venues staff and Premier Marketing Partners



Pensioner Housing

Overall aim of the activity

To provide quality pensioner housing

This year's highlights and achievements included

- **Rawhiti Flats** - Redevelopment started late June 2005. Four units occupied in September 2005, eight in January 2006 and eight in June 2006. First stage of redevelopment will be completed by late 2006.
- **20 Year Celebration** - Celebration of twenty years in Council pensioner housing units by two tenants in October 2005.
- **Satisfaction Survey** - Completion of pensioner satisfaction survey in December 2005/January 2006.

Activity purpose – how and why we provide the service

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, 20 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.

The activity contributes towards sustainable development by promoting the following 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 ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATING COSTS			
Direct costs	500	480	466
Depreciation	297	169	153
Finance	15	46	0
Total costs	812	695	619
REVENUE			
Investment income	0	0	11
Fees and charges	512	523	484
Capital grants and contributions	0	1,567	0
Total revenue	512	2,090	495
Net cost of service	300	(1,395)	124

Capital Expenditure

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
Buildings Upgrade			
Level of Service Charge/Backlog	2,162	3,072	159
Total capital	2,162	3,072	159

How we pay for this activity

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATIONAL FUNDING			
Net cost of service	300	(1,395)	124
Capital grants and contributions	0	1,567	0
Less depreciation for capital	(297)	(169)	(153)
Total rates for/(from) operations	3	3	(29)
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	297	169	153
Loans	1,859	1,336	(46)
Capital Grants	0	1,567	0
Asset sales	6	0	52
Total capital	2,162	3,072	159

Variance from budget

NET COST OF SERVICE: The grant included in the budget was actually secured as a suspensory loan and therefore not a grant for accounting purposes.

CAPITAL EXPENDITURE: The pensioner housing project will be completed in 2007.

Performance for 2006

Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
The management of Council's pensioner housing.	Manage Council's pensioner housing within Council policy and budget and monitor and report annually on the activity.	100% policy compliance. Within budget. Activity report presented by 30.06.06.	Achieved.
To redevelop and retrofit units at the Rawhiti Complex over the coming decade.	Seek funding partnerships and plan and implement the redevelopment in stages within budgets set by Council.	In partnership with Housing NZ and others, plan the progressive upgrading over five years of all units at Rawhiti and complete the construction of Phase I (30 units) and report on progress by 30.06.06.	Achieved.



Pensioner unit - Rawhiti

Public Gardens/General Reserves

Overall aim of the activity

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

This year's highlights and achievements included

- **Open Space Strategy** - Developed and revised following public consultation process.
- **Tokorangi Triangle** - Council assumes responsibility for Tokorangi Triangle and visitor information centre management.
- **Rotorua City Entranceways Strategy** - Adopted.
- **Tarawera Landing Reserve** - Designation.
- **Lake Rotoma lakeside walkway** - Completed.
- **Lake Okareka walkway** - Completion of Stage 2.
- **Asset management plans and activity plan** - Completed.
- **Environmental Enhancement Projects** - Projects with Environment BOP - Okareka Walkway, Hannah's Bay Wetlands and Lake Okaro Wetlands.
- **Environmental enhancement projects** - Projects with various community land care groups - Upper Utuhina Stream, Okareka Land Care, Rotoiti Ratepayers Assn, Rotoma/ Rotoehu Ratepayers Assn.
- **Yardstick** - Continued high ranking in annual parks benchmarking exercise (Yardstick) – third ranking out of 43 local authorities surveyed.
- **Ngongotaha streamside land acquisition** - Tau Street, Ngongotaha.

Capital Projects:

- Trout Pool Road carpark development
- Blue Lake Reserve terracing
- Kuirau Park development
- Government Gardens interpretation signage
- Tree Trust development, including roading
- Waikite Pools facilities upgrade
- Kauae Cemetery toilets
- Hannahs Bay development of wetland area
- Lake Okaro wetland development
- Hockey Turf development

Activity purpose – how and why we provide the service

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

The activity is responsible for the 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.

The activity is significant in that it deals with the 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.
- The management of 390 ha of parks, 21 sports field sites, 73 playgrounds, 74 kilometres of walkways and 33 boat ramps.

Nursery

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)

The numbers of 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.

The activity contributes towards sustainable development by promoting the following 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.
- 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

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

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 – provision of recreation opportunities and facilities to promote community health and well-being.

Cost of Service

Public Gardens

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATING COSTS			
Direct costs	6,763	6,716	6,231
Depreciation	998	902	843
Finance	444	712	366
Total costs	8,205	8,330	7,440
REVENUE			
Subsidies and grants	141	27	1
Investment income	43	48	28
Fees and charges	738	714	644
Capital grants and contributions	399	615	1,329
Total revenue	1,321	1,404	2,002
Net cost of service	6,884	6,926	5,438



Flower bed planting in the CBD

Capital Expenditure

Public Gardens			
For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
City Entrance Ways			
Level of Service Change	0	250	0
Lake Rotoma Protection Works			
Level of Service Change	99	35	35
Arawa Park Development			
Level of Service Change	18	20	20
Blue Lake Reserve			
Level of Service Change	150	140	0
City Entrance Way Design			
Level of Service Change	9	8	11
General Reserve Development			
Level of Service Change	0	190	0
Hannahs Bay Wetland Development			
Level of Service Change	105	120	11
Hockey Improvements			
Renewal	33	48	59
Tree Plan			
Level of Service Change	1	281	0
Koriri St Reserve Carpark			
Level of Service Change	15	17	0
Kuirau Park - Development			
Provision for Growth	402	630	7
Lake Okareka Walkway			
Level of Service Change	0	0	75
Lakefront Watersports Development			
Level of Service Change	0	0	31
Tennis Courts Sealing			
Level of Service Change	0	22	0
Replacement Fences			
Level of Service Change	36	42	22
New Toilets			
Level of Service Change	5	80	0
New Wharf			
Level of Service Change	34	490	4
Ngongotaha CBD Upgrade			
Provision for Growth	187	320	3
Ngongotaha Stream Reserve Land Purchase			
Provision for Growth	0	30	0
Okawa Bay Road Resealing			
Level of Service Change	0	0	24
Okere Trout Pool Toilets			

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
Level of Service Change	175	150	0
Parks Drainage			
Level of Service Change	0	0	30
Reporoa Skatepark			
Level of Service Change	0	30	0
Rotorua Tree Trust Development			
Level of Service Change	179	211	10
Signage Replacement			
Level of Service Change	0	0	12
Tarawera Landing Environmental			
Level of Service Change	0	75	0
Westbrook Cricket Wicket New			
Provision for Growth	0	35	0
Westbrook Pavillion			
Level of Service Change	0	1,000	0
Westbrook Playing Fields			
Provision for Growth	37	154	10
Renewals	536	499	323
Total capital	2,021	4,877	687

How we pay for this activity

Public Gardens			
For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATIONAL FUNDING			
Net cost of service	6,884	6,926	5,438
Plus capital grants and contributions	399	615	1,329
Net cost of service	7,283	7,541	6,767
Less depreciation for capital	(998)	(902)	(843)
Total rates for/(from) operations	6,285	6,639	5,924
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	998	902	843
Loans	285	3,147	(752)
Capital Grants	80	215	325
Resource management fees	319	400	1,004
Reserves net	339	213	(735)
Asset sales	0	0	2
Total capital	2,021	4,877	687

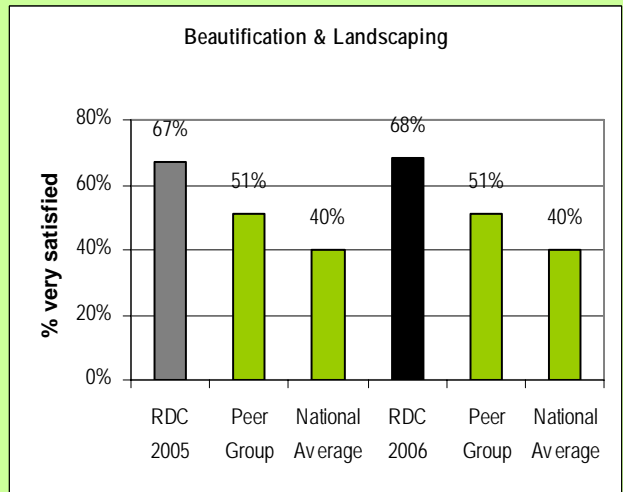
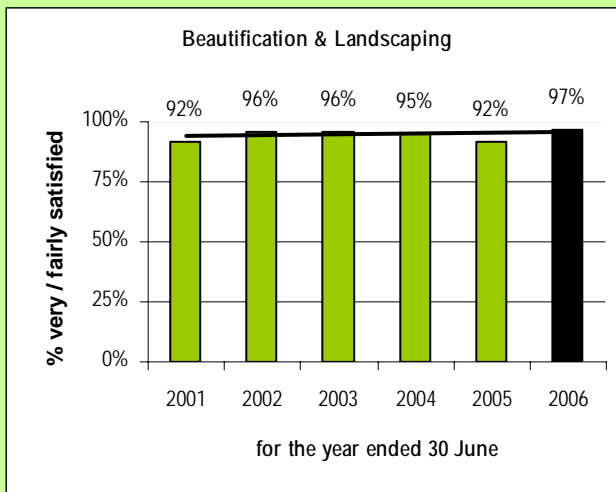
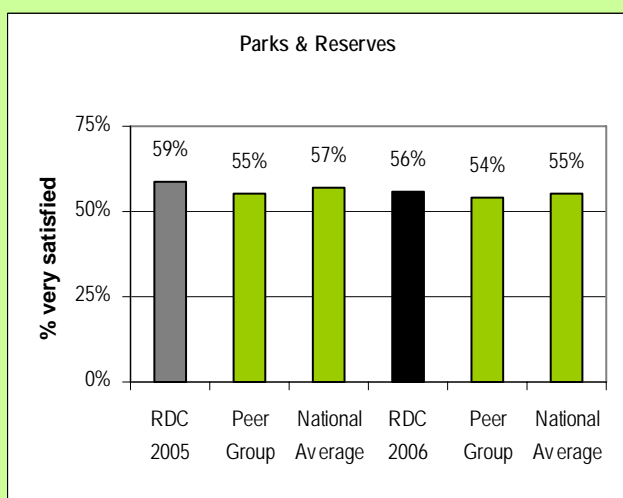
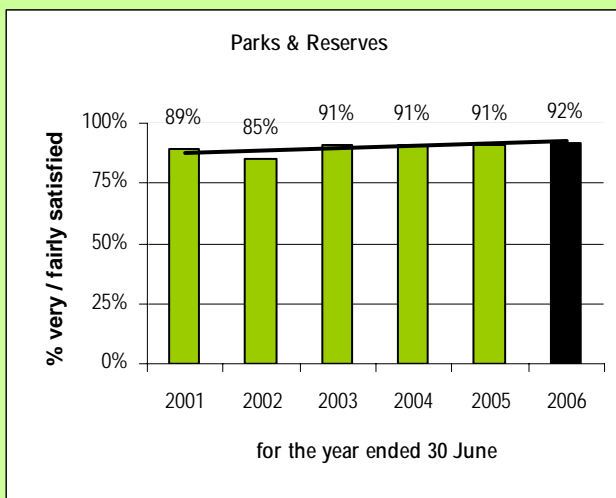
Performance for 2006

Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Provision, maintenance and protection of parks, gardens, trees, landscaped trees, streetscapes and general open spaces that both meet the needs of the public and protect the environment.	Measure public satisfaction with parks, reserves, sportsfields and playgrounds (Communitrak survey).	91% satisfaction	Achieved – 92%.

Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
	Measure public satisfaction with beautification and landscaping of the District.	95% satisfaction	Achieved – 97%.
Ensure the safety and security of parks, reserves and facilities.	Undertake a safety audit for all Council's playgrounds to meet approved criteria.	97% compliance by 30.06.06.	Achieved.
Financial sustainability of nursery operation.	Ensure nursery operations are self-funding.	100% self-funding.	Achieved.
High quality plants provided at a competitive price.	Maintain plant costs at market competitive rates.	Prices maintained at competitive level.	Achieved.

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 very or fairly satisfied with this service over the last six 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 two years and compares it with our peer group and the national average.

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

- **Fletcher Tuatara Club** - For children 5-11, launched 1 December to reinforce library membership in literacy development. Variety of events and merchandise. Free membership to children within age range.
- **Fletcher Tuatara New Entrant Packs** - Delivered to primary schools by the Friends of the Library. Fletcher Construction committed to three year sponsorship, with Bay Business Centre contributing photocopying, McLeods providing discounted books and Newtons Seeds providing sunflower seeds.
- **Teens Packs** - Following the success of the New Entrant Packs decided to float similar idea for teens. Response from high schools overwhelming and secured funding from Works Infrastructure. In June packs delivered to high schools.
- **Reference Services** - Extension to library's reference services launched in November. Offers members assistance online. Service intended to save time for patrons and staff.
- **Infoshare BOP Libraries** - Chief executives of Whakatane, Western Bay, Tauranga, and Rotorua Councils signed agreement with SirsiDynix to provide HORIZON library system for four libraries, using Rotorua's system as base. Library working through protocols, cataloguing standards and levels of service.
- **Library Website** - Upgraded, including colour change to bring into line with Council's colours and library logo. Interactive word and puzzle games introduced and site easier to navigate.
- **Council's 'Free Day'** - Issues generated on Council's 'free day' in November 25% higher than any other recorded day's issues.
- **Expo6** - 100 people attended EXPO6, a fashion expo for teens, which featured fashion for ball season.
- **Networking evenings** - First of series of special events. Nearly 100 people turned up to listen to Fiona Kidman talk about her new book. The evenings designed to encourage participation, patronage and additional interest and support in library.

Activity purpose – how and why we provide the service

The library employs 32.5 full time equivalent employees. The library is staffed for 66 hours per week, Monday to Saturday and is open for 59 of those hours as follows:

Monday to Friday	9.30am to 8.00pm
Saturday	9.30am to 4.00pm

The library has 40,518 cardholding members (60% of the population) and surveys indicate an average of 7,500 users per week. Services available to library users include a lending range of children's and adults fiction and non-fiction books in normal and large print, magazines, not for loan reference books, special collections of NZ books for loan and not for loan, an historical collection of newspapers on microfiche, talking books, music cassettes, CDs, CD-ROMs, videos and DVDs. The library houses the Community Toy Library, a collection of material belonging to the Rotorua Branch NZ Society of Genealogists, the Te Rangikaheke Papers (which are held in trust for Ngati Rangiwewehi) and a variety of Maori Land Court minute books. All of these are available to the public. The library also maintains the Community Contacts Database which contains information on more than 1,000 clubs and organisations.

The library also maintains a website (www.rotorualibrary.govt.nz) which provides free access to the library's catalogue and a number of government, education and research databases.

The library goes out into the community to serve borrowers via the Mobile Library, Monday to Friday – and the Housebound Service which is delivered fortnightly by volunteer drivers. Community training groups and 'Polytechnic' classes are encouraged to visit the library for orientation tours. Holiday programmes are held for children during the school holidays and teachers are encouraged to bring their classes into the library. The library's mascot, Fletcher Tuatara, visits schools with the staff, and new entrants are provided with special packs to encourage them to join the library. Every year there are special programmes for teens including FRESH (Fun, Reading, Enjoyment, Sport and Health) – a teens' reading initiative.

There is space available for exhibitions and displays.

The activity contributes towards sustainable development by promoting the following 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 ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATING COSTS			
Direct costs	2,648	2,857	2,427
Depreciation	616	561	560
Finance	15	24	12
Total costs	3,279	3,442	2,999
REVENUE			
Subsidies and grants	10	0	5
Investment income	20	20	18
Fees and charges	293	300	291
Capital grants and contributions	6	0	4
Total revenue	329	320	318
Net cost of service	2,950	3,122	2,681

Capital Expenditure

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
Renewal Books			
Renewal	417	418	413
Security System			
Renewal	0	140	6
Buildings Upgrade			
Level of Service Charge/ Backlog	16	0	0
Telephone System			
Renewal	0	20	0
Other renewals	75	74	49
Total capital	508	652	468

How we pay for this activity

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATIONAL FUNDING			
Net cost of service	2,950	3,122	2,681
Plus capital grants and contributions	6	0	4
Net cost of service	2,956	3,122	2,685
Less depreciation for capital	(616)	(561)	(560)
Total rates for/(from) operations	2,340	2,561	2,125
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	615	561	560
Loans	(113)	(209)	(96)
Capital Grants	6	0	4
Development contributions		0	0
Reserves net		300	0
Total capital	508	652	468

Variance from budget

CAPITAL EXPENDITURE: Security system to be completed in 2007.

RESERVES FUNDING: Continuing to work through changing a 1937 act of parliament to access a library bequest.

Performance for 2006

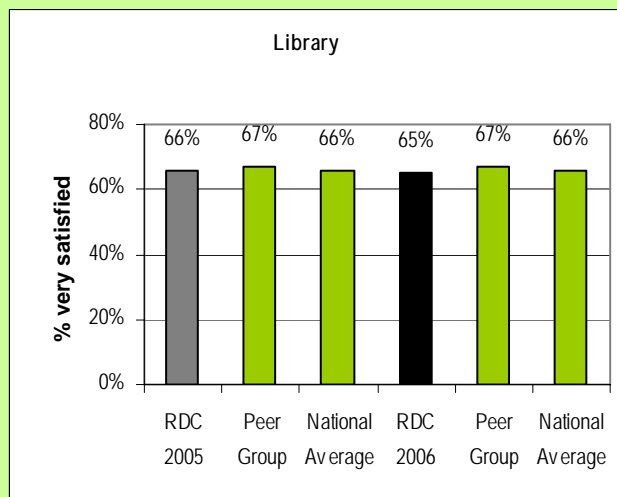
Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Operation and maintenance of an information, cultural, educational and recreational resource for the district.	Provide a public library service that meets with the targeted level of community satisfaction.	NRB 90% Fairly good/very good rating or higher.	Not achieved – 84%.
	Increase issues and then maintain per capita.	12 per capita	Not achieved – 10.9 per capita.
	Increase library membership	65% of population	Not achieved – 60% of population.
	Maintain cost of library service per transaction.	Less than \$2.90 per transaction	Achieved - \$2.40 per transaction.
	Maintain the level of library visits.	6 times per annum per capita	Achieved – 6.3 times.
	Keep the library open to the public during scheduled opening hours.	Open 100% of opening hours.	Achieved 100%.
	Provide children's programmes.	4 per year	Achieved.
	Provide teen's programmes.	2 per year	Achieved.

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.



These graphs show the percentage of survey respondents that are very or fairly satisfied with this service over the last six 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 two years and compares it with our peer group and the national average.



Fletcher the Tuatara and children



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

- **Viewing Platform** - Historic viewing platform reinstated and opened. \$500,000 cost funded by grants from NZ Lotteries Grants Board (\$200,000), Tourism Facilities Development Fund (\$100,000) and Council (\$200,000). Has proven successful with local people and visitors.
- **Centennial Project** - Planning for \$18.6 million project to complete Bathhouse building continues. Tender let for consultant to lead resource consent process. Dr Rodney Wilson, Director of Auckland Museum, completed preliminary review of the project. Dr Wilson concludes that the scope is both achievable and appropriate. Application to Regional Museums Fund for capital funding will be made before end of 2006.
- **Centennial Trust** - Rotorua Museum Centennial Trust formed to lead fundraising efforts for Centennial Project Trust, chaired by Lyall Thurston and including several prominent local citizens, secured former Governor General Dame Cath Tizard as Patron. Highlight to date securing additional funds from Council for project. (\$4,100,000).
- **Exhibitions and Public Programmes** - Staged 42 exhibitions during year, and 21 public programmes. Many attracted over 100 people. Especially popular was Don Stafford video series. A number of floor talks proved extremely popular.
- **Education Programme** - Around 12,000 school students visited museum in curriculum-linked learning opportunities conducted by museum's two fulltime teachers. Programme funded largely by Ministry of Education, and is now in ninth year.
- **Visitor Spend** - Total spend per visitor reached \$8.88 for the year, a remarkable result as it includes local visitors who do not pay admission. This is one of the highest spends per visitor of any museum in New Zealand.

Activity purpose – how and why we provide the service

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 is open 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 famous Mudbath Basement and historic Viewing Platform, 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, known as the Centennial Project, will see the building finished and renovated in two stages. The first stage will be completed in time for the centenary of the building in 2008/09, and the second stage in 2011/2012.

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. The Museum maintains a strong position as a centre of community pride and as an excellent visitor attraction in its own right.

The activity contributes towards sustainable development by promoting the following 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 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 prosperous community

- The Museum contributes to the tourism sector in Rotorua by attracting large numbers of visitors.

A community with excellent facilities and services

- 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 values its living Maori culture

- The Museum celebrates Maori culture through a wide ranging programme of exhibitions and events.
- The work of local Maori artists is featured.
- The Kaumatua Komiti of the Museum has a central role in the development of the Museum and its relationship with the hapu and whanau of Te Arawa.

A learning community

- The Museum provides curriculum-based learning opportunities for school students through a multi-year contract with the Ministry of Education and has an active programme of adult education.

A "happening" community

- The Museum provides a wide range of changing exhibitions and public programmes, available free of charge to local residents. These include historical and contemporary art exhibitions, public lectures, events and school holiday programmes.

Cost of Service

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATING COSTS			
Direct costs	2,124	2,151	2,121
Depreciation	395	314	303
Finance	53	89	50
Total costs	2,572	2,554	2,474
REVENUE			
Subsidies and grants	7	10	58
Fees and charges	939	1,005	908
Capital grants and contributions	368	248	153
Total revenue	1,314	1,263	1,119
Net cost of service	1,258	1,291	1,355

Capital Expenditure

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
Monitoring Equipment			
Renewal	12	15	0
Cafe Development			
Renewal	9	5	3
Collection Purchase			
Provision for Growth	6	8	3
Film Upgrade			
Renewal	0	0	224
Viewing Platform			
Level of Service Change	458	350	23
North West Wing Gallery Upgrade			
Renewal	0	0	31
Video Surveillance Upgrade			
Renewal	20	20	0
Centennial Development			
Provision for Growth	77	250	33
Te Arawa/South East Wing			
Renewal	0	0	3
Theatre Equipment			
Renewal	3	25	0
Other renewals	29	39	92
Total capital	614	712	412

How we pay for this activity

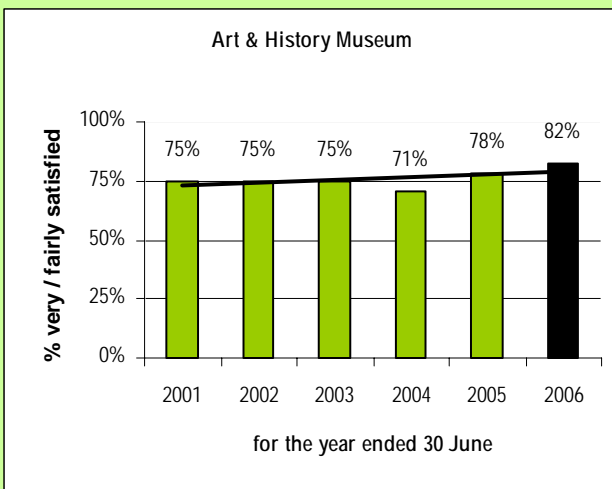
For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATIONAL FUNDING			
Net cost of service	1,258	1,291	1,355
Plus capital grants and contributions	368	248	153
Net cost of service	1,626	1,539	1,508
Less depreciation for capital	(395)	(314)	(303)
Total rates for/(from) operations	1,231	1,225	1,205
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	395	314	303
Loans	(149)	150	(44)
Capital Grants	368	248	153
Total capital	614	712	412

Performance for 2006

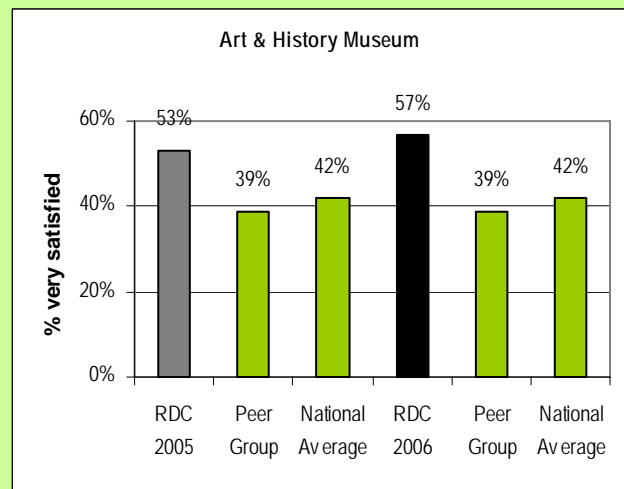
Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Provision of an outstanding museum both for Rotorua residents and for visitors to Rotorua.	Operate the museum 364 days a year, open to the public during advertised opening hours.	100% compliance.	Achieved 100% compliance.
	Achieve targeted levels of community satisfaction.	NRB 70% Fairly good/very good rating or higher.	Achieved – 82% for whole community, 93% for users.
	Achieve targeted levels of visitor patronage.	105,000	Not achieved – 101,286.
	Meet all Ministry of Education contract requirements.	All met 100%	Achieved 100%.
	Achieve targeted levels of admission revenue inclusive of general and school group admissions.	\$600,000	Achieved - \$610,937.

NRB Community Survey

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This graph shows the percentage of survey respondents that are very or fairly satisfied with this service over the last six 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 two years and compares it with our peer group and the national average.



View from new viewing platform looking towards the Blue Baths

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
95	Animal Control	✓	✓						
97	Building Control	✓	✓	✓					
100	Environmental Planning		✓	✓	✓				
104	Inspection	✓	✓	✓					
107	Parking Enforcement	✓				✓			

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.

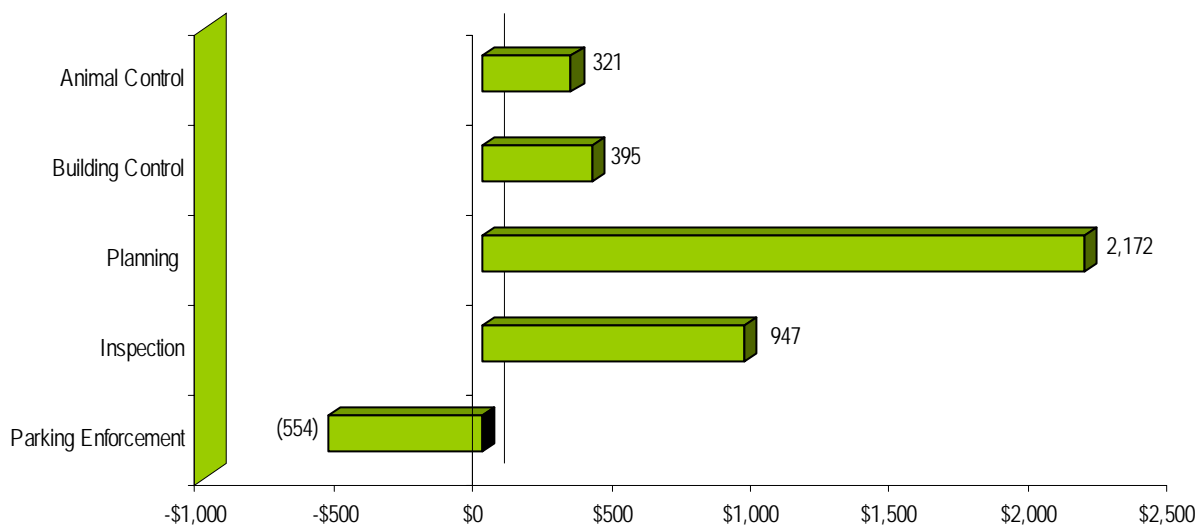
Significant Negative effects:

No significant negative effects have been identified in relation to this activity group.

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.

This year's highlights and achievements included

- **Dog registrations** - A record number of dogs registered – 10,895.
- **National dog database** - Early compliance with requirements of the national dog database.
- **Prosecution** - Staff instrumental in eventual prosecution for breeding dogs for fighting.

Activity purpose – how and why we provide the service

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.

Six full time staff work in this activity.

The activity contributes towards sustainable development by promoting the following 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

Description	2006 (thousands) Actual	2006 Budget	2005 Last Year
OPERATING COSTS			
Direct costs	775	748	707
Depreciation	7	10	13
Finance	1	1	0
Total costs	783	759	720
REVENUE			
Fees and charges	462	422	443
Total revenue	462	422	443
Net cost of service	321	337	277

Capital Expenditure

For the year ending 30 June:	2006 (thousands) Actual	2006 Budget	2005 Last Year
Animal Pound Extension			
Level of Service Change	3	0	90
Other renewals	3	2	4
Total capital	6	2	94

How we pay for this activity

Description	2006 (thousands) Actual	2006 Budget	2005 Last Year
OPERATIONAL FUNDING			
Net cost of service	321	337	277
Less depreciation for capital	(7)	(10)	(13)
Total rates for/(from) operations	314	327	264
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	7	10	13
Loans	(1)	(8)	81
Total capital	6	2	94

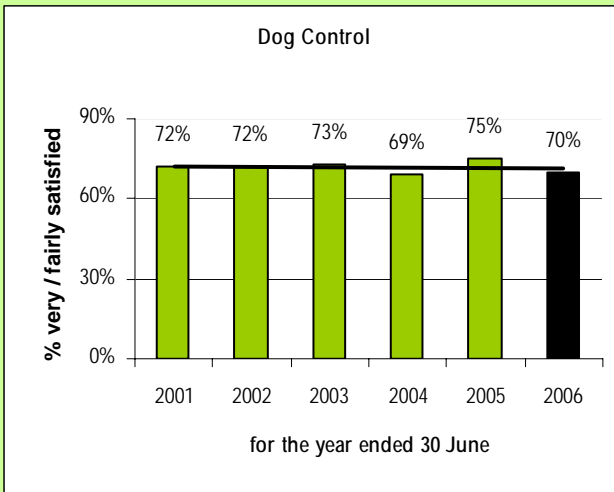
Performance for 2006

Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Provision of an animal control service.	Take appropriate action to respond to complaints about dogs within 1½ working days based on a 7 day a week service provision.	92% response rate	Achieved – 95.64% response rate.
Maintenance of an up-to-date register of all known dogs.	Achieve registration of known dogs by 30 June.	95% compliance	Achieved – 10,985 dogs registered as at 30.06.06.

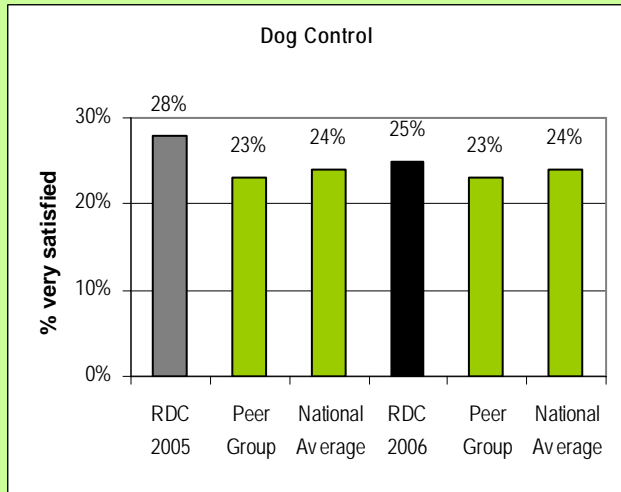
Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
	Maintain an acceptable level of community satisfaction with dog control services.	66% NRB Survey	Achieved – 70%.
Provision of a service for the control and impounding of stock found wandering on roads in the district.	Respond to all complaints immediately.	100% compliance	Achieved 100% compliance.

NRB Community Survey

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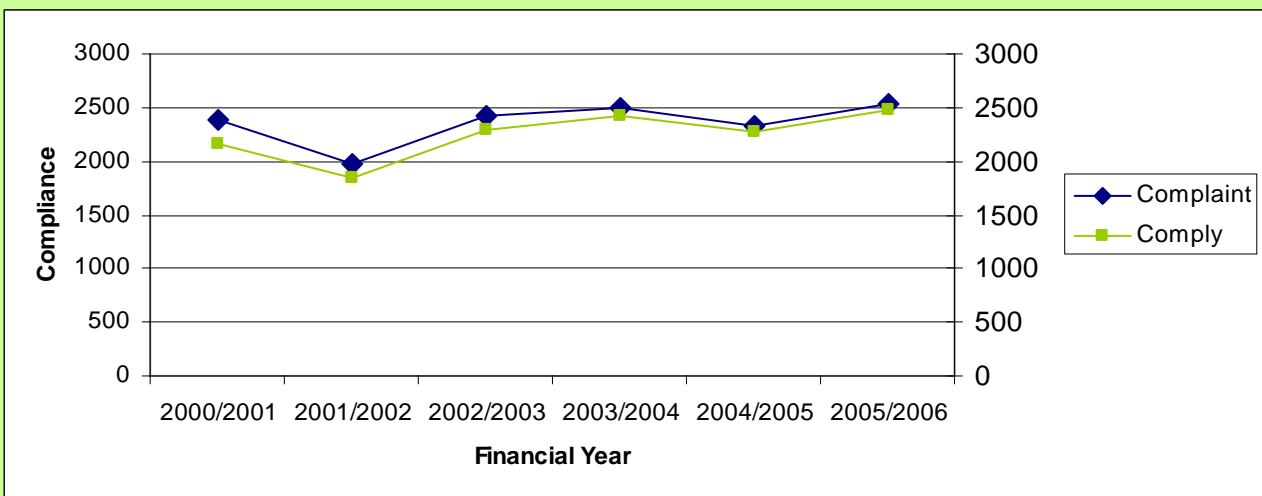
This graph shows the percentage of survey respondents that are very or fairly satisfied with this service over the last six years. There is a trend line which helps show the general direction of service satisfaction over time.



This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last two years and compares it with our peer group and the national average.

Other Indicators

Animal Control Compliance Levels



Building Control

Overall aim of the activity

To ensure the safety of people occupying buildings, and that buildings remain safe and sanitary.

This year's highlights and achievements included

- **Building Consents** - Stabilised at 2,045 slightly down on last year.
- **New dwellings** - At all time high of 345.
- **Consents** - All consents issued within statutory timeframe of 20 days.
- **PIMs** - All PIMs issued within statutory timeframes of 20 days.
- **LIMs** - 98 % of all LIMs issued within 10 days, with 10 issued within 12 days.
- **New Building Act** - BCA Accreditation requirements will have impacts on staff and procedures.
- **Increase in inspections** - Increase in dwellings has impacted on inspections carried out, with 30% increase in total inspections carried out. Inspections this year exceeded 15,000 in total.
- **Building Act change** - The change in the Building Act to Compliance with Consent has seen increase in consents delayed due to incomplete applications, as well as an increase in time taken to process building consents.

Activity purpose – how and why we provide the service

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.

Workload is dependent upon public generated demand.

12 staff are currently involved in this activity.

The activity contributes towards sustainable development by promoting the following community outcomes

A safe and caring community

- By providing information on building matters.
- By 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 ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATING COSTS			
Direct costs	1,589	1,394	1,097
Depreciation	14	15	14
Finance	0	0	0
Total costs	1,603	1,409	1,111
REVENUE			
Fees and charges	1,208	1,142	955
Total revenue	1,208	1,142	955
Net cost of service	395	267	156

Capital Expenditure

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
Other renewals	5	16	20
Total capital	5	16	20

How we pay for this activity

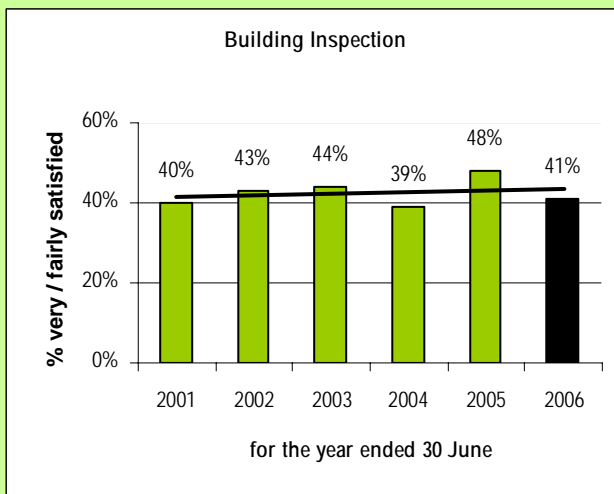
For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATIONAL FUNDING			
Net cost of service	395	267	156
Less depreciation for capital	(14)	(15)	(14)
Total rates for/(from) operations	381	253	141
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	14	15	14
Loans	(9)	1	6
Total capital	5	16	20

Performance for 2006

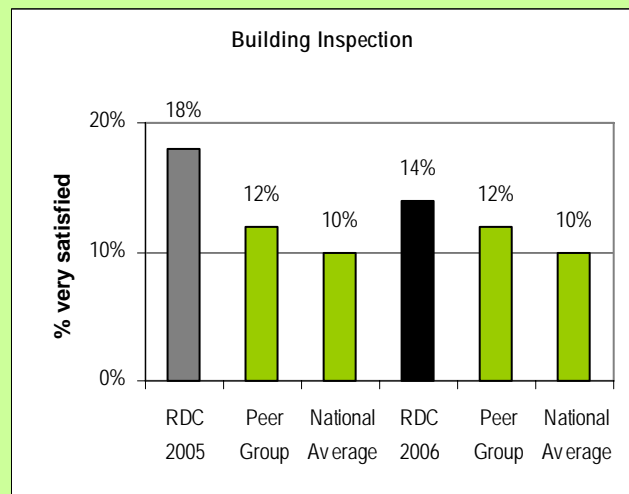
Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Processing all Project Information Memoranda.	Process PIMs within the timeframes and criteria imposed by the Building Act.	100% compliance	Achieved 100%.
Ensuring the safety of people occupying buildings.	Complete all inspections to enable issue of Code Compliance Certificates within 10 working days of notification.	100% compliance	Achieved 100%.
	Issue Statement of Fitness and Compliance Schedules within 10 working days of notification.	100% compliance	Achieved 100%.
	Site review current Building Warrants of Fitness.	60% of Warrants of Fitness sites reviewed 100%	Not achieved – 45%.
Respond to general complaints.	Take appropriate action on all complaints within 2 working days of notification.	100% compliance	Achieved 100%.
Provide public information on building matters.	Have a technical officer available during office hours.	100% of the time	Achieved 100%.

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.



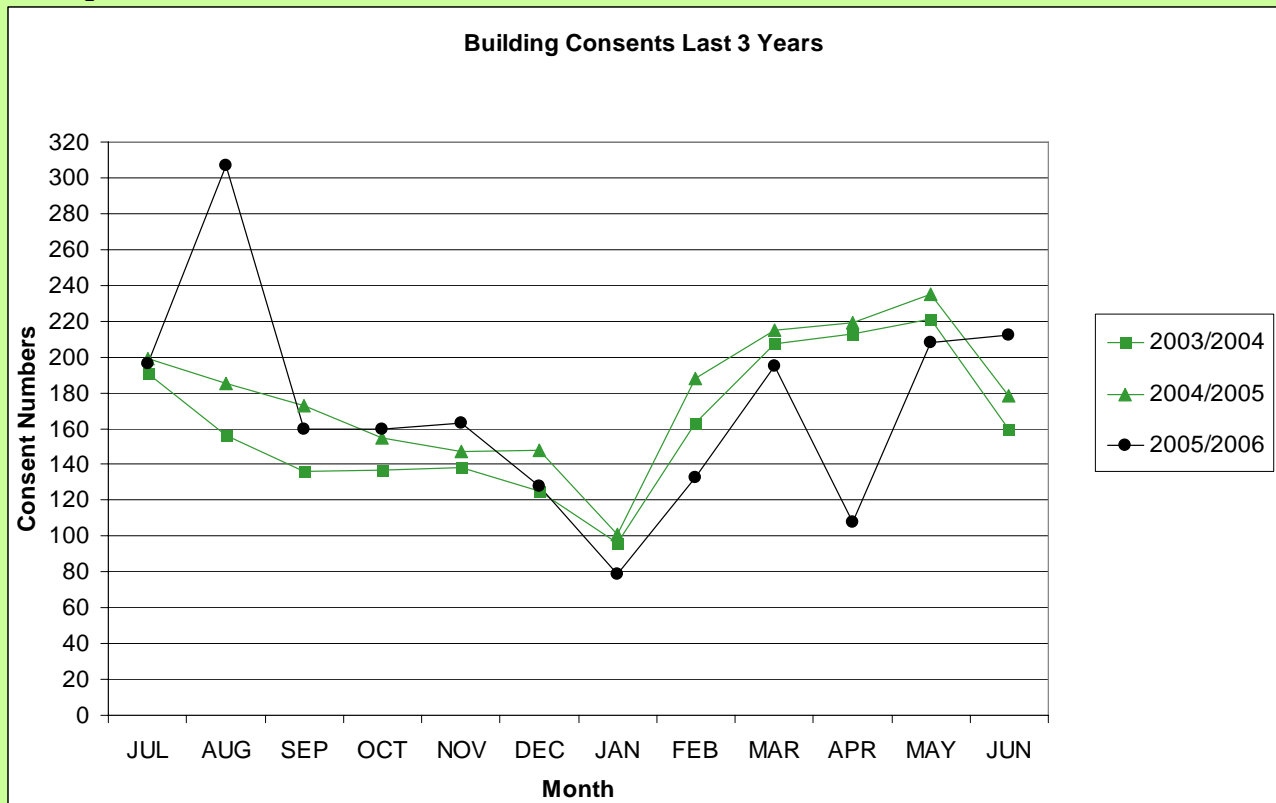
This graph shows the percentage of survey respondents that are very or fairly satisfied with this service over the last six years. There is a trend line which helps show the general direction of service satisfaction over time.



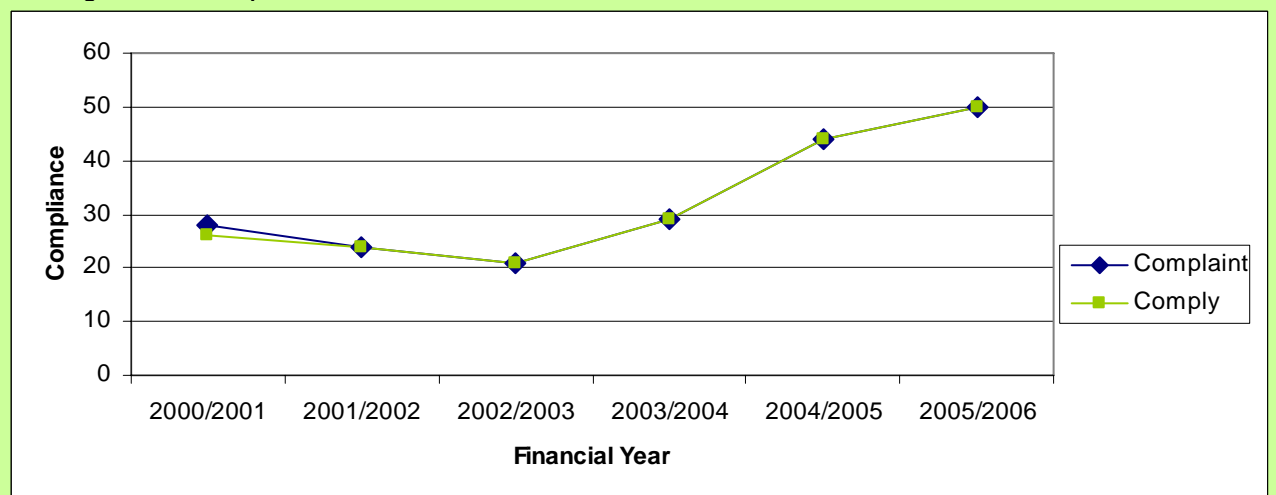
This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last two years and compares it with our peer group and the national average.

Other Indicators

Building Consents Levels



Building Control Compliance



Environmental Planning

Overall aim of the activity

To develop, manage, implement and monitor primary environmental and land use policies so that quality of the district's environment is maintained or improved for current and future generations.

This year's highlights and achievements included

- **District Plan review** - Research programme of District Plan review initiated, including eastern structure plan, landscape assessment of Rotorua lakes, and built heritage assessment of central business district.
- **Lakes structures** - Consent project in conjunction with Environment Bay of Plenty and Te Arawa Maori Trust Board.
- **Variation 12** - Council endorsement of Variation 12, Lakes A Zone, Section 20 of the District Plan, operative.
- **Rotorua Lakes Restoration and Rehabilitation Programme** - Continued presence and input.
- **Communities for Climate Change Protection Programme** - Achievement of Milestone 1, and progression to Milestones 2 and 3.
- **Plan Change 32** - Public consultation process for Plan Change 32 Rotorua Regional Airport Limited.
- **Consent processing** - Continued improvements, including managing influx of consents response to development contributions policy.

Activity purpose – how and why we provide the service

Council provides this service in order to comply with its statutory responsibility. Functions of the Planning Division are derived primarily 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 Council Community Plan (Ten Year Plan).
- Advice to Council on environmental issues.
- Consultation with the public, interest groups and affected parties where changes to policy are contemplated.
- Collaborative approach to environmental issues through strategic partnerships with other resource management agencies.
- Responding to central and regional government policy proposals where these affect resource management within the District.

Implementation and 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.

The activity contributes towards sustainable development by promoting the following 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

Planning Policy

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATING COSTS			
Direct costs	1,125	2,116	1,012
Depreciation	8	13	11
Total costs	1,133	2,129	1,023
REVENUE			
Subsidy and Grants	33	0	0
Fees and charges	6	14	26
Total revenue	39	14	26
Net cost of service	1,094	2,115	997

Planning Implementation

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATING COSTS			
Direct costs	1,798	1,439	1,532
Depreciation	8	6	6
Total costs	1,806	1,445	1,538
REVENUE			
Fees and charges	728	250	265
Total revenue	728	250	265
Net cost of service	1,078	1,195	1,273

Capital Expenditure

Planning Policy

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
Other renewals	6	3	17
Total capital	6	3	17

Planning Implementation

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
Other renewals	12	15	10
Total capital	12	15	10

How we pay for this activity

Planning Policy

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATIONAL FUNDING			
Net cost of service	1,094	2,115	997
Less depreciation for capital	(8)	(13)	(11)
Total rates for/(from) operations	1,086	2,102	987
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	8	13	9
Loans	(2)	(10)	6
Asset sales	0	0	2
Total capital	6	3	17

Planning Implementation

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATIONAL FUNDING			
Net cost of service	1,078	1,195	1,273
Less depreciation for capital	(8)	(6)	(6)
Total rates for/(from) operations	1,070	1,189	1,267
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	8	6	6
Loans	4	9	4
Total capital	12	15	10

Variance from budget

Planning Policy

NET COST OF SERVICE: A number of projects now to be completed in 2007.

Planning Implementation

NET COST OF SERVICE: An increase in the number of consents processed, mainly as a result of development contributions being phased in for 2007, has increased both revenue and costs for 2006.

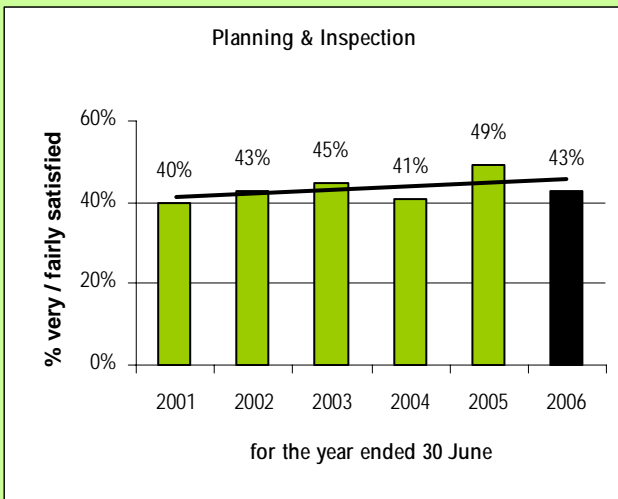
Performance for 2006

Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
The District Plan is updated regularly through changes and reviews.	Progress Plan Changes.	Programme reported to Council each Planning and Bylaws Committee meeting.	Achieved.
Monitoring the state of the natural and physical resources of the Rotorua District and the effectiveness of the District Plan.	Prepare the Annual Highlights Report.	Annual Highlights Report by 01.12.05.	Not achieved – Scheduled for completion 30.11.06.
Administration of the District Plan in an effective and efficient manner.	Process non-notified land use consent applications within 20 working days of receipt of adequate information.	90% compliance	Not achieved – 83%.
	Process non-notified subdivision consent applications within 20 working days of receipt of adequate information.	90% compliance	Not achieved – 82%.
	Respond to all complaints within three working days of receiving a complaint and where necessary carry out a site visit.	100% compliance	Achieved.
Monitoring compliance with resource consent conditions.	Report to Planning and Bylaws Committee on level of compliance with resource consent conditions.	By 30.09.2005 for 2004/05 year	Achieved.
Monitoring complaints.	Report to Council on any trends evident from complaints.	Six monthly.	Achieved.

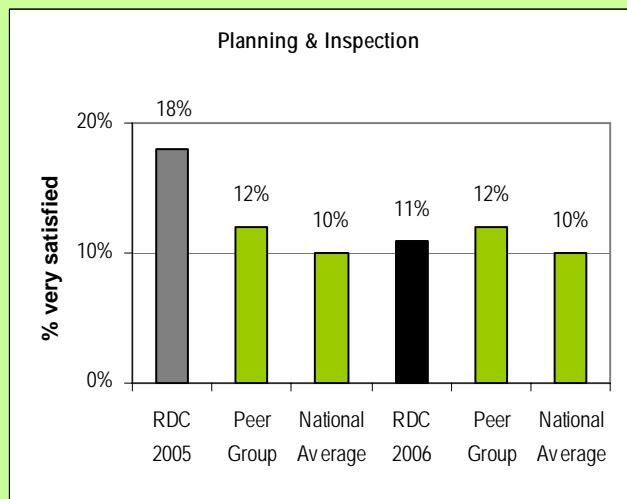
Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Advocate policy changes that assist resource management in the District.	Respond to relevant central and regional government policy proposals by lodging submissions in time.	100% compliance	Achieved.

NRB Community Survey

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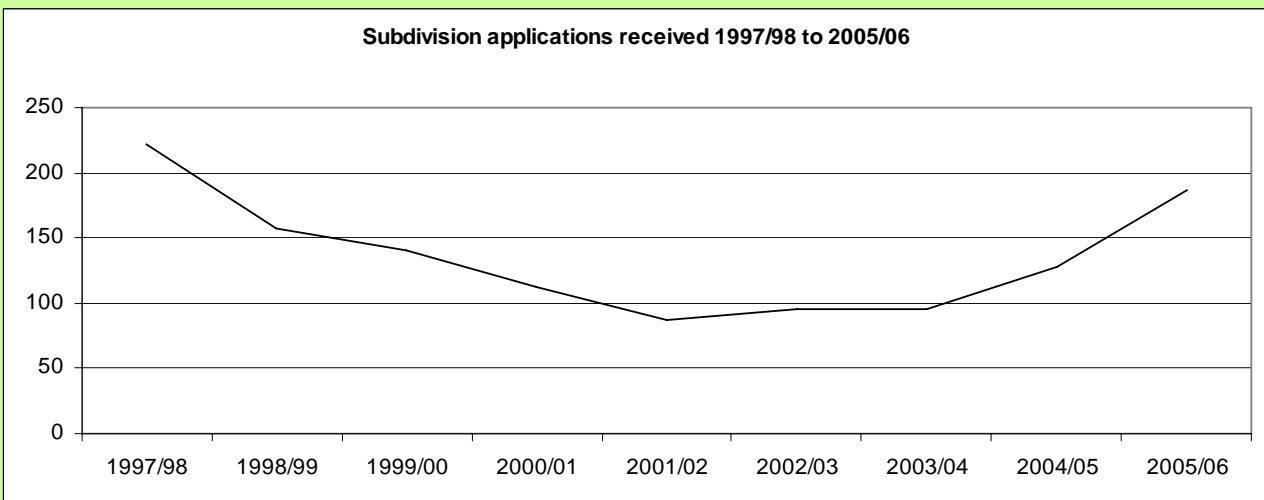
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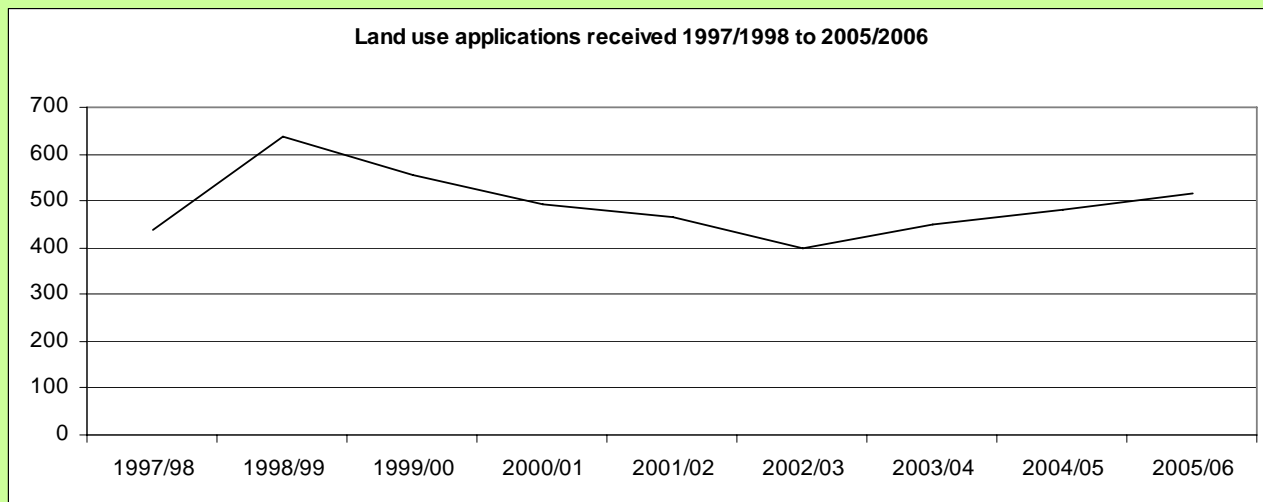
This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last two years and compares it with our peer group and the national average.

Other Indicators

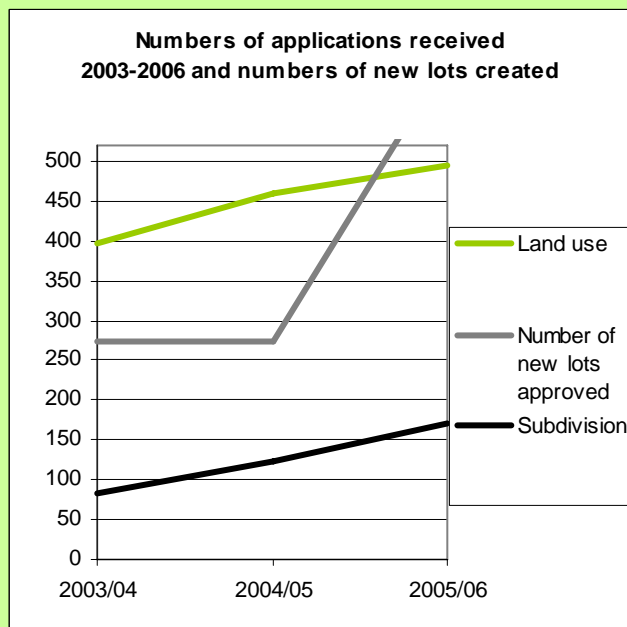
Subdivision applications



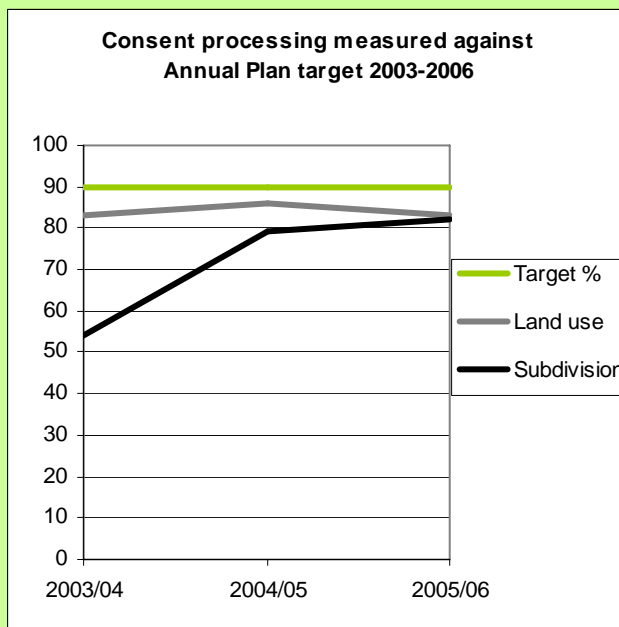
Land use applications



Applications received



Consent processing



Inspection

Overall aim of the activity

To ensure the health, safety, comfort and well-being of 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

- Noise control service - 83% level of satisfaction.
- Noise complaints - 99.83% achievement of target to respond within the prescribed timeframe.
- Health complaints - 99.30% achievement of target to respond within 36 hours.

Activity purpose – how and why we provide the service

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) 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, in public places and private dwellings.

ii) 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.

iii) General

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

iv) District Licensing Agency

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

v) 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.

The activity contributes towards sustainable development by promoting the following community outcomes

A safe and caring community

This activity employs inspectors in the following activities:

- Hazardous substances

- Geothermal
- General
- Liquor licensing
- Environmental health
- By 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 in:
 - food prepared for public consumption
 - reduction of noise nuisance
 - compliance with liquor licence conditions

Cost of Service

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATING COSTS			
Direct costs	1,245	1,376	1,663
Depreciation	73	34	29
Finance	1	1	1
Total costs	1,319	1,411	1,693
REVENUE			
Fees and charges	372	398	662
Total revenue	372	398	662
Net cost of service	947	1,013	1,031

Capital Expenditure

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
Other renewals	16	51	41
Total capital	16	51	41

How we pay for this activity

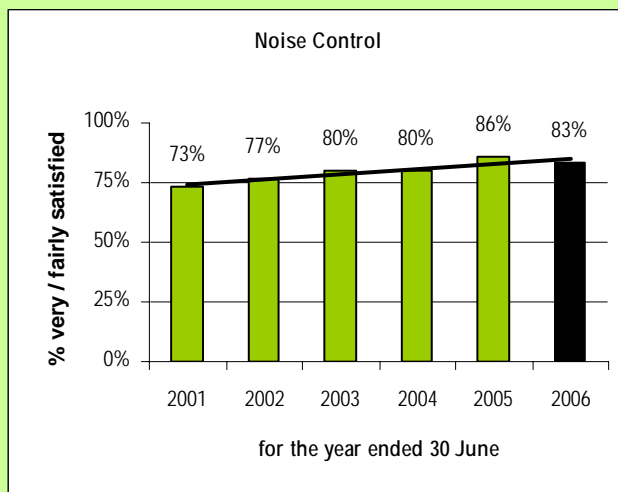
For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATIONAL FUNDING			
Net cost of service	947	1,013	1,031
Less depreciation for capital	(73)	(34)	(29)
Total rates for/(from) operations	874	979	1,002
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	52	34	29
Loans	(142)	(67)	1
Asset sales	106	84	11
Total capital	16	51	41

Performance for 2006

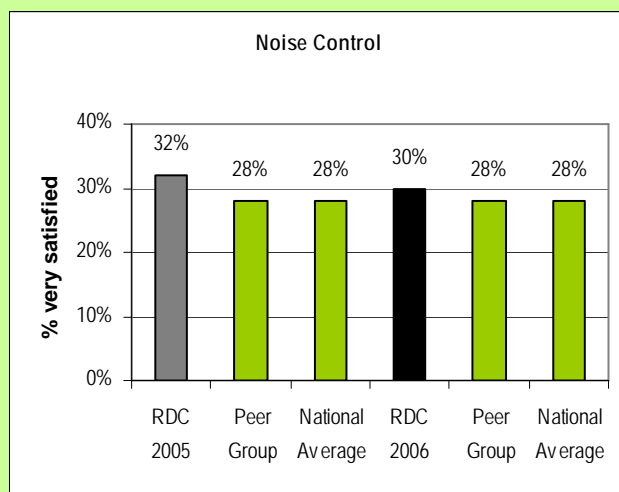
Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Minimising noise nuisance within the district.	Environmental Health Officers will respond to noise complaints within two hours.	95% compliance	Achieved – 99.83% compliance.
Ensuring compliance with the Health Registration of Premises Regulations 1966.	Register food premises, hairdressing salons, camping grounds and funeral parlours.	95% premises registered	Achieved – 99.30% premises registered.
Controlling health nuisances within district.	Respond to health complaints within 1½ working days.	98% compliance	Achieved – 99.45% compliance.
Ensuring compliance of premises/activities with statutory requirements.	Conduct at least one annual inspection of all licensed premises.	100% compliance	Achieved 100%.

NRB Community Survey

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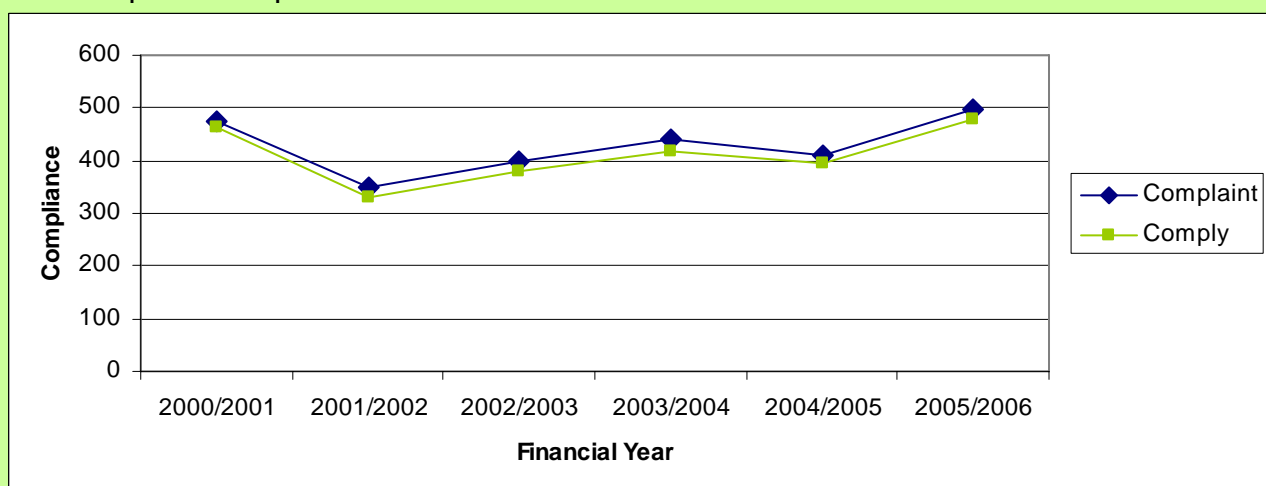
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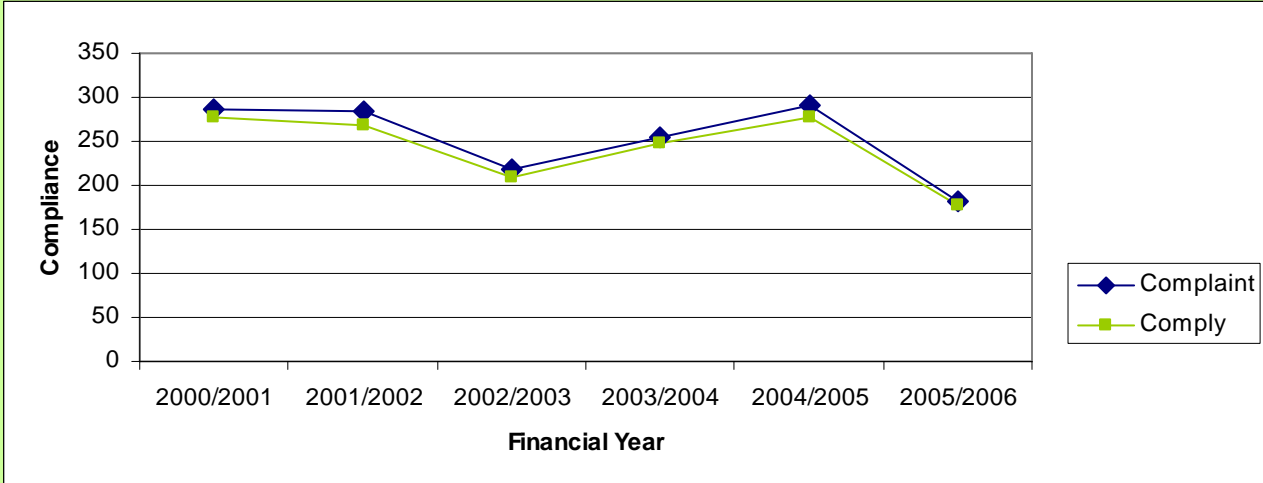
This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last two years and compares it with our peer group and the national average.

Other Indicators

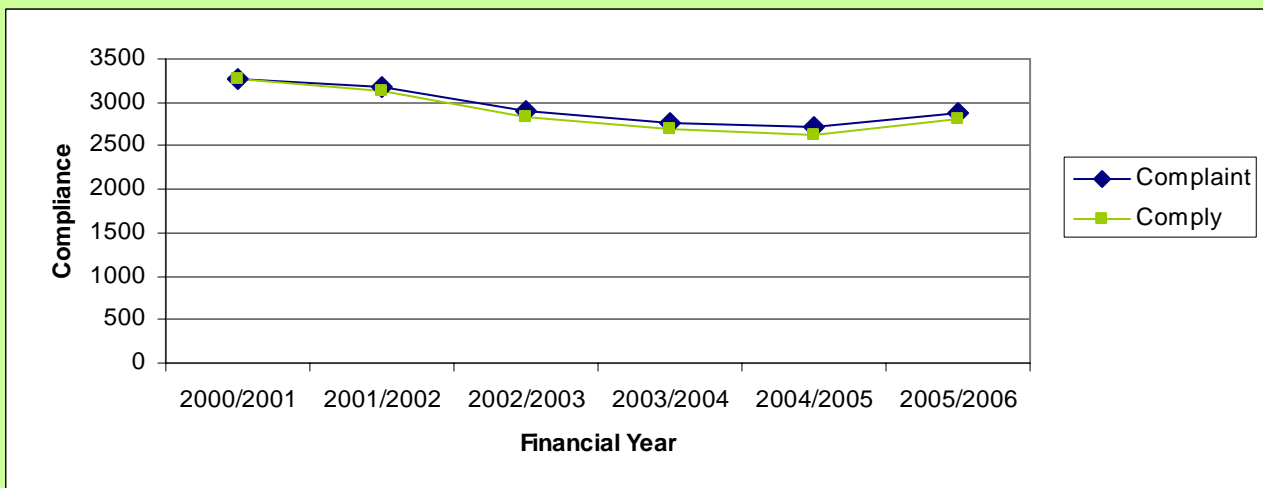
General Inspection Compliance Levels



Environmental Health Compliance Levels



Noise Control Compliance Levels



Parking Enforcement

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 – how and why we provide the service

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, plus a supervisor to whom staff are responsible.

The activity contributes towards sustainable development by promoting the following 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 ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATING COSTS			
Direct costs	803	889	796
Depreciation	8	14	10
Total costs	811	903	806
REVENUE			
Fees and charges	1,365	1,240	1,336
Total revenue	1,365	1,240	1,336
Net cost of service	(554)	(337)	(530)

Capital Expenditure

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
Other renewals	0	0	6
Total capital	0	0	6

How we pay for this activity

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATIONAL FUNDING			
Net cost of service	(554)	(337)	(530)
Less depreciation for capital	(8)	(14)	(10)
Total rates for/(from) operations	(562)	(351)	(539)
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	8	14	10
Loans	(8)	(14)	(4)
Total capital	0	0	6

Performance for 2006

Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Provision of an effective parking enforcement service within the CBD and peripheral areas to maximise availability of parking.	Provide a 5½ day week surveillance of CBD and peripheral areas.	100% compliance	Achieved 100%.
	Complete initial administrative action of 100% of infringement notices within two working days of issue.	100% compliance	Achieved 100%.

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
109	Destination Rotorua Economic Development	✓	✓		✓	✓	✓	✓	✓
114	Destination Rotorua Tourism Marketing		✓		✓	✓			✓
117	Tourism Rotorua Travel and Information	✓	✓			✓			

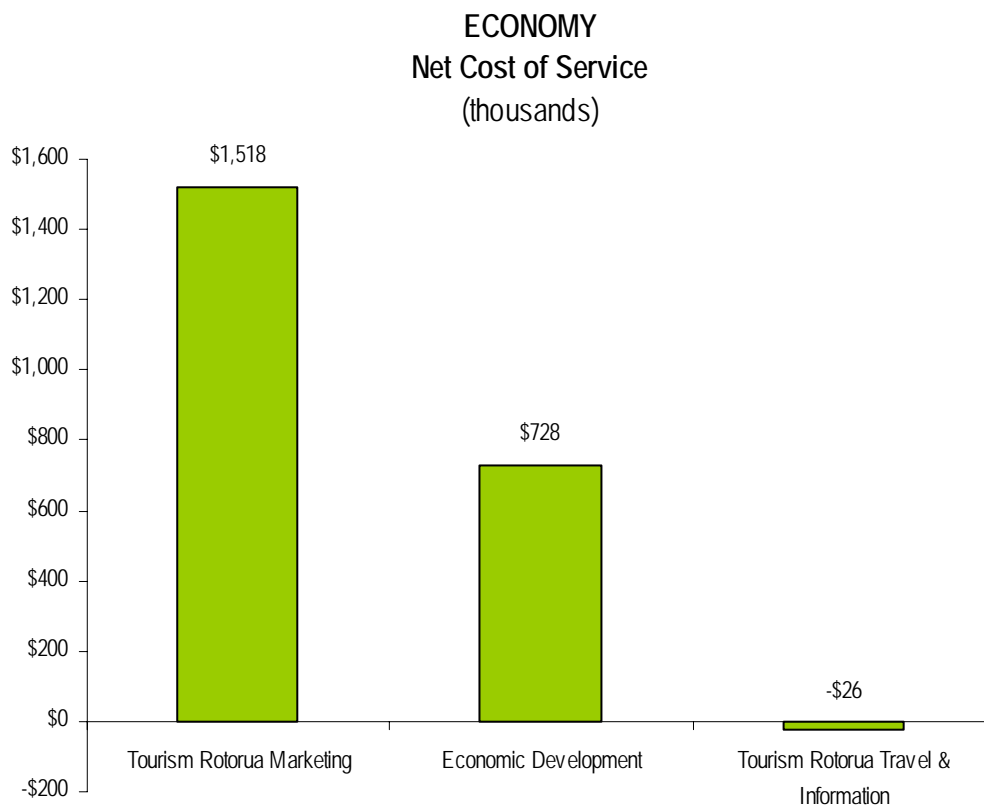
Overview of Group

Rotorua District has a thriving tourist industry contributing to a 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.

Significant Negative Effects:

No significant negative effects have been identified in relation to this activity group.

How the Money is Used



Destination Rotorua Economic Development

Overall aim of the activity

Destination Rotorua Economic Development actively works alongside the wider Rotorua business and government community (both local and central) with the aim of creating an environment that encourages and stimulates economic growth.

This year's highlights and achievements included

- **Rotorua 'BrightEconomy' Project**
 - Rotorua BrightEconomy Advisory Board established under a Memorandum of Understanding.
 - Board is 11 leading Rotorua business people and has roles of leadership, advice and evaluation, facilitation and communication.
 - Board has been through Rotorua future insights process to understand future drivers of change influencing the Rotorua economy.
 - Nine point framework recognising role of farming, forestry and wood processing, and tourism - and focus on six new opportunity areas where Rotorua has advantages: local energy generation, immigration and lifestyle investment, water, bio-materials, land use optimisation and research and development.
- **Rotorua Employment Skills Project**
 - Five cluster groups with 350 Rotorua businesses engaged, has attracted over \$250,000 funding from external sources.
 - Secured Department of Labour pilot Settlement Support contract to help integrate new skilled migrants.
 - Finalist in National Vero Excellence in Business Support Awards.
 - Attracted over 355 skilled migrant relocation inquiries from NZ Opportunities Expo 2005 in London, translated into nine actual relocations.
 - Increased student participation in Lion Foundation Rotorua Trust Young Enterprise Scheme by 20%, and increased number of schools involved by 100%.
- **Rotorua CBD Retail Strategy**
 - In partnership with Retail Rotorua, Event Venues, Destination Rotorua Tourism Marketing and City Focus, implementation underway in marketing and promotions elements of strategy, which included Last of the Summer Wine promotion.
 - CBD revitalisation project underway. Will provide a platform to build the public/private partnerships required.
- **Rotorua Business Mentors NZ Scheme:**
 - 140 clients and 26 mentors engaged in the program.
 - An increase in client satisfaction of 41%.
 - Nationally Rotorua/Taupo program has moved in ranking of client satisfaction from 16th to 2nd.
- **Film Volcanic**
 - Destination Rotorua Economic Development has led initiative promoting Central North Island as location for world class screen production.

- Have received 14 feature film inquiries; two have been shot and four currently being developed; six TV commercials shot along with six TV programs.
- **Marketing Strategy**
 - www.rotorua-business.com / www.rotorua-living.com website upgraded and recording around 13,000 unique visits per month, up from around 9,000 (38% increase).
 - Generated 500 business and relocation inquiries, up from around 250 in 2005.
 - Played key role in promotion and running of Forest Industries Expo, which attracted 5000–6000 visitors.
- **Nanjing Rotorua Town Project**
 - With Destination Rotorua Tourism Marketing, have lead partnership with Nanjing Moon Building Company, in construction of Nanjing Rotorua Town project, a 2000 lot residential development in Nanjing.
 - Included in purchase price of each property is trip to Rotorua for all 2000 properties – around 5,000 visitors over 3-4 years.
 - Development includes point of sale for tourism and other products to break into Chinese market, and display of Rotorua artists' works.

Activity purpose – how and why we provide the service

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

Destination Rotorua Economic Development 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 Rotorua economic and business information.
2. Facilitation of business-to-business and business-to-government (local and national) interaction.
3. Marketing of the region as a place to live, work, learn, invest and do business in.
4. Project management of strategic level economic development projects:
 1. Rotorua Economic Development Strategy – BrightEconomy Project
 2. Rotorua Employment Skills Strategy
 3. Regional film initiative – Film Volcanic
 4. Implementation of Retail Strategy
 5. Infrastructure development particularly industrial land

The activity contributes towards sustainable development by promoting the following 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 ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATING COSTS			
Direct costs	867	1,014	663
Depreciation	3	5	4
Finance		0	0
Total costs	870	1,019	667
REVENUE			
Subsidies and grants	138	160	167
Fees and charges	4	0	1
Total revenue	142	160	168
Net cost of service	728	859	499

Capital Expenditure

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
Other renewals	3	8	6
Total capital	3	8	6

How we pay for this activity

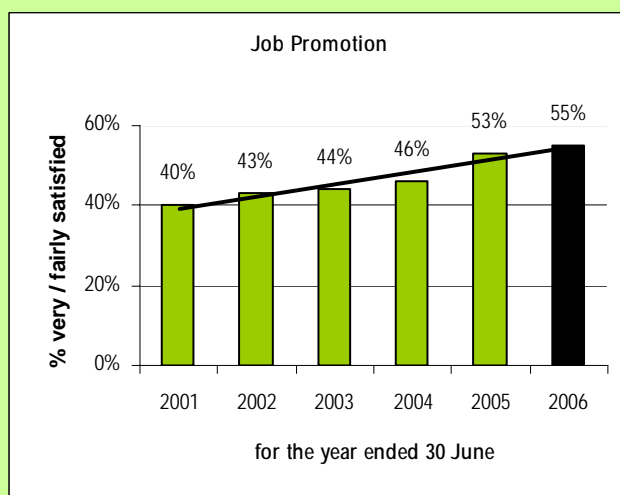
For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATIONAL FUNDING			
Net cost of service	728	859	499
Less depreciation for capital	(1)	(5)	(4)
Total rates for/(from) operations	727	854	495
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	3	5	4
Loans	0	3	2
Total capital	3	8	6

Performance for 2006			
Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Provision of relevant up to date economic and business development information in a Rotorua context	Facilitate the development, production and dissemination of relevant information on: <ul style="list-style-type: none"> • Rotorua economy • National economy • Global economy • Economic sectors • Business development • Business news • Local support and business networks • Maintain a relevant Rotorua business database 	Monthly information reports produced, disseminated to the Rotorua business database, Council and other key stakeholders. Posted to Economic Development Unit website.	Achieved.
Facilitation of economic development initiatives and activity within the Rotorua region	Facilitate the sustaining and growth of the existing Rotorua business community and the attraction of new business, investment and people through: <ul style="list-style-type: none"> • Responding to inquiries in a timely and professional manner • Interfacing with RDC and Central Government • Access to and the development of business support networks, locally, nationally and internationally. • Access to possible funding mechanisms and resources 	Respond to requests for facilitation 80% within 3 working days, 100% within 10 working days.	Achieved.
Marketing of Rotorua locally, nationally and internationally as a great place to do business, invest, live and work in	Facilitate the development, production and dissemination of relevant up to date marketing material based around the promotion of Rotorua as a destination for: <ul style="list-style-type: none"> • Living, working and playing in • Investing in • Doing business in • Sector specific business development. 	Produce at least 4 generic and 2 sector specific marketing campaigns.	Achieved.
		Ensure relevance and functionality of the websites.	Achieved.
Project Management of strategic economic development projects that enhance the capability of the region's economy	Project manage the implementation of the Rotorua Employment Skills Strategy.	Facilitate Year One of the Rotorua Cluster Development Project.	Achieved.
		Report on the progress of the strategy by 30 June.	Achieved.
	Facilitate the development of the capability of the Maori business community within Rotorua	Provide support for the Te Arawa Economic Forum and Te Arawa Economic Development.	Achieved.
	Project manage the development of the Rotorua Economic Development Strategy - BrightEconomy	Facilitate implementation of at least one of the elements identified in the strategy.	Achieved. Establishment of BrightEconomy Advisory Board (BEAB). Establishment of BEAB nine point economic framework. Major Regional Initiative proposals being developed.

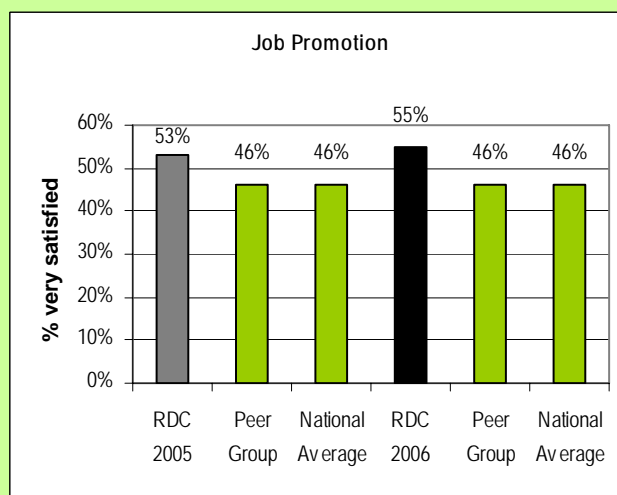
Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
	Project manage and facilitate the implementation of the Rotorua CBD Retail Strategy	Monitoring of the delivery of the Ready 2 Retail, retail promotion contract. Monitor the implementation of at least one strategy outcome over and above the Ready 2 Retail contract.	Achieved. Achieved - Rotorua CBD Revitalisation Project underway.
	Project manage Rotorua's contribution to the regional film initiative – Film Volcanic	Monitor the delivery of the Film Volcanic business plan through financial contributions and attendance at 90% of the management committee meetings.	Achieved.
	To provide support to the Radi Centre initiative	Attend 90% of all board meetings	Achieved.
	Project manage and facilitate the provision of suitable industrial land in the Rotorua District.	Provide support for the development of industrial land projects within the Rotorua District	Achieved.

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 very or fairly satisfied with this service over the last six 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" or "fairly" satisfied with this service over the last two years and compares it with our peer group and the national average.



Artist's sketch of Nanjing Rotorua Town Project - China



BrightEconomy Advisory Board

Destination Rotorua Tourism Marketing

Overall aim of the activity

A visitor sector that is making a maximum contribution to Rotorua's economic, social, cultural and environmental well-being by continually improving and promoting Rotorua to new and repeat visitors as an exciting, vibrant and high quality destination.

This year's highlights and achievements included

- **Redesign of 'Rotorua Events' publication** - Distribution of 200,000 copies of first issue (January – April) and second issue (May – August).
- **Secured TRENZ 2007 for Rotorua** - Tourism Rendezvous New Zealand (TRENZ) is New Zealand's most significant international tourism tradeshow. First time Rotorua will host TRENZ (21-24 May 2007) at Energy Events Centre.
- **Strong promotional campaign for UCI, domestic and Australia** - Campaign titled 'Win a trip to N-Zo land' via the Australian Gambling and Racing Commissions. In conjunction with N-Zo Dirtwear, offered prize package for two adults to attend the UCI Mountain Bike World Championships.
- **Shortland St filmed in Rotorua** - 35-strong cast and crew filmed two episodes of Shortland Street. First time filmed off-site since Fiji two years ago. DRTM collaborated with production crew to ensure that iconic sites included.
- **New DVD** - DRTM, with funding support from Event Venues and Economic Development, commissioned 7-minute promotional DVD that showcased leisure, domestic and international markets and focussed on C & I events, venues, business and lifestyle.
- **Visits to rotoruaNZ.com** - Record month for unique visits to popular website, January 2006 – 75,179 unique user sessions.
- **Images of a Nation ROTORUA** – Involvement and sponsorship of publication by Rob Tucker (photographer) featuring images of district.
- **Regional Visitor Monitor** – Achieved highest average overall domestic visitor satisfaction rating of six regions. (Auckland, Rotorua, Wellington, Christchurch, Queenstown and Dunedin).
- **Rotorua Sustainable Tourism Charter** – Refocus and increased interest in charter through appointment of Sustainability Assessor - membership now 34.
- **Education Network** - Refocus and increased interest in Education Network through appointment of Marketing Co-ordinator. Establishment of Luxury Cluster Groups.

Activity purpose – how and why we provide the service

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'.

The activity contributes towards sustainable development by promoting the following 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 with local tourism industry and wider community.
- More visitors and returns lead to more jobs for locals.

A community that respects its environment

- Marketing is focussed 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 varied activities and venues for the visitors and locals to enjoy.
- Facilitates/encourages events to develop and expand as a means of expanding visitor arrivals.

Cost of Service

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATING COSTS			
Direct costs	2,046	2,365	2,056
Depreciation	27	34	28
Finance		1	0
Total costs	2,073	2,400	2,085
REVENUE			
Fees and charges	555	742	667
Total revenue	555	742	667
Net cost of service	1,518	1,658	1,418

Capital Expenditure

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
Other renewals	5	17	18
Total capital	5	17	18

How we pay for this activity

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATIONAL FUNDING			
Net cost of service	1,518	1,658	1,418
Less depreciation for capital	(27)	(34)	(28)
Total rates for/(from) operations	1,491	1,624	1,389
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	27	34	28
Loans	(22)	(16)	(10)
Total capital	5	17	18

Performance for 2006

Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Creating awareness of Rotorua as New Zealand's premier visitor destination to international agents, airlines, inbound agents, media, industry and visitors.	Produce a bi-annual Rotorua tourism product and information update newsletter for the inbound industry.	2 newsletters produced (In Essence)	Achieved.
	Produce the Rotorua Visitors Guide.	160,000 printed.	Achieved – 180,000 printed.
	Attend international consumer travel shows, trade missions and sales missions.	10 attended.	Achieved.
	Co-ordinate the visits of international travel agents.	10 Tourism Rotorua visits co-ordinated.	Achieved.
Maximising Rotorua's domestic and international exposure in all media and communications channels.	Attend the annual Tourism NZ Roadshow.	Attendance completed.	Achieved.
	Co-ordinate the visits of international media to Rotorua in accordance with Tourism NZ's international media plan.	40 visits co-ordinated	Achieved.
	Prepare and distribute industry newsletters for local tourism industry.	10 Tourism bullet reports prepared and distributed.	Achieved.
	Produce the "It's On" event publication and website.	3 per year.	Achieved – Replaced with Events Publications.
Facilitating and encouraging events to develop and expand in Rotorua as a means of expanding visitor arrivals to Rotorua.	Host media visits to Rotorua for the purposes of media exposure by year end.	10 media visits completed	Achieved.
	Provide general marketing support and guidance to major event prospects.	10 strategic events assisted. 1 annual Icon event assisted.	Achieved.
Enhancing and promoting Rotorua's market position as a conference and incentive destination.	Produce the Rotorua Trade and Convention Planner.	3,000 printed.	Achieved. 1,500 Rotorua Trade and Convention Planners printed. 1,500 Rotorua Product Directory printed.
	Attend international/ convention meeting shows during programmed year.	3 attended.	Achieved.
Communication of marketing activities to local industry to communicate/maximise marketing impact.	Conduct industry forums.	2 forums per year.	Achieved.

Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Facilitating and encouraging conferences and conventions to develop and expand in Rotorua as a means of expanding visitor arrivals to Rotorua.	Produce assistance/bids for conferences during programmed year.	30 domestic bids produced. 3 international bids produced.	Achieved.
Conducting market research into Rotorua visitor patterns that provide the basis for ongoing decision marketing.	Obtain and analyse monthly visitor arrival statistics for both the domestic and international markets.	12 analyses completed.	Achieved.
Providing a robust measurement of key result areas involving Tourism Rotorua Marketing.	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 	1 analysis per year.	Achieved.
Provision of a variety of written and visual materials to assist in all marketing areas within Destination Rotorua Tourism Rotorua.	Update and reprint motivational destinations brochure within budget.	Completed upgrade process of visual material within budget.	Achieved.
	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.



Destination Rotorua Tourism Marketing's Don Gunn (back right) with Rotorua tourism industry partners at a travel promotion in Thailand

Tourism Rotorua Travel and Information

Overall aim of the activity

First contact for information and bookings of things to see and do around Rotorua and the rest of New Zealand.

This year's highlights and achievements included

- 2006 VIN INC/QUALMARK assessment - Rotorua VIN and Travel Office achieved 'Endorsement System Generic Assessment Criteria for all Tourism Businesses' - pass rate 92.4% and 'Assessment Criteria for Official Visitor Information Centres' - pass rate 97%.
- Visitor Survey December 2005/January 2006 - Visitors asked "How do you rate the service at Tourism Rotorua?" 87.5% said service was *very good or excellent* and 12.5% stated the service was *good*.

Activity purpose – how and why we provide the service

Council undertakes this activity to meet community expectations and support other activities.

The Tourism Rotorua Travel Office operates 364 days a year and employs 14 fulltime and one part-time staff.

The office is active not only in information provision but 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.

The activity contributes towards sustainable development by promoting the following 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 ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATING COSTS			
Direct costs	1,417	1,429	1,451
Depreciation	20	24	26
Finance	0	1	0
Total costs	1,437	1,454	1,477
REVENUE			
Investment income	62	12	47
Fees and charges	1,401	1,047	1,230
Total revenue	1,463	1,059	1,277
Net cost of service	(26)	395	200

Capital Expenditure

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
Buildings Upgrade			
Level of Service Charge/ Backlog	3	26	118
Other renewals	29	42	22
Total capital	32	68	140

How we pay for this activity

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATIONAL FUNDING			
Net cost of service	(26)	395	200
Less depreciation for capital	(20)	(24)	(26)
Total rates for/(from) operations	(46)	371	174
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	20	24	19
Loans	12	44	114
Asset sales		0	7
Total capital	32	68	140

Performance for 2006

Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Maintaining the highest level of customer service within a fixed budget.	Operate a seven day information and ticketing centre within general rates requirement.	Within general rates.	Achieved.
	Carry out a counter customer study over Christmas/New Year period.	94% visitor satisfaction	Achieved – 96%.

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
120	Engineering Support	✓	✓			✓			
122	Land Drainage	✓	✓						
124	Landfill	✓	✓	✓	✓	✓			
125	Refuse Collection	✓	✓	✓					
127	Roading	✓	✓			✓		✓	✓
132	Road Safety	✓		✓					
134	Rotorua Regional Airport				✓	✓			
136	Rural Fire	✓							
138	State Highway Administration	✓				✓			
139	Waste Management		✓						
142	Wastewater	✓	✓		✓	✓			
146	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.

Significant Negative Effects:

Land Drainage

- Negative environmental effects generated from this activity include stormwater reticulation impacting on the quality of the lakes. A detailed assessment of this has been completed. See "Rotorua City Urban Stormwater Quality and Prediction of Environmental Impacts" – NIWA.
- Ongoing monitoring programmes monitor contaminant loads and efficiency of management regimes.

Rotorua Regional Airport

Concerns have been raised regarding noise from airport activities, however it is anticipated that these can be mitigated.

Transport

Transport can impact negatively, for example air and water pollution, noise, glare and vibration. It is proposed that the land use components, noise, glare etc are handled by way of an environmental effects zone through the District Plan. Off-site effects are managed by way of operational formal consent and capital development techniques.

Transport (State Highway Management)

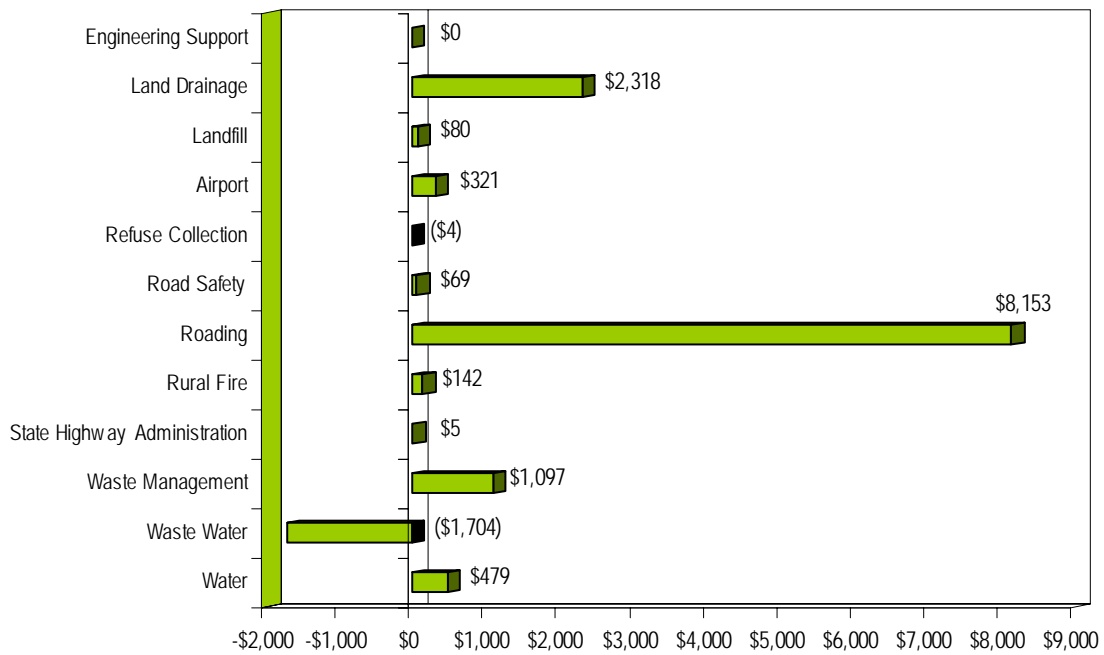
The activity in itself creates no significant negative effects, however, work streams stemming from this activity can and these are mitigated or avoided using consent, environmental enhancement and consultation processes.

Waste Management

Waste has a negative effect on the environment and management is aimed at reducing that waste. The balance between affordability and funding is key in that high costs lead to illegal dumping. This is an ongoing issue.

How the Money is Used

INFRASTRUCTURAL Net Cost of Service (thousands)



Engineering Support

Overall aim of the activity

To provide support to both the Engineering Department and corporate-wide in an efficient and effective manner.

To ensure assets transferred to Council (roading, water supply, stormwater and sewerage) are to a standard that is sustainable by Council upon transfer.

Activity purpose – how and why we provide the service

This section provides services to all departments within Council, within the following two broad areas:

- a)
 - Overview of all asset management plans. This part of our service focuses on ensuring AMPs 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.
- b)
 - 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.
- c)
 - Undertaking corporate wide high level strategic projects.
 - Managing the update of all Engineering Department bylaws
- d)
 - Database manager of the Hansen Database
 - Management of the As-Built update and production process
- e)
 - Project management of Rotorua Airport development projects

Council undertakes this activity to provide accurate, efficient and sustainable consent processing, engineering compliance and permitting, and graphical services to internal and external customers.

The Resource Engineering Section provides three main areas of service:

- i) Asset transfer control on behalf of the Engineering Department for infrastructure to be vested in Council Engineering Compliance and Street Opening/Licences to Occupy;
- ii) Consents processing; and
- iii) Graphic Solutions provides design, draughting and image manipulation services to all Council departments.

The activity contributes towards sustainable development by promoting the following community outcomes

A community that respects its environment

A community with excellent facilities and services

A safe and caring community

A community that respects its environment

- 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 ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATING COSTS			
Direct costs *	(25)	(87)	95
Depreciation	78	137	106
Finance	3	3	3
Total costs	56	53	204
REVENUE			
Fees and charges	56	53	204
Total revenue	56	53	204
Net cost of service	0	0	0

* Net of internal recoveries from other activities for internal support services.

Capital Expenditure

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
Engineering Lifelines			
Renewal	0	35	0
Other renewals	210	171	70
Total capital	210	206	70

How we pay for this activity

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATIONAL FUNDING			
Net cost of service	0	0	0
Less depreciation for capital	(78)	(137)	(106)
Total rates for/(from) operations	(78)	(137)	(106)
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	78	137	106
Loans	132	69	(36)
Total capital	210	206	70

Performance for 2006			
Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Strategic Policy	Policy documents produced to agreed format and content: <ul style="list-style-type: none"> – Policy on risk implemented in accordance with agreed programme. – Bylaws updated for utilities. 	100% compliance	Achieved 100% compliance.
Monitoring relevant policy from local or central government	Significant policy is noted and a submission document is sent. No relevant submissions are missed. <ul style="list-style-type: none"> – EBOP Water and Land Management Plan. – EBOP Regional Land Transport Strategy 	100% compliance	Achieved 100% compliance.
Asset Management Plans	Asset management plans are updated or reviewed annually to ensure quality.		
	<ul style="list-style-type: none"> – Overview parks and reserves – Overview buildings (museum, library) – Overview miscellaneous – Stormwater – Wastewater – Water Supply – Roading 	All updated or reviewed at 30.06.06.	Achieved 100% compliance.
Emergency Plans	Engineering emergency plans are updated or reviewed by 30 June each year.	30.06.06.	Achieved.
To reduce the impact on lifeline services of the Rotorua District from known hazards.	Complete the Lifelines Project Action Plan.	Assist with inputs to the CDEM Group Plan	Achieved.
Project management of Rotorua Airport development projects.	Manage the projects to agreed target programme, budget and quality.	100% compliance	Achieved 100% compliance.
Processing Land Use, Subdivision, LIM and PIM applications with relation to engineering infrastructure issues and requirements.	Process applications within the legislative timeframes required by the relevant acts.	100% compliance	Not achieved – 85% compliance.
Administer the transfer of infrastructure assets to Council	Carry out audits to confirm compliance with consent conditions and the Rotorua Civil Engineering Industry Standard.	Minimum 10% audit.	Achieved.
Provision of efficient and effective design and draughting services to the Council.	Produce draughting in accordance with the formal Draughting Office Standard.	Contract drawings, peer reviewed and checked. 100% compliance.	Achieved 100% compliance.
Provision of effective and efficient administration of street opening works by Council and other utility services.	Provide a response to all applications within 15 working days.	90% appropriate responses within 10 working days and 95% within 15 working days.	Achieved.

Land Drainage

Overall aim of the activity

To protect property from flood damage and maintain the environmental conditions of the District's lakes and rivers.

This year's highlights and achievements included

- Pohutukawa Drive - Completion of works in area to address long standing ground water issues.
- Water quality monitoring system - Implemented.

Activity purpose – how and why we provide the service

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 provides for a low level of risk and efficient drainage of surface water.

The activity contributes towards sustainable development by promoting the following 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 ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATING COSTS			
Direct costs	1,116	1,192	1,173
Depreciation	1,010	1,098	1,086
Finance	291	471	237
Total costs	2,417	2,761	2,496
REVENUE			
Fees and charges	99	100	89
Capital grants and contributions	0	5	0
Total revenue	99	105	89
Net cost of service	2,318	2,656	2,407

Capital Expenditure

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
Stormwater Renewals			
Renewal	207	329	549
City Stormwater Upgrades			
Provision for Growth	645	626	454
Total capital	852	955	1,003

How we pay for this activity

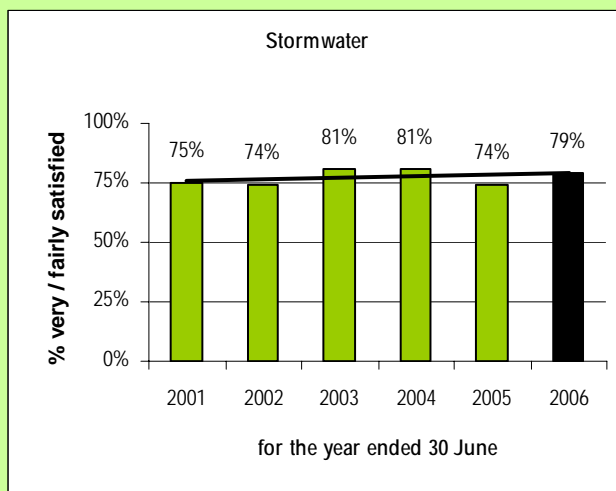
For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATIONAL FUNDING			
Net cost of service	2,318	2,656	2,407
Plus capital grants and contributions	0	5	0
Net cost of service	2,318	2,661	2,407
Less depreciation for capital	(1,010)	(1,098)	(1,086)
Total rates for/(from) operations	1,308	1,563	1,321
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	1,010	1,098	1,086
Loans	(158)	(148)	83
Capital Grants	0	5	0
Total capital	852	955	1,003

Performance for 2006

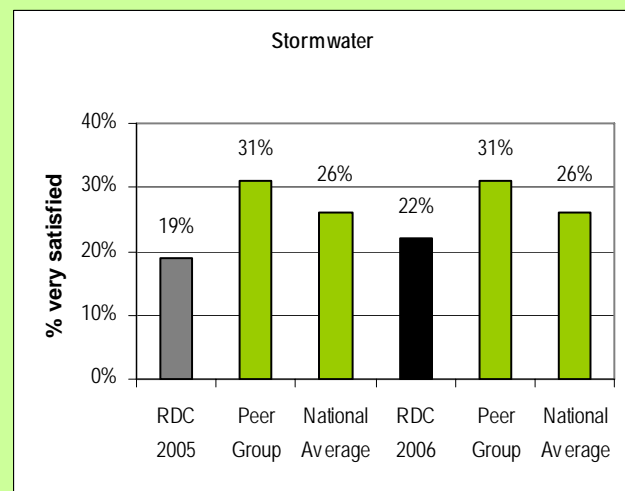
Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Maintaining existing drainage systems.	Manage the land drainage activity within operating budget.	Within budget.	Achieved.
	Respond to blockages within 24 hours of notification.	95%	Achieved – 99.5%.
Upgrading of the urban drainage system.	Complete upgrading in compliance with Building Act and Council policy requirements.	Lynmore/ Ngapuna.	Delayed to combine with sewerage work in some roads.
		Mamaku	Achieved.
Renewing of the urban drainage system.	Replace components of the drainage system to ensure the design function is maintained.	Ranolf St/ Seddon St Area	In design – delayed to fit with other projects.

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 very or fairly satisfied with this service over the last six 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 two years and compares it with our peer group and the national average.

Landfill

Overall aim of the activity

Providing a proper disposal of wastes in modern, well engineered and controlled landfill, in an environmentally sustainable manner.

Activity purpose – how and why we provide the service

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.

The activity contributes towards sustainable development by promoting the following 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 ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATING COSTS			
Direct costs	1412	963	796
Depreciation	665	760	574
Finance	5	0	27
Total costs	2,082	1,723	1,397
REVENUE			
Subsidies and grants	20	0	25
Investment income	0	14	0
Fees and charges	1,982	1,835	1,530
Total revenue	2,002	1,849	1,555
Net cost of service	80	(126)	(158)

Capital Expenditure

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
Landfill Capital Development			
Renewal	626	710	49
Other renewals	1	2	0
Total capital	627	712	49

How we pay for this activity

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATIONAL FUNDING			
Net cost of service	80	(126)	(158)
Less depreciation for capital	(665)	(760)	(574)
Total rates for/(from) operations	(585)	(886)	(732)
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	665	760	574
Loans	(38)	(48)	(525)
Total capital	627	712	49

Performance for 2006			
Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Provision of an environmentally acceptable landfill to meet the needs of the District.	Ensure operation within the conditions of the Management Plan.	100% compliance	Achieved 100% compliance.
	Ensure the landfill management contractor achieves his performance targets for compaction (based on annual average).	1.3 t/m ³	Achieved – 1.55 t/m ³ .
	Ensure compliance with all consent conditions.	100% compliance	Achieved 100% compliance.

Refuse Collection

Overall aim of the activity

To provide a collection of domestic refuse in an efficient and environmentally sound manner.

Activity purpose – how and why we provide the service

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.

The activity contributes towards sustainable development by promoting the following community outcomes

A safe and caring community

- By promoting a waste hierarchy – reduction, re-use, 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 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 ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATING COSTS			
Direct costs	1,643	1,620	1,547
Total costs	1,643	1,620	1,547
REVENUE			
Targeted rates	1,392	1,351	1,379
Investment income	14	15	11
Fees and charges	241	210	227
Total revenue	1,647	1,576	1,617
Net cost of service	(4)	(44)	(70)

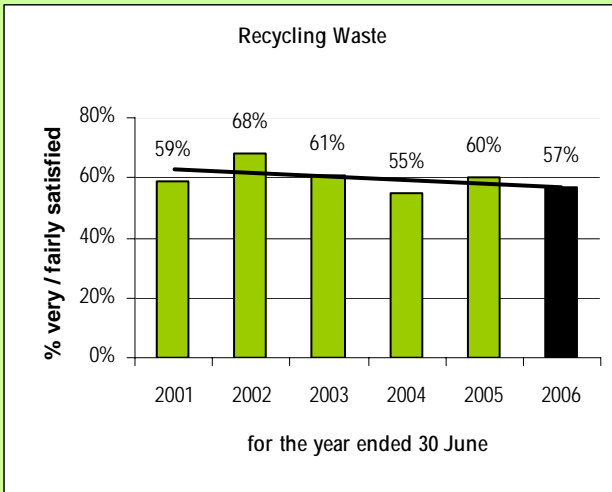
How we pay for this activity

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATIONAL FUNDING			
Net cost of service	(4)	44	(70)
Total rates for/(from) operations	(4)	44	(70)

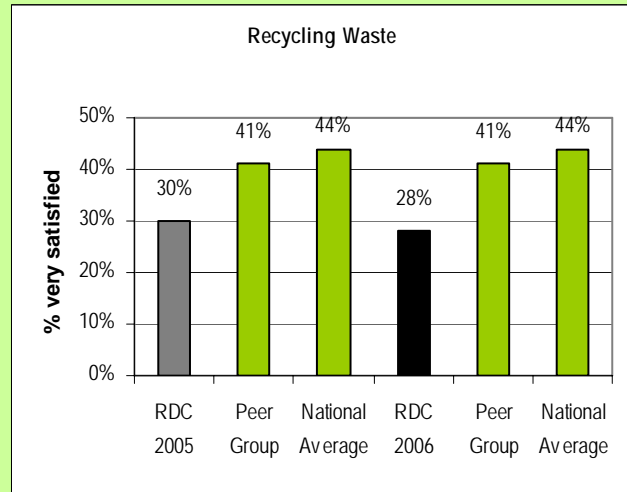
Performance for 2006			
Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Provision of a refuse collection service.	Collect refuse from specified area on each day by 4.30pm.	99% compliance	Achieved 99% compliance.
	Ensure any non-delivery of bags is resolved in the urban area.	3 days	Achieved.
	Ensure any non-delivery of bags is resolved in the rural areas.	5 days	Achieved.

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 very or fairly satisfied with this service over the last six 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 two years and compares it with our peer group and the national average.

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 Land Transport NZ (funding) standards, and to provide the infrastructure for an accessible, safe and effective public passenger transport service to meet the transport needs of the Rotorua community.

This year's highlights and achievements included

- **Future passenger transport infrastructure** - Completion of study into future.
- **Dansey Road** - Commencement of upgrade, addressing a number of safety issues.
- **Rotorua Transport Strategy** - Completed.
- **Tryon Street upgrade** - Completed.
- **Crown funding** - Allocation of additional funding for Bay of Plenty.

Activity purpose – how and why we provide the service

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 and channelling and footpath construction in both the urban and rural areas.

To provide shelters and facilities for bus services, including maintenance and capital investment, for the Rotorua District.

The activity contributes towards sustainable development by promoting the following 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, and provision of cycleways in accordance with the Cycleway Strategy and LTMA objectives.
- 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.

A “prosperous” community

- A roading network that provides for the safe and efficient movement of goods and people.

Cost of Service

Subsidised Roding

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATING COSTS			
Direct costs	5,211	5,032	4,866
Depreciation	0	21	12
Finance	1	1	0
Total costs	5,212	5,054	4,878
REVENUE			
Subsidies and grants	2,240	2,455	2,157
Fees and charges	23	3	14
Capital grants and contributions	1,731	1,192	1,686
Total revenue	3,994	3,650	3,857
Net cost of service	1,218	1,404	1,021

Works General & Unsubsidised Roading

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATING COSTS			
Direct costs	1,251	1,350	1,339
Depreciation	5,410	4,043	4,002
Finance	1,057	1,672	911
Total costs	7,718	7,066	6,252
REVENUE			
Subsidies and grants	641	660	660
Fees and charges	0	5	76
Capital grants and contributions	141	65	40
Total revenue	783	730	775
Net cost of service	6,935	6,336	5,477

Capital Expenditure

Subsidised Roading

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
Bus Shelter New			
Backlog	6	0	47
Cycleway Construction			
Backlog	10	10	0
Major Drainage Control			
Backlog	79	80	70
Minor Safety Projects			
Backlog	574	550	604
Project Investigation/Planning			
Provision for Growth	79	50	64
Road Reconstruction (Works)			
Provision for Growth	0	0	40
Renewals	2,828	2,595	3,067
Total capital	3,576	3,285	3,892

Works General & Unsubsidised Roading

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
Contributions to Development			
Provision for Growth	103	0	68
Footpath Renewals			
Renewal	95	90	102
Kerb & Channel Renewals			
Renewal	3	48	26
Land Acquisition			
Backlog	59	48	55
Maori Road & Unformed Road Lin			
Backlog	97	80	157
Minor Safety Improvements			
Backlog	30	30	31
Parks Roading Renewals			
Renewal	106	0	0
Rural Seal Extension			
Backlog	954	840	861
Rural Street Improvements			
Backlog	401	352	477
Seal Widening			
Backlog	0	300	218
Security Lighting			
Backlog	18	30	0
Tyron Street Upgrade			
Backlog	57	0	612
Urban Street Improvements			
Backlog	276	453	557
Urban Streetlight Undergrounding			
Backlog	157	65	36
Waikite Valley Pools Entranceway			
Backlog	0	0	108
Total capital	2,357	2,336	3,308

How we pay for this activity

Subsidised Rooding

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATIONAL FUNDING			
Net cost of services	1,218	1,404	1,021
Plus capital grants and contributions	1,731	1,192	1,686
Net cost of service	2,949	2,596	2,707
Less depreciation for capital	0	(21)	(12)
Total rates for/(from) operations	2,949	2,575	2,695
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	0	21	12
Loans	1,845	2,070	2,194
Capital Grants	1,731	1,194	1,686
Total capital	3,576	3,285	3,892

Works General & Unsubsidised Rooding

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATIONAL FUNDING			
Net cost of service	6,935	6,336	5,475
Plus capital grants and contributions	141	65	40
Net cost of service	7,076	6,401	5,515
Less depreciation for capital	(5,410)	(4,043)	(4,002)
Add back half share rooding depreciation	2,445	2,008	1,884
Total rates for/(from) operations	4,111	4,366	3,397
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	5,410	4,043	4,002
Loans	(749)	236	1,150
Capital Grants	141	65	40
Rooding half depreciation funded by grants	(2,445)	(2,008)	(1,884)
Total capital	2,357	2,336	3,308

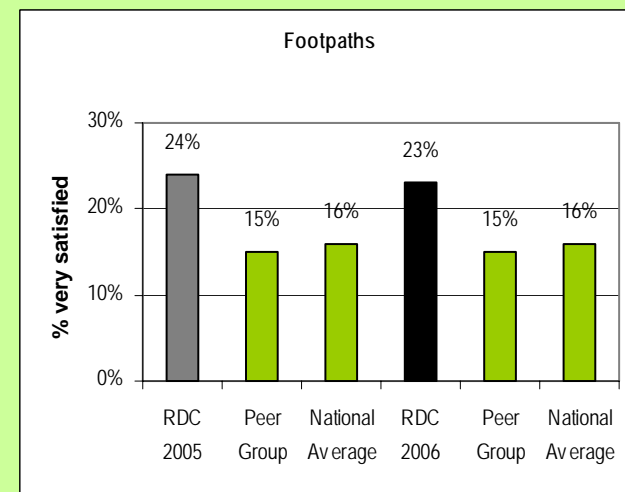
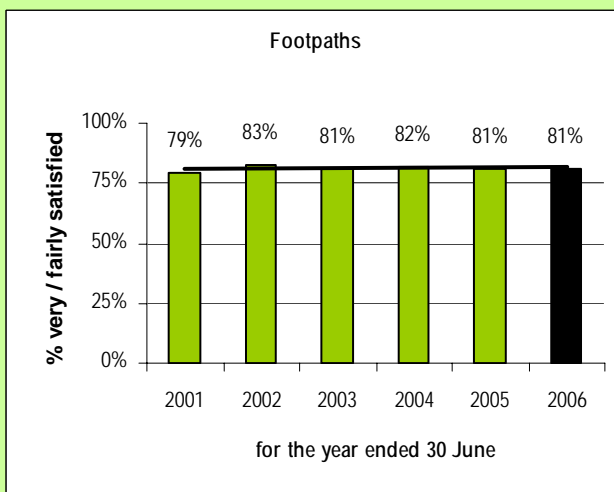
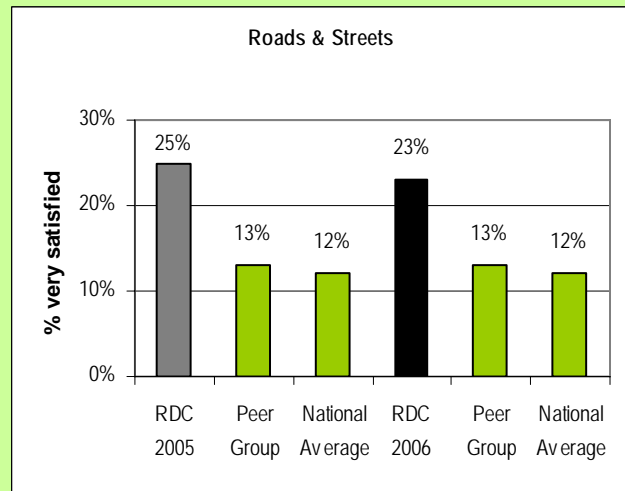
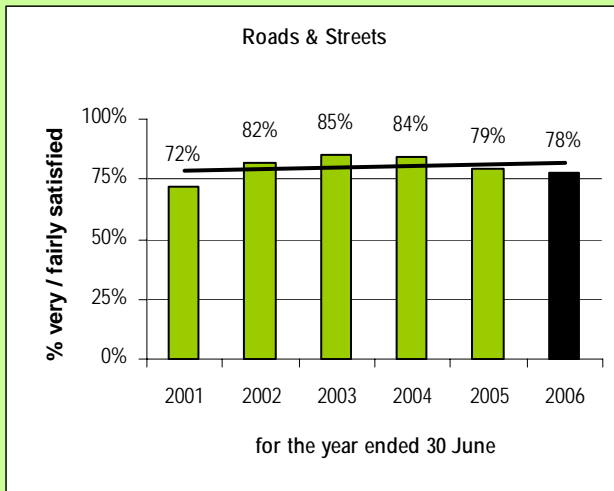
Performance for 2006

Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Enhancement and expansion of the rooding and footpath network.	Complete the rural seal extension programme within Council's policy and budget.	7km	Achieved.
		Parsons 2.7	
		Tawhero East 0.2	
		Ashpit 1.6	
		Mangamingi 2.0	
		6.5	
	Carry out a programme of urban street improvements.	Graham Rd	Complete.
		Link Rd	Complete.
		Ngongotaha Rd	Deleted – now a State Highway.
		Mokoia Drive Part 1	In progress to achieve as planned over 2 years.
		Block 13	Land not acquired.
		Hinemoa Street Part 1	Part 1 complete.
	Provide footpaths to all urban streets.	Hilda St Maide Vale St	Achieved.
	Carry out upgrades of rural communities.	Tarawera Stage 4 Mamaku	Achieved.
	Complete Maori roadlines programme and Marae entranceways programme.	Hoko Road Parawai Marae Marae entranceways within budget.	Achieved.
	Carry out upgrades for urban areas.	N/A	N/A
	Carry out the programme of rural road widening.	Dansey Rd.	Work in progress – carry forward due to weather delay.
Maintenance of the rooding asset to acceptable standards.	Undertake general maintenance, reseals and shape correction in urban and rural areas in accordance with Land Transport NZ and Council maintenance standards.	68.5km of resealing and second coat seals	Not achieved – 57.6km.
		2.2km of sealed pavement rehabilitation	Achieved – 2.2km.

Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
	Undertake a specified inspection programme.	100%	Achieved.
	Maintain all bridges to Land Transport NZ standards.	100%	Achieved.
Capital improvement programme for the roading asset.	Minor safety improvements in accordance with Land Transport NZ and Council policy.	Rerewhakaaitu School Tarawera Road right turn bay Pukeroa Rd hospital entrance Hall Rd traffic calming Spencer Rd sight benching Parsons Rd sight benching Dansey Rd sight benching Within budget.	Complete. Complete. Delayed due to decision by Lakes District Health Board. Complete. Complete. Complete. Complete.
	Road re-alignment.	Within budget.	N/A – No road re-alignment programmed.
Manage the contract for the provision of passenger transport services in Rotorua.	Subject to 40% Land Transport NZ funding, to maintain existing passenger transport shelters for the Rotorua District.	100% provision as appropriate	Achieved.
	Subject to 40% Land Transport NZ funding, to build new passenger transport shelters as required.	6 new shelters completed within budget.	Achieved.

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 very or fairly satisfied with this service over the last six 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 two years and compares it with our peer group and the national average.



SAFETY

ROTORUA CYCLING STRATEGY

TRANSPORT DEMAND
 MANAGEMENT

PASSENGER TRANSPORT

ROAD TRANSPORT

TRANSPORT & THE CBD

WALKING

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

- **Cycleway policy** - New policy (Bike Rotorua) adopted and in use.
- **Walking school bus** - Successful implementation of programme.
- **Casualty figures** - Decreasing for the district.
- **Crash rates** - District crash rates remain within the average for Council's peer group (similar sized councils).

Activity purpose – how and why we provide the service

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 Cards.

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 NZ (LTNZ) 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

LTNZ

- Policy advice
- Safety information and promotion
- Driver licensing
- Grants
- Safety auditing
- Vehicle impoundment

Council aims to work with and alongside LTNZ and the NZ Police to achieve its aim.

The activity contributes towards sustainable development by promoting the following community outcomes

A safe and caring community

A healthy community

A learning community

Cost of Service

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATING COSTS			
Direct costs	167	161	174
Total costs	167	161	174
REVENUE			
Subsidies and grants	98	92	100
Total revenue	98	92	100
Net cost of service	69	69	74

Capital Expenditure

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
Other renewals	1	2	0
Total capital	1	2	0

How we pay for this activity

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATIONAL FUNDING			
Net cost of service	69	69	74
Total rates for/(from) operations	69	69	74
CAPITAL FUNDING			
Capital funded by:			
Loans	1	2	0
Total capital	1	2	0

Performance for 2006			
Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Preparation, management and delivery of an annual Road Safety Programme for Rotorua.	Liaise and negotiate annually with LTNZ and Police for land transport safety resources.	100% compliance.	Achieved.
Contribution to regional road safety issues.	Attend Regional Road Safety Group meetings and deliver regional projects.	100% compliance.	Achieved.
Facilitation of community road safety initiatives and development.	Respond in a timely manner with advice, support or resources to all contacts.	100% compliance.	Achieved.
Ensuring road safety programmes meet with District Road Safety Strategy.	Report to Works Committee and Drivewise on a regular meeting basis.	100% compliance.	Achieved.
To equal or better crash rates of other similar districts.	Number of crashes per 100M VKT in LTNZ Annual Road Safety Report.	Within 15% or below peer group average 100%.	Achieved.

Rotorua Regional Airport

Overall aim of the activity

To provide a user friendly, attractive airport hub which meets the regional need for domestic and trans-Tasman airline services and is a safe, commercially viable operation optimising social and economic benefits to the community shareholder.

This year's highlights and achievements included

- **Runway extension** - Commencement of 150m northern runway extension.
- **Apron construction and carparking** - Completed.
- **Hannahs Bay wetland mitigation** - Completed.

Activity purpose – how and why we provide the service

Rotorua District Council owns the land and buildings, runways, taxiways/aprons, carparks and roading, security fencing etc. A licence to operate the airport business is held by Rotorua Regional Airport Ltd (a 100% Council owned company). The company also owns the necessary chattels, plant, equipment, computers etc in order to operate the business. The company provides the management of the airport to ensure scheduled air services are provided for the region. Council is responsible for planning and maintaining the infrastructural assets and the company responsible for the airport business operations.

The activity contributes towards sustainable development by promoting the following community outcomes

A prosperous community

A community with excellent facilities and services

A community that respects its environment

Cost of Service

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATING COSTS			
Direct costs	65	57	2
Depreciation	259	580	0
Finance	1,072	1,048	28
Total costs	1,396	1,685	30
REVENUE			
Fees and charges	1,075	953	0
Capital grants and contributions		0	0
Total revenue	1075	953	0
Net cost of service	321	732	30

Capital Expenditure

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
Southern Extension			
Level of Service Change	51	0	0
Security Fencing			
Level of Service Change	144	170	367
Strengthen Aprons			
Level of Service Change	1,029	93	98
New Aprons/Taxiway			
Level of Service Change	0	0	122
Runway			
Renewal	21	32	0
Wetlands Mitigation			
Level of Service Change	99	167	1
New Terminal Stage 1			
Level of Service Change	391	405	0
Secure Lounge Extension			
Level of Service Change	29	100	0
Road & Carpark			
Level of Service Change	1,340	60	1
Moving Leases			
Level of Service Change	0	80	0
Stat. Planning Trans Tasman Development			
Level of Service Change	187	325	17
Northern Starter			
Level of Service Change	879	110	0
Property Purchases			
Level of Service Change	358	779	0
Other Costs/Consultants			
Level of Service Change	0	0	210
Asset Transfer Ex Airport			
Level of Service Change	0	0	18,814
Total capital	4,528	2,321	19,630

How we pay for this activity

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATIONAL FUNDING			
Net cost of service	321	732	30
Less depreciation for capital	(259)	(580)	0
Total rates for/(from) operations	62	152	28
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	259	580	0
Loans	4,269	1,741	14,451
Advances net	0	0	4,429
Cash carried forward	0	0	1,889
Shares	0	0	2,639
Total capital	4,528	2,321	19,630

Performance for 2006			
Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Asset management	Prepare and maintain an asset management plan.	Updated or renewed at 30.06.06	Achieved.
	Annual maintenance undertaken.	In accordance with asset management plan	Achieved.
Capital improvements	Capital expenditure completed in line with programme.	Aprons, security, carparking, roading.	Achieved.
Airport designation	Necessary designation and changes to District Plan to provide for runway extension.	Completed and approval granted by 30.06.06	Delayed.
Business relationship with RRAL	Maintain an asset transfer agreement and leases with RRAL in order to operate a successful business.	Licences and leases reviewed 30.06.06	Achieved.
	Indemnities and insurance.	Reviewed 30.06.06	Achieved.
	CCA audit undertaken.	Successfully completed each year	Achieved.
	RRAL Draft SOI received by due date.	Before 01.03.06	Achieved.
	Council responses to Draft SOI.	Before 01.04.06	Achieved.
	Adopted SOI received by due date.	Before 30.05.06	Achieved.

Rural Fire

Overall aim of the activity

Working in partnership with 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

- **Rural fire response trailer** - Purchase of new trailer designed to support fire crew of eight for period of 12-24 hours. Designed to be fully self-sufficient
- **National certification** - More than 50 Castlecorp staff and volunteers registered with Fire and Rescue Industry Training Organisation to undertake National Certificate in Vegetation Fire Fighting Level 2, with some doing Level 3 and 4 certificates.

Activity purpose – how and why we provide the service

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.

The activity contributes towards sustainable development by promoting the following community outcome

A safe and caring community

Cost of Service

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATING COSTS			
Direct costs	124	108	126
Depreciation	40	34	36
Finance	2	3	1
Total costs	166	145	163
REVENUE			
Subsidies and grants	24	5	27
Fees and charges		1	
Total revenue	24	6	27
Net cost of service	142	139	136

Capital Expenditure

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
Volunteer Rural Fire Forces (VRFF)			
Renewal	40	36	4
Total capital	40	36	4

How we pay for this activity

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATIONAL FUNDING			
Net cost of service	142	139	136
Less depreciation for capital	(40)	(34)	(36)
Total rates for/(from) operations	102	105	100
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	40	34	36
Loans	0	2	(32)
Total capital	40	36	4

Performance for 2006

Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Provision and update of Rotorua District Council Rural Fire Plan.	Fire plan to be updated and certified by Central North Island Regional Rural Fire Committee for distribution.	Fire plan to be updated and certified by Central North Island Regional Rural Fire Committee for distribution no later than 31 August 2006.	Achieved.
Provision of administration 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.



Fire – Galatea – December 2005

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

- SH 5 Gasline Curves Realignment - Construction underway.
- Rotoma - Flood damage repairs.
- Tauranga Direct Road corridor development:
 - Investigation and design of widening of one lane bridges completed.
 - Design completed for seal widening – Jackson Road to Hamurana Road.

Activity purpose – how and why we provide the service

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.

The activity contributes towards sustainable development by promoting the following community outcomes

A safe and caring community

A community with excellent facilities and services

Cost of Service

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATING COSTS			
Direct costs	103	119	117
Depreciation	1	1	2
Total costs	104	120	119
REVENUE			
Fees and charges	99	119	115
Total revenue	99	119	115
Net cost of service	5	1	4

Capital Expenditure

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
Other renewals	0	0	0
Total capital	0	0	0

How we pay for this activity

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATIONAL FUNDING			
Net cost of service	0	1	4
Less depreciation for capital	(1)	(1)	(2)
Total rates for/(from) operations	(1)	0	3
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	1	1	2
Loans	(1)	(1)	(2)
Total capital	0	0	0

Performance for 2006

Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Undertake and oversee network maintenance on delegated highways within the District.	Meet Transit NZ/Land Transport NZ standards criteria and guidelines for SH5, 30, 30A, 33, 38.	100% compliance	Achieved.
Provision of effective and efficient management of the Rotorua District highway network.	Advance and promote 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.	National Land Transport Programme complete.	Achieved.
	Report to Works Committee	100% compliance.	Achieved 100% compliance.
Monitoring and evaluation of all consultants and maintenance contractors engaged on the network via performance monitoring systems.	Meet requirements of Transit, Land Transport NZ and Council policy including contractual obligations.	100% compliance.	Achieved 100% compliance.

Waste Management

Overall aim of the activity

To provide a litter free environment within the District and promote resource recovery.

This year's highlights and achievements included

- **Differential pricing** - Successful introduction of differential pricing between landfill and re-used materials.

Activity purpose – how and why we provide the service

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.

The activity aims at waste minimisation through waste management.

The activity contributes towards sustainable development by promoting the following 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 participation to make a difference.
- By providing recycling services to the whole community.

Cost of Service

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATING COSTS			
Direct costs	1,075	1,241	1,235
Depreciation	18	22	17
Finance	4	7	4
Total costs	1,097	1,270	1,256
REVENUE			
Fees and charges	0	0	51
Total revenue	0	0	51
Net cost of service	1,097	1,270	1,205

Capital Expenditure

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
Rural Transfer Station Develop			
Backlog	0	230	5
Total capital	0	230	5

How we pay for this activity

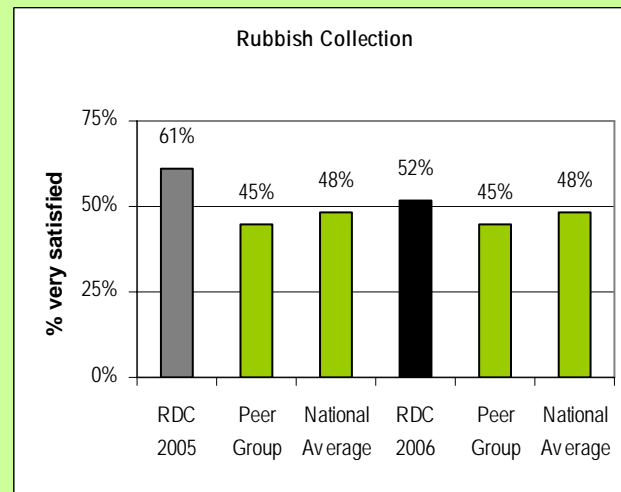
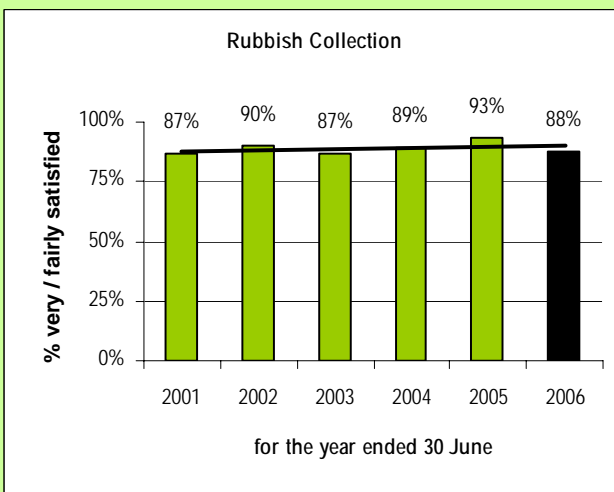
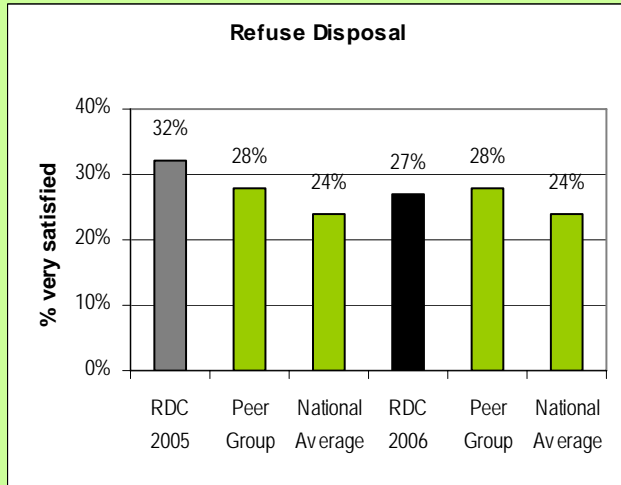
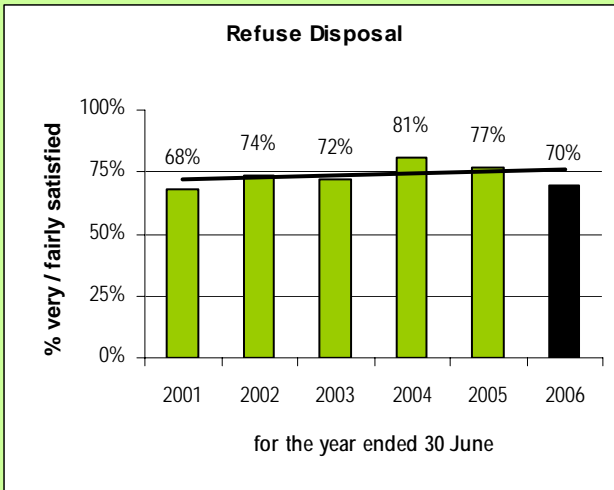
For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATIONAL FUNDING			
Net cost of service	1,097	1,270	1,205
Less depreciation for capital	(18)	(22)	(17)
Total rates for/(from) operations	1,079	1,248	1,188
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	18	22	17
Loans	(18)	208	(12)
Total capital	0	230	5

Performance for 2006			
Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Management of solid wastes within the district.	Service all urban litter bins daily.	100% compliance	Achieved 100% compliance.
	Service all litter bins within rural areas at least twice weekly, and every day from mid-December to mid-February.	100% compliance	Achieved 100% compliance.
	Respond to all litter complaints within two hours of receipt in the Rotorua Basin, and four hours outside of this area.	99% compliance	Achieved 99% compliance.
	Meet national waste targets as per the Ministry for the Environment's Waste Strategy.	As applicable per NZ Waste Strategy.	Achieved where applicable.

Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Management of hazardous waste.	Provide storage facilities and dispose of hazardous wastes, with no preventable incident.	100% compliance	Achieved 100% compliance.
Management of inner city and landfill recycling facilities.	Operate inner city and landfill recycling facilities to achieve target volumes.	2,000 tonnes p.a.	Achieved – 2,687 tonnes.

NRB Community Survey

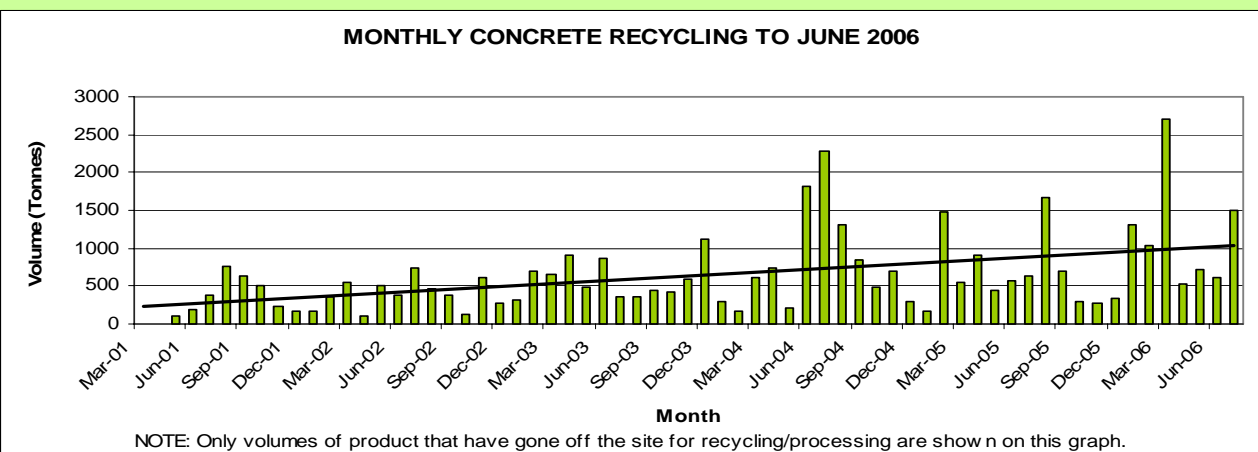
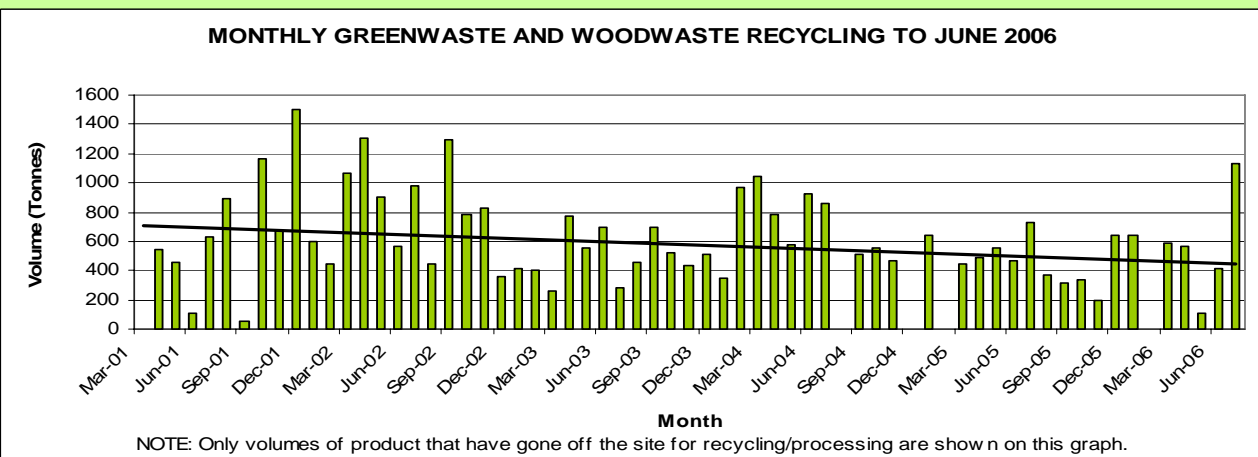
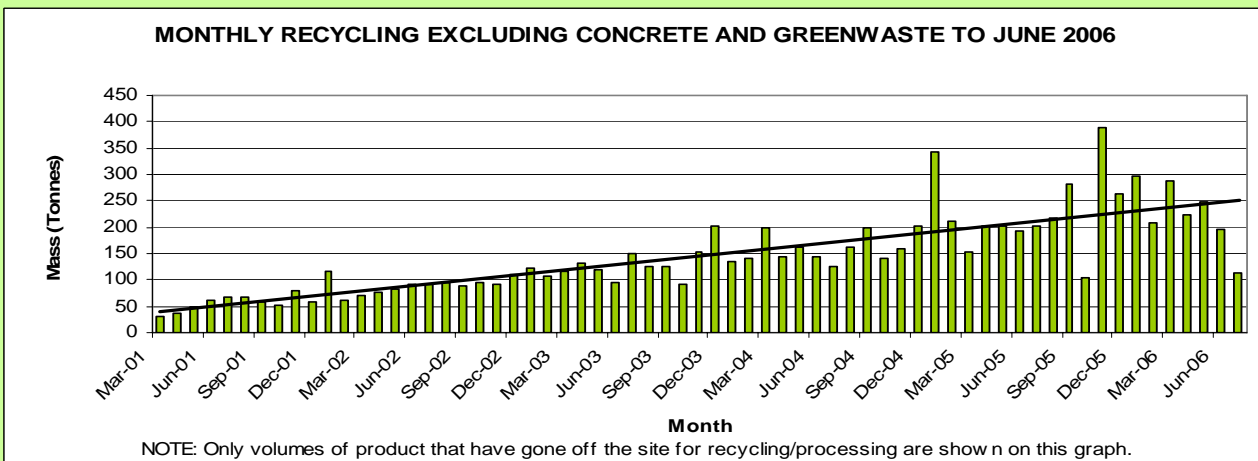
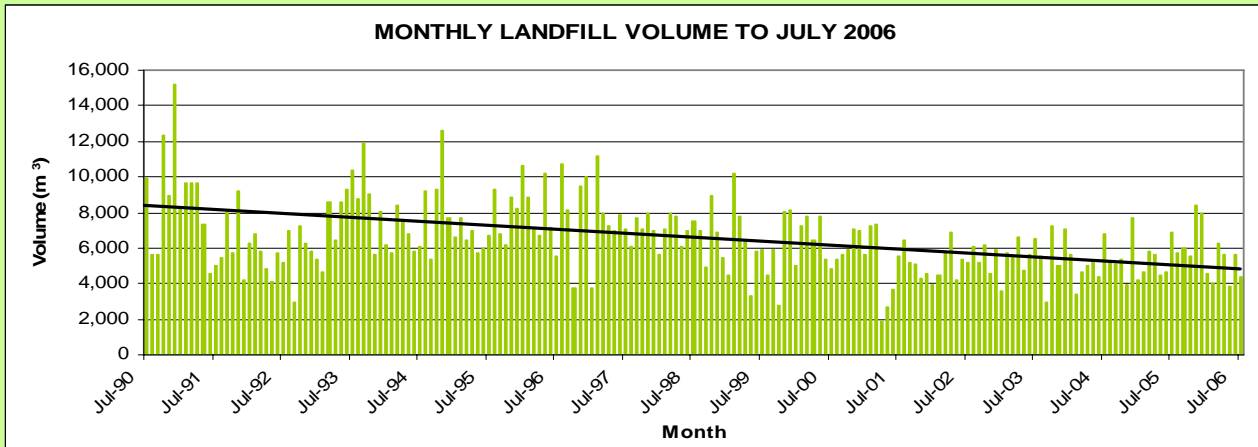
The four graphs below have been prepared from the annual Communitrack Survey conducted by National Research Bureau Ltd (NRB) Public Perception and Interpretations of Council Services and Representation Report.



These graphs show the percentage of survey respondents that are very or fairly satisfied with this service over the last six 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 two years and compares it with our peer group and the national average.

Other Indicators



WasteWater

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.

To provide accurate, efficient and sustainable monitoring, sampling, testing and scientific services to Council's internal clients.

This year's highlights and achievements included

- **Wastewater treatment plant upgrade** - Commissioning upgrading work, resulting in improvements in nutrient removal.
- **Eastern trunk sewer main and pump stations** - Construction and commissioning, bringing sewage from the Mourea/Okawa Bay area.
- **Mourea/Okawa Bay sewerage scheme** - Completed.
- **Okareka sewerage scheme and Brunswick/Rotokawa sewerage scheme** - Completion of detailed design.
- **Low pressure grinder pump system** - Good progress on strategic review of application on proposed lakeside communities' sewerage scheme.
- **Ministry of Health funding** - Subsidy funding for Mourea/ Okawa Bay sewerage scheme secured.
- **Subsidy applications** - Subsidy applications for remaining lakeside communities sewerage schemes submitted.

Activity purpose – how and why we provide the service

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 majority of sampling, monitoring, testing and scientific advisory services provided are related to client legislative and consent monitoring requirements, primarily for the wastewater 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.

The activity contributes towards sustainable development by promoting the following 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 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.
- 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 ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATING COSTS			
Direct costs	5,571	5,644	5,227
Depreciation	4,273	2,743	2,742
Finance	404	752	203
Total costs	10,248	9,139	8,172
REVENUE			
Targeted rates	7,886	7,756	7,136
Investment Income	81	0	0
Fees and charges	1,103	892	947
Capital grants and contributions	2,882	3,136	642
Total revenue	11,952	11,764	8,725
Net cost of service	(1,704)	(2,625)	(553)

Capital Expenditure

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
Hinehopu Sewerage Backlog/Growth	0	200	0
Okareka Sewerage Backlog/Growth	149	445	40
Rotoma Sewerage Backlog/Growth	0	0	0
Capital Overheads Growth/Backlog	24	24	8
Septic Tank Reticulation Growth/Backlog	24	524	0
Sewer Renewals Renewal	252	545	125
Pump Stations Renewals Renewal	204	789	170
Treatment Plant Renewals Renewal	472	1,063	804
Land Treatment Renewals Renewal	151	277	129
WWTP Upgrade Backlog/Growth	130	500	1,841
Reticulation Extension			

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
Growth/Backlog	23	110	52
Pipeline Reimbursement Renewal	(255)	0	(1,528)
Eastern Trunk Line Growth/Backlog	4,584	6,350	48
Share Wastewater Treatment Plant Upgrade Growth/Backlog	255	0	1,528
Brunswick/Rotokawa Sewerage Growth/Backlog	223	3,265	31
Mourea Sewerage Backlog/Growth	462	(215)	2,656
Okawa Bay Sewerage Backlog	1	475	5
Okere Falls/Otaramarae Sewerage Backlog/Growth	31	376	17
Capital Overheads Growth/Backlog	535	535	162
Other renewals	21	21	16
Total capital	7,286	15,284	6,104

How we pay for this activity

For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATIONAL FUNDING			
Net cost of service	(1,705)	(2,625)	(553)
Plus capital grants and contributions	2,882	3,136	642
Net cost of service	1,177	511	89
Less depreciation for capital	(4,273)	(2,743)	(2,742)
Total rates for/(from) operations	(3,096)	(2,232)	(2,653)
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	4,273	2,743	2,742
Loans	131	9,404	2,720
Capital Grants	2,882	3,137	642
Total capital	7,286	15,284	6,104

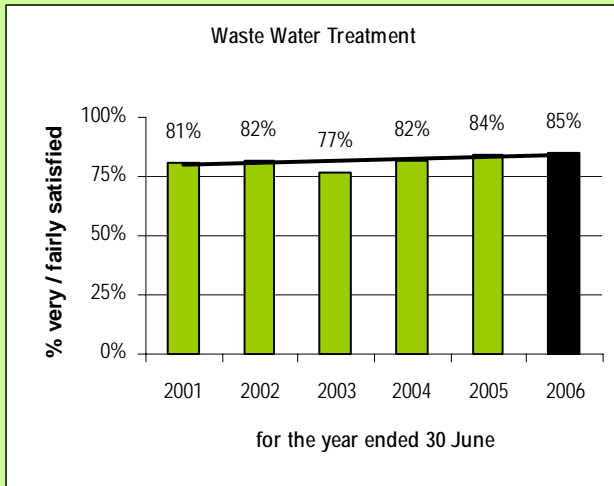
Variance from budget

CAPITAL: \$6.1 million of the capital projects will now be completed in 2007. Value engineering initiatives on the Eastern Trunk Line project and Mourea project have saved Council at least \$1.2 million

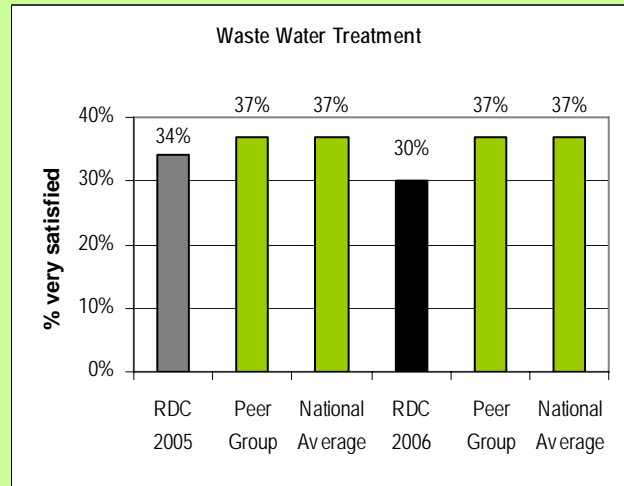
Performance for 2006			
Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Maintenance of the continuous operation of the wastewater reticulation system at present and into the future.	Process applications for new connections within 5 working days and notify applicants.	98% processed within 5 working days	Achieved.
	Implement and manage 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. - Programmed audits recorded.	Achieved.
Undertaking research and investigations on needs and possible solutions for sewage schemes at lakeside settlements, and implement solutions.	Complete the year's programmed investigations, and progress capital works as programmed.	Investigations and capital works completed to programme and budget.	Achieved – Eastern sewer trunk main and Mourea/Okawa Bay schemes completed and operational.
Ensuring management of the wastewater treatment and pumping system in a cost-effective manner, meeting the requirements of the resource consent or approved variations.	That no overflows occur from the WWTP or pump stations except due to power failure or extreme weather conditions.	Zero overflows	Achieved.
Maintenance of the wastewater reticulation system and treatment assets to acceptable standards.	Advance 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.
Capital improvement programme for the wastewater treatment system in accordance with the conditions of relevant resource consents.	Advance through contracts, the works described in the AMP.	Capital works WWTP upgrade outputs advanced within budget.	Achieved.
Undertake monitoring programmes for water right consents (forest and landfill).	Undertake water quality monitoring as prescribed by the resource consent within the stated timeframe.	All monitoring undertaken. Timeframes met 100% where stated.	Achieved.
Maintaining and operating the laboratory to approved standards.	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.
		Maintain IANZ registration.	Achieved.
Undertaking analysis of samples in the laboratory.	Samples analysed and reported within the time period specified by the clients.	95% compliance.	Achieved.
Education, encouragement and enforcement of regulatory compliance, by users of Council's Engineering Utility Services.	Administer Engineering Utility Regulations, Bylaws and statutory requirements.	40% of trade premises with wastewater consents are audited annually for regulatory compliance.	Achieved.
		Trade premises connected to the wastewater utilities are audited and charged for the services provided every six months.	Achieved.
	Respond to complaints and spillages.	90% of complaints to be responded to within 3 hours and 100% within 24 hours.	Achieved.

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 two years and compares it with our peer group and the national average.



Sewer pipeline installation

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

- Rotorua Basin Water Strategy - Significant progress to draft report stage.
- Eastern supply duplicate delivery main - Completed.

Activity purpose – how and why we provide the service

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 activity contributes towards sustainable development by promoting the following 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 ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
OPERATING COSTS			
Direct costs	3,304	3,374	3,124
Depreciation	2,118	1,241	1,266
Finance	112	235	130
Total costs	5,534	4,850	4,520
REVENUE			
Targeted rates	5,008	4,936	4,818
Investment income	17	9	17
Fees and charges	30	22	22
Less internal water billing	(179)	(134)	(177)
Total revenue	4,876	4,833	4,680
Net cost of service	658	17	(160)

Capital Expenditure

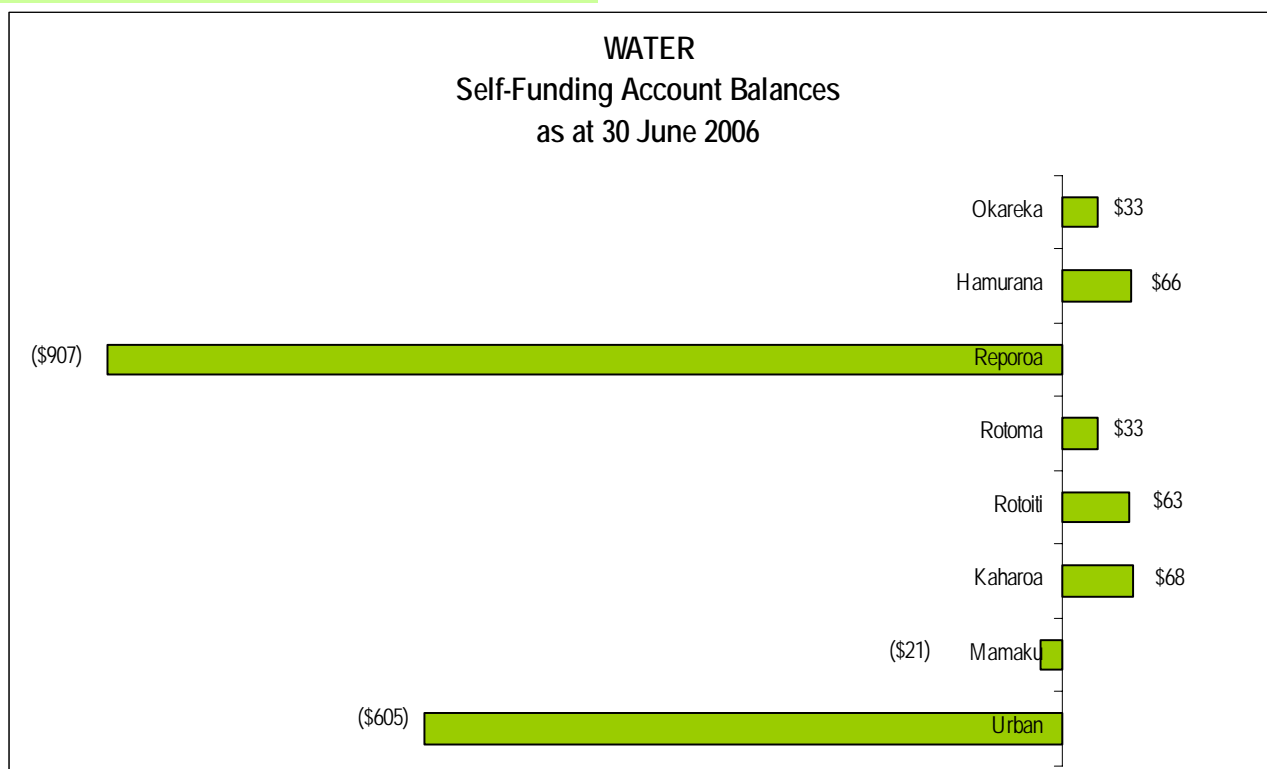
For the year ending 30 June: (thousands)	2006 Actual	2006 Budget	2005 Last Year
Urban Water			
Renewals	964	1,398	706
Capital Improvements			
Backlog/Growth	14	60	0
Reticulation Improvements			
Backlog/Growth	425	1,888	437
Eastern Trunk Line			
Growth/Backlog	0	150	0
Mamaku Water			
Renewals	2	2	1
Capital Improvements			
Backlog/Growth	0	28	3
Rotoiti Water			
Renewals	23	34	2
Capital Improvements			
Backlog/Growth	1	31	1
Rotoma Water			
Renewals	3	6	4
Capital Improvements			
Backlog/Growth	1	31	1
Kaharoa Water			
Renewals	44	21	39
Capital Improvements			
Backlog/Growth	3	60	3
Reporoa Water			
Renewals	8	8	4
Capital Improvements			
Backlog/Growth	90	207	177
Hamurana Water			
Renewals	1	1	0
Capital Improvements			
Backlog/Growth	2	37	2
Okareka Water			
Renewals	0	12	9
Total capital	1,581	3,974	1,389

How we pay for this activity

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATIONAL FUNDING			
Net cost of service	658	17	(160)
Less depreciation for capital	(2,118)	(1,241)	(1,266)
Total rates for/(from) operations	(1,460)	(1,224)	(1,425)
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	2,118	1,241	1,266
Loans	(644)	2,733	123
Asset Sales	107	0	0
Total capital	1,581	3,974	1,389

Variance from budget

CAPITAL: Approximately \$2.4 million of capital projects are now scheduled to be completed in the 2007 year



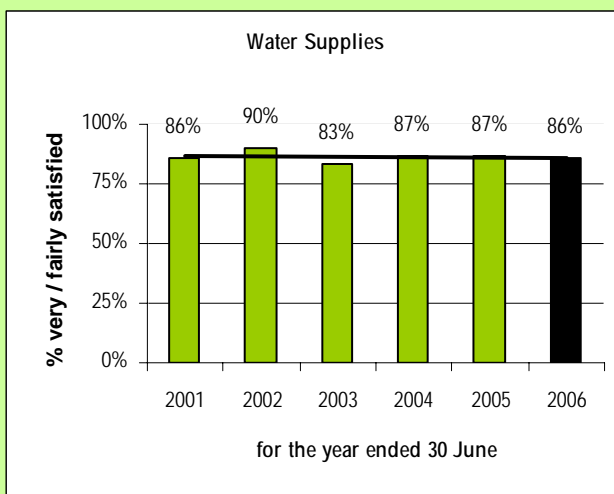
Self Funding Account Balances are effectively the cash balance accumulated to date to fund future capital requirements for the specific water areas.

Performance for 2006

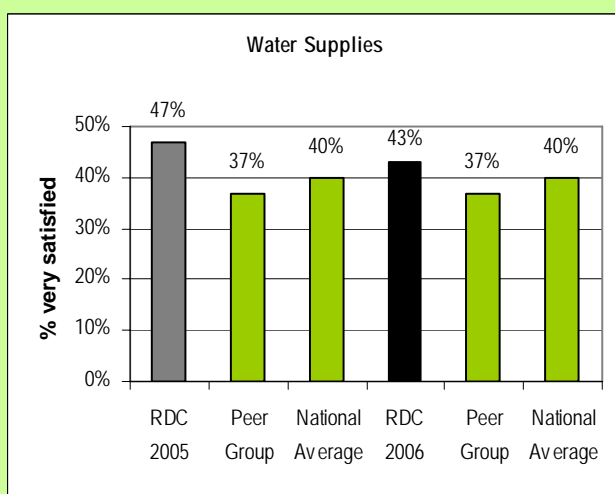
Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Ensuring that all supplies have sufficient water at the source, and within the system to provide appropriate levels of service to consumers.	Provide connections within the urban fence capable of delivering a minimum 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.
	Provide 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.	Achieved.
	Unchlorinated supplies achieving compliance at the source with the monitoring requirements of DWSNZ 2000.	All unchlorinated supplies 100% compliance achieved.	Achieved.
	To initiate the prescribed response to microbiological contamination events as per the DWSNZ 2000.	100% within a maximum of 4 hours from notification	Achieved.
Maintaining the appropriate level of service to the consumer with a minimum of disruption and inconvenience to the public.	Implement and manage 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% processed within 5 working days	Achieved.

NRB Community Survey

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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
Castlecorp Business Unit	✓	✓			✓			✓

Overview of Group

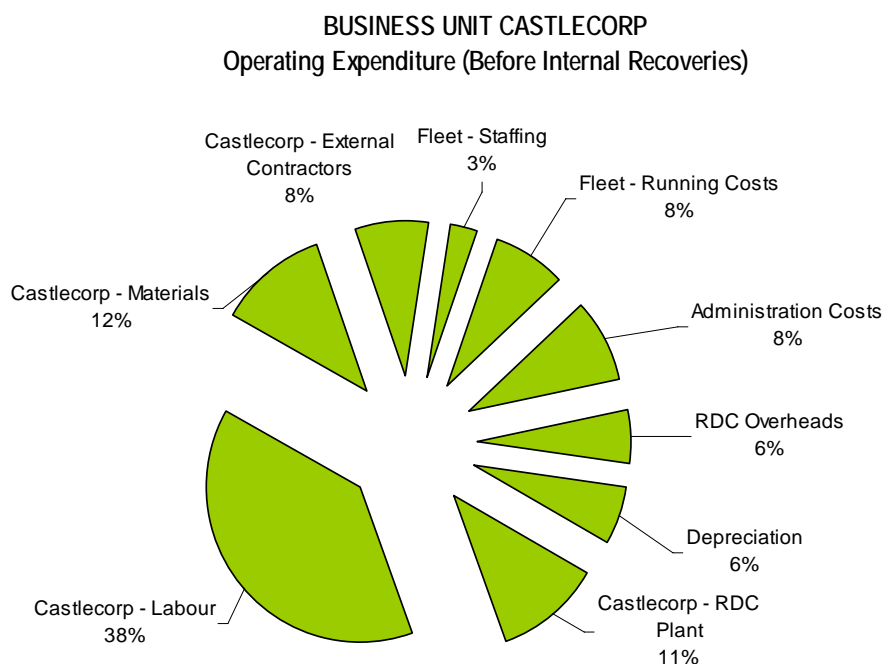
Castlecorp is a separate business unit within the Rotorua District Council whose purpose is to provide infrastructural services to the residents of the District of Rotorua 365 days per year for:

- water
- wastewater
- refuse
- land drainage
- parks and 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.

How the Money is Used



Castlecorp Business Unit

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

- **Telarc audit report** - Favourable report meant continuation of ISO 9001:2000 registration, including "strong evidence of customer focus within Castlecorp".
- **Strategic planning day** - Held first strategic planning day where management and administration reviewed performance, and identified opportunities for future development of Castlecorp services.
- **Response equipment** - Continuing development of response equipment, Castlecorp has developed new spill response trailer that contains equipment to attend to any pollution or spill incident, along with new rural response fire trailer to support 30 staff trained for fire fighting.
- **Liaison with NZ Police** - Closer working relationship meant retrieving a stolen trailer and the culprits being apprehended within 30 minutes of theft.
- **National certification** - The success of training policy resulted in National Certificate in Water and Wastewater Reticulation being awarded to number of staff, making Castlecorp/RDC New Zealand's second most qualified reticulation business. This investment in training includes arborists who are leading the country in a pilot Level 4 qualification for Horticulture, majoring in Arboriculture.

Activity purpose – how and why we provide the service

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:

- Refuse collection
- Litter clearance
- Footpath and verge maintenance
- Stormwater system maintenance
- Water supply reticulation maintenance
- Water supply pump stations and reservoir operation and maintenance
- Water supply leak detection, meter reading, and water sampling
- Wastewater reticulation maintenance including forest irrigation
- Cemeteries and Crematorium
- Sportsfield and reserve maintenance
- Public garden and horticultural maintenance

- Purchasing and maintenance of small plant and fleet vehicles

The activity contributes towards sustainable development by promoting the following 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 ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATING COSTS			
Direct costs *	(434)	(597)	(495)
Depreciation	713	795	716
Finance	21	21	13
Total costs	300	219	235
REVENUE			
Fees and charges	282	219	190
Total revenue	282	219	190
Net cost of service	18	0	45

* Net of internal recoveries from other activities for internal support services.

Capital Expenditure

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
Fleet & Plant			
Renewal	758	1,018	828
Other renewals	17	19	33
Total capital	775	1,037	861

How we pay for this activity

For the year ending 30 June:	2006	2006	2005
(thousands)	Actual	Budget	Last Year
OPERATIONAL FUNDING			
Net cost of service	18	0	45
Less depreciation for capital	(713)	(795)	(716)
Total rates for/(from) operations	(695)	(795)	(671)
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation from operations)	674	796	706
Loans	(122)	46	37
Asset sales	223	196	118
Total capital	775	1,037	861

Performance for 2006			
Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Provision of efficient and quality services to RDC in accordance with sound commercial standards and principles.	Meet the standards of service as per contract.	Contract standards 100% met. No demerit points incurred by year end.	Achieved 100%. Achieved.
	Employ and retain consistently high performing staff who enjoy their working environment.	To have less than 10% staff turnover of permanent positions by year end.	Achieved – 7% turnover.
	Operate within budget (plus 2% or minus 1% of turnover).	Within budget plus 2% or minus 1% of turnover.	Achieved – 0.2% profit for Castlecorp.
Provision of leadership and involvement of all staff.	Establish unity of purpose and involve all levels of the organisation for the benefit of the community.	Monthly meetings with all staff enabling input at all levels.	Achieved.
Maintenance of an efficient, cost effective and safe staff environment.	Maintain an OSH identification and control plan supported by an education programme.	Programmes completed by year end.	Achieved.
	Ensure the number of work accidents do not increase.	Record less than one accident per week, of which less than half will require time off work.	Not achieved – 91 accidents recorded.
Consistently provide the community with quality services.	Meet all requirements of and maintain ISO 9001:2000 accreditation.	ISO 9001: 2000 accreditation maintained by year end.	Achieved.
	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.
Better understanding of current and future customer needs and expectations.	Promote services to the public while better understanding customer needs.	Advertising, promotional and survey programmes completed by year end.	Achieved.
Provision of efficient water supply services to RDC in accordance with service contract specifications.	Respond in specified timeframes to 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.
Provision of efficient wastewater services to RDC in accordance with service contract specifications.	Respond in specified timeframes to 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 – 99% within 1 hour.
Provision of efficient land drainage services to RDC in accordance with service contract specifications.	Respond to blockages resulting in potential damage to persons or property.	95% within 24 hours and 100% within 36 hours.	Achieved 100%.
Provision of efficient refuse collection services to RDC in accordance with service contract specifications.	Collect refuse from specified areas on each day by 4.30pm.	99% compliance	Achieved 100%.
	Respond to all complaints of non-delivery of refuse bags within the urban area.	3 days	Achieved.
	Respond to all complaints of non-delivery of refuse bags within the rural area.	5 days	Achieved.
Provision of efficient waste management services to RDC in accordance with service contract specifications.	Respond to all litter complaints within two hours in the Rotorua Basin and four hours outside of this area.	99% compliance	Achieved 100% compliance.

Key Result Areas	Performance Measures	Performance Target 2006	Achievement as at 30.6.06
Provision of vehicles and plant to meet the planned needs of Council.	Review all policies relating to fleet and plant annually.	Completed by 31.03.06.	Achieved.
	Replace fleet at competitive rates.	Completed by year end.	Achieved.
Ensuring efficient purchasing processes are used to satisfy the organisation's needs and requirements.	Establish effective partnerships with suppliers, and evaluate their ability to supply based on experience, performance, quality and cost.	Evaluations completed by year end.	Achieved.



Footpath construction



New spill response trailer

ROTORUA REGIONAL AIRPORT LTD (RRAL) 2005/2006

Overview

The 2005 – 2006 financial year has been another hugely significant year in the life of RRAL. In August 2005 the airlines moved into their new facilities in the departures terminal and passengers using the facility have enjoyed the new comfortable, spacious public area.

The former Air New Zealand check-in area has been transformed into the baggage collection area in what is now the dedicated arrivals section of the terminal. The internal baggage carousel has replaced the old system of picking up the bags from the trolleys outside – a vast improvement and one we have been most pleased to introduce.

Out in the carpark the new ring-road system has been performing brilliantly. The extra space both for passenger drop-off and long term parking has been well received and there was virtually no congestion during last summer's peak season as opposed to the virtual gridlock we used to encounter on a daily basis. That said, we have already seen the new park full, meaning that further extensions will be required for the 2006/07 peak season.

On the airside there have also been some big changes. The security fencing project was completed, meaning that the airport now complies with all requirements of a security designated airport. The apron upgrade was also completed, providing two new hardstands and a new taxiway suited to our current jet traffic and the aircraft of the future. Work has commenced on the northern runway extension, adding 150m of pavement and taking the runway to the northern most boundary of the site.

Most significantly, RRAL and the Rotorua District Council have continued the process to make changes to the Rotorua District Plan with regard to the Airport. The proposed Plan Changes will enable an extension of the runway to the south, bringing Rotorua Airport's operational capability into step with other Regional Airports in New Zealand. This process continues, with the Commissioner's hearings taking place in early September 2006.

Passenger Movements

The growth experienced in passenger movements through the airport has finally levelled out after three years of solid growth. Passenger numbers for the year ended June 2006 showed a marginal 0.6% reduction on the 2005 figures. It is pleasing to see that passenger travel has not been more severely influenced by the rising cost of air travel.

Air New Zealand Link has begun the introduction of 50 seat Bombardier Q300 aircraft onto Air Nelson's Rotorua – Wellington route and we expect this 60% route capacity increase to at least partially offset passenger reductions due to rising airfares.

Financial

This financial year has been the first under the new structure for RRAL, with the Rotorua District Council now owning the assets of the airport. RRAL had no interest expense and lower depreciation, but these were offset by the lease payments to Council.

Overall, revenue increased by 23.54% this financial year. The most significant change occurred in the carpark where we restructured the way we collect payments, moving away from the previous fixed payment received from the carpark lessee to a system whereby RRAL controls collection and receives the gross payments. Revenue in this area has subsequently increased threefold, although associated costs relating to administering the new regime have added to the "surrounds" expense item.

Lease rental revenue has increased by 51.61%, reflecting the new agreements made with the tenants in the Departures terminal. RRAL is in the process of introducing new additions to the terminal which will further add to this revenue stream in years to come. Another increase has come from the introduction of a small magazine shop attached to the Development Levy Counter. This new activity has provided an important service to our passengers.

Landing charges revenue decreased slightly, due to the slight decrease in passenger arrivals and a different aircraft mix of general aviation traffic.

Management and Governance

No changes have been made to the governance of the company during the 2005 – 2006 financial year. Neil Oppatt the Board Chairman along with Directors Bob Martin, Ray Cook, Bill Kingi and Mike McVicker continue in their places on the Board.

It is with regret that the Board accepted the resignation of airport Chief Executive Matt Clarke in June 2006. He has made a significant contribution to the advancement of the airport during his four years of service to RRAL. Matt has been involved with the development programme since it

began, and he leaves with the best wishes of the Board and their appreciation for a job well done.

2005/06 Results

Statement of Financial Performance

For the year ended 30 June: (thousands)	2006	2005	2004
Revenue	2,629	2,128	2,251
Expenditure	2,317	2,631	2,045
Surplus	312	(503)	206
Taxation	0	(33)	69
Net surplus	312	(469)	137

Statement of Financial Position

For the year ended 30 June: (thousands)	2006	2005	2004
Current assets	1,446	4,338	913
Current liabilities	268	3,477	1,848
Working capital	1,177	861	(935)
Fixed assets	230	233	9,568
	1,407	1,094	8,633
Financed by:			
Equity	1,407	1,094	4,203
Debt		0	4,429
	1,407	1,094	8,632

Financial Forecasts and Performance Targets

Year ending 30 June: (thousands)	Budget 2006	Actual 2006
Total Revenue	2,350	2,629
Total Costs	2,236	2,317
Surplus/deficit before tax	114	312
Provision for tax	0	0
Surplus/deficit after tax	114	312
Total liabilities	270	268
Total assets	1,491	1,676
Total shareholders funds	1,221	1,407
Net profit after tax to average shareholders funds	17%	25%
Shareholders funds to total assets	0.97:1	0.84:1

Conclusion

RRAL had a good year in its first year as a tenant. Airport revenue is more than double what it was only five years ago, and there was a net surplus of \$312,000. The overall equity in the company increased by \$312,000 as at 30 June 2006.

Construction has commenced on the extended secure lounge/arrivals terminal project. The building is scheduled for completion in May next year. This new building will allow the company to grow the number of international charter flights it hosts and also accommodate trans-Tasman flights when the proposed runway extension is completed.

In September 2006, independent commissioners will hear submissions regarding the southern runway extension proposal, with a decision expected to be reached later in the year. The southern runway extension will provide Rotorua Airport with similar operating capability to other regional airports and fully provide for trans-Tasman services. The construction of the arrivals terminal is a huge step for the community and the Board wishes to thank the Rotorua District Council for this investment into the future of the Airport.

Finally RRAL acknowledges its customers and contractors, in particular Air New Zealand and Qantas for their continued support and contribution to Rotorua and greater Bay of Plenty economy.

LOCAL AUTHORITY SHARED SERVICES LTD

The Local Authority Shared Services Ltd (LASS) was incorporated in December 2005. The LASS was established as a Control Controlled Organisation under the new Local Government Act for the 13 Waikato/Rotorua councils. Rotorua District Council has an approximately 7% shareholding in the company.

In the six months to June 2006, LASS has built an effective platform for the delivery of a range of shared service opportunities. One of the most significant has been the successful development and operation of the governance structure involving all 13 councils from the Waikato/Rotorua region.

The directors have stated that LASS will consider new services that benefit the community, either through enhanced services or reduced cost. Prior to any new service being added, a sound business case has to be accepted by the directors. No business cases were proposed over this period.

The following performance measures were incorporated into the Statement of Intent for the 2005/06 financial year. The LASS has been incorporated since December 2005 and as such the measures and reporting only cover a six month period.

Performance Measure	Actual Outcome
Initial performance targets are shown as best estimates and will be fully reviewed year by year to ensure that the products offered continue to provide state-of-the-art cost effective processes for shareholders.	The performance targets have been reviewed and changed in line with comments received from the shareholders and after debate by the Directors. With the intent of keeping the operational costs to a minimum the new performance targets have been reduced in number and focus on financial management and customer satisfaction.
All products to be fully costed, including development costs, and recovered from revenue over a maximum of five years.	The full costs of SVDS are still being determined. These include development costs of the initial application, data load processes and refinement of business processes. The medium to long term operational costs are being determined based on the short term operational experience. No new products have been set up as a business unit under LASS during this period. The Directors require a full business case to be presented for their endorsement prior to acceptance. All such business plans will include a full cost breakdown of development and operational costs and will identify how these costs will be funded.
The company will enter into long-term contracts of at least three years with each participating party for any product development to ensure costs of development are spread equitably between the partners and over a realistic timeframe.	Contracts are presently being negotiated between LASS and various service providers including Environment Waikato. Environment Waikato is currently providing company management and support services.
The participating parties will guarantee to provide capital and cash requirements of the organisation and provide guarantees to the company based on prevailing interest rates in the market to cover the cost of new product development.	The cost of development of products by a business unit will be financed by those councils that participate in that business unit. The ongoing development of the SVDS is being financed by councils through a service levy. Expenditure in excess of budget will be funded by a loan at prevailing interest rates. At the end of June 2006 this funding had been provided by Environment Waikato and Hamilton City Council. It is expected that this funding will be repaid from future revenue.
Positive cashflow will be maintained so that equity ratio is maintained at least 40 percent.	Cashflow for LASS is currently being provided by Environment Waikato. While it was anticipated that revenue would come from the sale of data held in the SVDS, or by sale of the software, this has not eventuated during this financial year. Debt/equity ratio at 30 June 2006 is 18% which is significantly less than the allowable maximum.
Customers will be surveyed annually to ensure that there is at least 90% satisfaction with the services provided.	As no sales were made during this period, no customers were surveyed.

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:	Council 2006 Actual	Council 2006 Annual Plan	Council 2005 Last Year	Group 2006 Actual	Group 2006 Annual Plan	Group 2005 Actual
(thousands)						
Operating Revenue						
General Rates Income						
General Rates	39,091	38,501	36,998	39,091	38,501	36,998
Less Rates paid by council/group	(763)	(774)	(619)	(790)	(774)	(651)
Total Rates Income	38,328	37,727	36,379	38,301	37,727	36,347
Revenue by Significant Activity						
Community Leadership	1,391	376	2,788	1,391	376	2,143
Social & Cultural	20,372	19,586	9,927	20,372	19,586	9,927
Environmental Services	4,174	3,466	3,687	4,174	3,466	3,687
Economy	2,160	1,961	2,112	2,156	1,961	2,109
Infrastructural	26,705	25,730	21,795	29,323	27,390	25,351
Business Unit Castlec corp	282	219	190	282	219	190
Assets Vested and Airport Equity Increase	4,627	800	2,530	4,293	800	2,530
Asset Revaluation Movements Note 3	4,583	-	423	4,583	-	1,123
Total Activity Revenue	64,294	52,138	43,452	65,574	53,932	47,060
Total Operating Revenue Note 1	102,622	89,865	79,831	103,875	91,525	83,407
Operating Expenditure						
Community Leadership	5,010	3,911	5,360	5,010	3,911	5,360
Social & Cultural	26,028	26,824	22,539	26,028	26,824	22,539
Environmental Services	7,455	8,056	7,409	7,455	8,056	7,409
Economy	4,380	4,873	4,229	4,380	4,873	4,229
Infrastructural	37,840	35,647	31,208	39,093	37,258	36,583
Business Unit Castlec corp	300	219	234	300	219	234
Rates, Doubtful Debts & Write-offs	882	1,000	815	882	1,000	815
Less Internal Charges within Expenditure	(942)	(908)	(796)	(942)	(908)	(796)
Less Other Adjustments - Expenditure Note 3	-	-	6,145	-	-	4,336
Total Operating Expenditure Note 2	80,953	79,622	77,143	82,206	81,233	80,709
Surplus before Taxation	21,669	10,243	2,688	21,669	10,292	2,698
Taxation Note 4	5	-	23	5	16	(27)
Net Surplus after Taxation	21,664	10,243	2,665	21,664	10,276	2,725

The accompanying Accounting Policies and Notes should be read in conjunction with these Financial Statements.

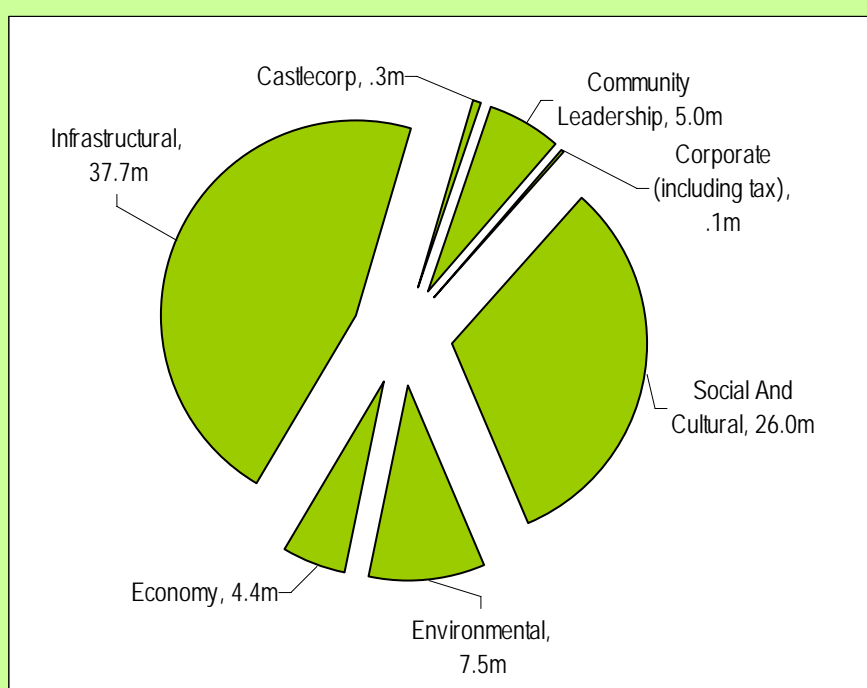
PERFORMANCE BY COUNCIL ACTIVITY

for the year ended 30 June: (thousands)	Expenditure			Revenue			Net Cost Of Service		
	2006 Actual	2006 Budget	2005 Last Year	2006 Actual	2006 Budget	2005 Last Year	2006 Actual	2006 Budget	2005 Last Year
Rates									
General Rates		-	-	39,091	38,501	36,998	(39,091)	(38,501)	(36,998)
Rate Write-offs	882	1,000	815				882	1,000	815
Internal Rates	(763)	(774)	(619)	(763)	(774)	(619)	-	-	-
	119	226	196	38,328	37,727	36,379	(38,209)	(37,501)	(36,183)
Community Leadership									
Democracy	2,472	2,467	2,396	32	20	82	2,440	2,447	2,314
Policy & Support Services	2,357	1,218	2,790	1,359	356	2,706	998	862	84
Kaupapa Maori	181	226	174	-	-	-	181	226	174
	5,010	3,911	5,360	1,391	376	2,788	3,619	3,535	2,572
Social And Cultural									
Aquatic Facilities	2,448	2,366	2,314	925	1,043	917	1,523	1,323	1,397
Cemeteries/Crematorium	297	323	316	177	168	175	120	155	141
Central Business District Operations	1,983	2,039	1,851	1,575	1,600	1,432	408	439	419
Civil Defence Emergency Management	274	277	247	18	20	10	256	257	237
Community Assistance	1,147	1,260	576	44	44	45	1,103	1,216	531
Community Halls	250	254	246	14	15	16	236	239	230
Community Policy & Resources	991	1,113	831	120	67	91	871	1,046	740
Event Venues	3,770	4,171	3,144	14,023	11,552	3,307	(10,253)	(7,381)	(163)
Pensioner Housing	812	695	619	512	2,090	495	300	(1,395)	124
Public Gardens/General Reserves	8,205	8,330	7,440	1,321	1,404	2,002	6,884	6,926	5,438
Public Library	3,279	3,442	2,999	329	320	318	2,950	3,122	2,681
Rotorua Museum of Art and History	2,572	2,554	2,474	1,314	1,263	1,119	1,258	1,291	1,355
	26,028	26,824	23,057	20,372	19,586	9,927	5,656	7,238	13,130
Environmental									
Animal Control	783	759	720	462	422	443	321	337	277
Building Control	1,603	1,409	1,111	1,208	1,142	955	395	267	156
Environmental Planning	2,939	3,574	2,561	767	264	291	2,172	3,310	2,270
Inspection	1,319	1,411	1,693	372	398	662	947	1,013	1,031
Parking Enforcement	811	903	806	1,365	1,240	1,336	(554)	(337)	(530)
	7,455	8,056	6,891	4,174	3,466	3,687	3,281	4,590	3,204
Economy									
Economic Development	870	1,019	667	142	160	168	728	859	499
Tourism Rotorua Marketing	2,073	2,400	2,085	555	742	667	1,518	1,658	1,418
Tourism Rotorua Travel & Information	1,437	1,454	1,477	1,463	1,059	1,277	(26)	395	200
	4,380	4,873	4,229	2,160	1,961	2,112	2,220	2,912	2,117
Infrastructural									
Engineering Support	56	53	204	56	53	204	-	-	-
Land Drainage	2,417	2,761	2,496	99	105	89	2,318	2,656	2,407
Landfill	2,082	1,723	1,397	2,002	1,849	1,555	80	(126)	(158)
Airport	1,396	1,685	30	1,075	953	-	320	732	30
Refuse Collection	1,643	1,620	1,547	1,647	1,576	1,617	(4)	44	(70)
Road Safety	167	161	174	98	92	100	69	69	74
Roading	12,930	12,120	11,130	4,777	4,380	4,632	8,153	7,740	6,498
Rural Fire	166	145	163	24	6	27	142	139	136
State Highway Administration	104	120	119	99	119	115	5	1	4
Waste Management	1,097	1,270	1,256	-	-	51	1,097	1,270	1,205
Waste Water	10,248	9,139	8,172	11,952	11,764	8,725	(1,704)	(2,625)	(553)
Water	5,534	4,850	4,520	4,876	4,833	4,680	658	17	(160)
	37,840	35,647	31,208	26,705	25,730	21,795	11,135	9,917	9,413

PERFORMANCE BY COUNCIL ACTIVITY (CONT'D)

for the year ended 30 June: (thousands)	Expenditure			Revenue			Net Cost Of Service		
	2006 Actual	2006 Budget	2005 Last Year	2006 Actual	2006 Budget	2005 Last Year	2006 Actual	2006 Budget	2005 Last Year
Business Unit Castlecorp									
Castlecorp	300	219	234	282	219	190	18	-	44
	300	219	234	282	219	190	18	-	44
Other									
Assets Vested in Council		-	-	4,627	800	2,530	(4,627)	(800)	(2,530)
Other Non Operational Income		-	-	4,583	-	423	(4,583)	-	(423)
Other Non Operational Expenditure		-	6,145	-	-	-	-	-	6,145
Airport Income	-	-	-	-	-	-	-	-	-
Internal Profit within Costs	(179)	(134)	(177)	-	-	-	(179)	(134)	(177)
Taxation	5	-	23	-	-	-	5	-	23
	(174)	(134)	5,991	9,210	800	2,953	(9,384)	(934)	3,038
Total Per Statement Financial Performance	80,958	79,622	77,166	102,622	89,865	79,831	(21,664)	(10,243)	(2,665)

OPERATING EXPENDITURE BY SIGNIFICANT ACTIVITY

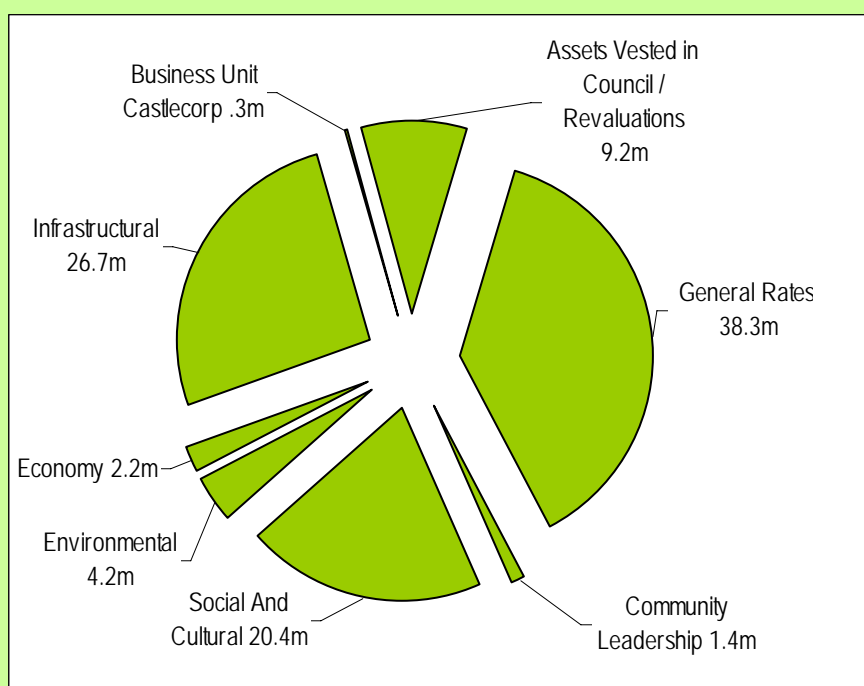


STATEMENT OF MOVEMENT IN EQUITY

for the year ended 30 June: (thousands)	Council 2006 Actual	Council 2006 Annual Plan	Council 2005 Last Year	Group 2006 Actual	Group 2006 Annual Plan	Group 2005 Last Year
Opening Equity	545,053	546,428	542,811	545,057	546,428	543,455
Increase (decrease) in Asset Revaluation reserve Note 15	168,408		(423)	168,408		(1,123)
Net Surplus for the Period	21,664	10,243	2,665	21,664	10,276	2,725
Total Recognised Revenue and Expenses for the Period	190,072	10,243	2,242	190,072	10,276	1,602
Closing Equity	735,125	556,671	545,053	735,129	556,704	545,057

The accompanying Accounting Policies and notes should be read in conjunction with these Financial Statements.

OPERATING REVENUE BY SIGNIFICANT ACTIVITY



STATEMENT OF FINANCIAL POSITION

	as at 30 June: (thousands)	Council 2006 Actual	Council 2006 Annual Plan	Council 2005 Last Year	Group 2006 Actual	Group 2006 Annual Plan	Group 2005 Last Year
Current Assets							
Cash at Bank	Note 5	790	5,564	1,080	906	5,981	5,040
Current Investments	Note 6	5,966	-	21,244	6,832	-	21,244
Inventories	Note 8	1,238	1,112	1,125	1,238	1,112	1,125
Receivables	Note 9	12,862	6,726	11,500	13,162	6,960	10,880
Prepayments		320	217	385	375	217	424
Provision for taxation		(5)	-	-	(5)	-	226
Capital Projects under Construction	Note 10	27,266	12,795	15,591	27,266	12,795	15,591
Properties Intended for Resale	Note 10	60	-	55	60	-	55
Total Current Assets		48,497	26,414	50,980	49,834	27,065	54,585
Less Current Liabilities							
Payables		16,102	9,906	16,989	16,083	10,063	17,716
Accruals	Note 11	5,887	5,492	5,127	6,063	5,492	7,130
Current Portion of Term Liabilities	Note 13	15,400	10,614	29,416	15,400	10,614	29,416
Total Current Liabilities		37,389	26,012	51,532	37,546	26,169	54,262
Working Capital		11,108	402	(552)	12,288	896	323
Non-Current Assets							
Investments	Note 6	2,253	1,359	1,888	847	859	778
Properties Intended for Resale	Note 10	1,032	1,638	792	1,032	1,638	792
Deferred Taxation	Note 4	-	-	-	-	6	6
Fixed Assets	Note 10	770,099	634,292	580,397	770,329	634,737	580,630
Total Non-Current Assets		773,384	637,289	583,077	772,208	637,240	582,206
Less Non-Current Liabilities							
Long Term Debt	Note 13	47,022	79,566	36,051	47,022	79,978	36,051
Long Term Provisions	Note 12	2,345	1,454	1,421	2,345	1,454	1,421
Total Non-Current Liabilities		49,367	81,020	37,472	49,367	81,432	37,472
Total Net Assets		735,125	556,671	545,053	735,129	556,704	545,057
Represented By:							
Ratepayers Equity							
Accumulated Funds	Note 15	404,134	409,950	375,596	404,138	409,983	375,600
Self-funding Reserves	Note 15	(21,118)	(37,240)	(15,728)	(21,118)	(37,240)	(15,728)
Council Created Reserves	Note 15	27	36	46	27	36	46
Restricted Reserves	Note 15	1,216	1,039	1,653	1,216	1,039	1,653
Sinking Fund Reserves	Note 13	3	-	1,031	3	-	1,031
Airport Reserves	Note 15	-	8	-	-	8	-
Asset Revaluation Reserve	Note 15	350,863	182,878	182,455	350,863	182,878	182,455
Total Ratepayers Equity		735,125	556,671	545,053	735,129	556,704	545,057

Mayor

Kevin Winters

Date 13 September 2006

Chief Executive

P. Green

Date 13 September 2006

The accompanying Accounting Policies and notes should be read in conjunction with these Financial Statements.

STATEMENT OF CASHFLOW

for the year ended 30 June: (thousands)	Council 2006 Actual	Council 2006 Annual Plan	Council 2005 Last Year	Group 2006 Actual	Group 2006 Annual Plan	Group 2005 Last Year	
Cash flows from Operating Activities							
Cash was provided from:							
Rates	51,694	48,328	46,822	51,663	48,328	46,790	
General Revenue	34,086	31,865	28,344	35,594	33,516	30,345	
Interest on Investments	1,130	72	1,405	1,193	89	766	
Dividends	-	-	16	-	-	16	
	86,910	80,265	76,587	88,450	81,933	77,917	
Cash was applied to:							
Payments to Employees & Councillors	24,503	25,512	23,344	24,695	25,630	23,683	
Other Payments	32,399	29,590	24,629	33,328	31,025	25,309	
Taxation Payments	-	-	5	29	16	(15)	
Net Movement in Agencies	717	-	(657)	717	-	(657)	
Interest on Public Debt	4,113	5,256	3,325	4,113	5,285	3,389	
Net Goods and Services Tax Paid	(2,222)	-	1,616	(68)	-	(589)	
	59,510	60,358	52,262	62,814	61,956	51,120	
Net Cash Flows From Operating Activities	Note 18	27,400	19,907	24,325	25,636	19,977	26,797
Cash flows from Investing Activities							
Cash was provided from:							
Proceeds from Sale of Fixed Assets	782	299	3,066	205	299	3,049	
Proceeds from Sale of Investments	-	-	2,989	-	-	350	
Net Movement in Investments	14,121	1,631	(6,820)	13,254	1,631	(6,820)	
Release of Sinking Funds	1,156	1,127	4,128	1,156	1,127	4,128	
Collections on Advances	146	151	15,520	146	151	20	
	16,205	3,208	18,883	14,761	3,208	727	
Cash was applied to:							
Purchase of Fixed Assets	40,679	62,033	43,644	40,679	62,033	34,891	
Loan Advances made	43	5	11,320	43	5	249	
Sinking Fund Contributions	128	123	570	128	123	570	
	40,850	62,161	55,534	40,850	62,161	35,710	
Net Cash From Investing Activities	(24,645)	(58,953)	(36,651)	(26,089)	(58,953)	(34,983)	
Cash flows from Financing Activities							
Cash was provided from:							
Loans Raised	21,380	33,924	20,000	21,380	33,924	20,636	
Cash was applied to:							
Repayment of Public Debt	24,425	9,211	7,501	25,061	9,211	8,751	
	24,425	9,211	7,501	25,061	9,211	8,751	
Net Cash From Financing Activities	(3,045)	24,713	12,499	(3,681)	24,713	11,885	
Net Increase (Decrease) in Cash	(290)	(14,333)	173	(4,134)	(14,263)	3,699	
Opening Cash Brought Forward	1,080	19,897	907	5,040	20,244	1,341	
Closing Cash Carried Forward	Note 5	790	5,564	1,080	906	5,981	5,040

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 98 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 and rates charged on council properties 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 building costs, 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 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.

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.

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 for 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's 100% ownership of Rotorua Regional Airport Ltd is valued at the lower of cost or net realisable value.

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 2005. Quotable Value New Zealand Ltd has certified that these valuations are appropriate for financial reporting purposes.

Asset additions since 1 July 2005 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 2005. 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 2005 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 2005 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 2005 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.

Council purchased the Airport assets of Rotorua Regional Airport Limited on 30 June 2005. The Airport land, buildings and runway were re-valued as at 28 September 2004 by registered valuers Cleghorn Gillespie Jensen Limited at fair value in accordance with FRS 36. Asset purchased by RRAL subsequent to re-valuation date were purchased by Council at 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 to 15
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	3 to 100
Wastewater Reticulation	
Manholes	110
Treatment Plant	10 to 100
Pump Stations	10 to 75
Pipes	100
Water Reticulation	
Pipes	50 to 90
Motors/Pumps	20 to 30
Reservoirs and other	
Water-Retaining Structures	50 to 100
Meters	15 to 100
Parks	
Street and Outdoor Furniture	1 to 20
Street Signals	15
Fencing and Related Structures	15
Playgrounds	25 to 30
Jetties and Related Structures	15 to 30
Irrigation Pipes and Sprinklers	6 to 50
Park roads, paths	20 to 100
Kerbs	100
Bridges	70 to 100
Top surface (seal)	1 to 15
Pavement (basecourse)	20 to 100
Drainage	100
Shoulders/Feathers	25 to 100
Culverts	100
Footpaths (concrete)	100
Footpaths (bitumen)	10 to 15
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 6.75% (2004/2005 6.75%), and an inflation factor of 3.3% (2004/2005 2.8%) were used. The discount rate is based on the market interest rates. 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, reaches 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 2006

Note 1: Revenue by Category

	Council 2006 \$000's	Council 2005 \$000's	Group 2006 \$000's	Group 2005 \$000's
Rates Made Up Of				
General Rates	39,091	36,998	39,060	36,966
Refuse Rates	1,392	1,379	1,392	1,379
Sewerage Rates	7,540	7,136	7,540	7,136
Water Rates	5,008	4,817	5,008	4,817
Lakes Enhancement Rate	347	-	347	-
Less Rates Paid by Council	(763)	(619)	(763)	(619)
Less Water by Meter Paid by Council	(179)	(177)	(179)	(177)
Total Rates	52,436	49,534	52,405	49,502
Other Revenue				
Airport	-	-	1,505	2,122
Dividend	17	16	17	16
Interest- Bank	1,079	512	1,142	518
Interest-Advances	1	646	1	1
Interest-Sinking Funds	44	193	44	193
Other Revenue	48,943	27,908	48,659	28,465
Profit on Disposal	102	1,022	102	2,590
Total Other Revenue	50,186	30,297	51,470	33,905
	102,622	79,831	103,875	83,407

Note 2: Operating Expenditure by Category

	Council 2006 \$000's	Council 2005 \$000's	Group 2006 \$000's	Group 2005 \$000's
Operating Expenditure Includes:				
Airport	-	-	-	1,746
Assets Written Off / Loss on Disposal	890	671	895	4,335
Audit fees Re Annual Audit	80	78	90	86
Audit fees Re Other Services	46	-	46	-
Bad Debt Write-offs	658	621	658	621
Change in Doubtful Debt Provision	(272)	389	(270)	391
Change in Rates Refund Provision	332	(95)	332	(95)
Councillor Remuneration (includes Mileage)	513	516	513	516
Depreciation	20,122	15,293	20,156	15,359
Directors' Fees	-	-	48	41
Insurance Premiums	833	758	893	807
Loan Interest	4,243	3,126	4,243	3,179
Other Expenditure	52,793	55,027	53,337	52,964
Rent & Leasing Costs	301	300	851	300
Rate Remissions	379	392	379	392
Severance Payments#	35	67	35	67
	80,953	77,143	82,206	80,709

Payments of \$7,540 and \$27,610 were made to two employees paid by the Rotorua District Council to 30 June 2006, per Section (1)(19), Schedule 10 of the Local Government Act 2002

Notes to the Financial Statements (cont'd)

Note 3: Other Adjustments

	Council 2006 \$000's	Council 2005 \$000's	Group 2006 \$000's	Group 2005 \$000's
Revenue Includes:				
Asset Revaluation	4,583	423	4,583	1,123
Total Other Adjustments Revenue	4,583	423	4,583	1,123
Expenditure Includes:				
Airport Equity change due to asset transfer	-	1,809	-	-
Change of Tauranga Direct Road to State Highway status	-	4,336	-	4,336
Total Other Adjustments Expenditure	-	6,145	-	4,336

Note 4: Taxation

	Council 2006 \$000's	Council 2005 \$000's	Group 2006 \$000's	Group 2005 \$000's
Total operating surplus/(deficit) before taxation	21,669	2,665	21,669	2,725
Prima facie tax (credit)/expense at 33%	7,151	879	7,151	899
Add/(deduct) tax effect of:				
Permanent differences	(7,530)	(983)	(7,380)	(1,053)
Tax loss not recognised	384	69	384	69
Prior year adjustment	-	58	(150)	58
Tax (credit)/expense	5	23	5	(27)
Tax (credit) expense consists of:				
Current Tax	5	23	5	(27)
Deferred Tax	-	-	-	-
Tax (credit)/expense	5	23	5	(27)
Movement in Deferred Taxation				
Opening balance	-	-	-	6
Correction from previous year	-	-	-	-
Deferred Tax on Current year's timing differences	-	-	-	-
Total Deferred Taxation provision	-	-	-	6
Imputation Taxation Credits				
Balance at beginning of year				
Acquired as part of the Rotorua Regional Airport Ltd	-	-	171	185
Plus taxation paid during the year	-	-	17	16
RWT credits received	-	-	9	9
			197	210
Less				
Imputation credits attached to dividends paid	-	-	-	-
Taxation refunded during the year	-	-	-	(39)
Balance at end of year	-	-	197	171

Council has unrecognised tax losses of \$1,646,575 (\$460,373 2004/05) with a tax effect of \$543,370 (\$151,923 2004/05).

Notes to the Financial Statements (cont'd)

Note 5: Cash at Bank

	Council 2006 \$000's	Council 2005 \$000's	Group 2006 \$000's	Group 2005 \$000's
Cash	32	12	32	12
Bank Current Accounts	758	1,068	874	5,028
	790	1,080	906	5,040

Note 6: Investments

	Council 2006 \$000's	Council 2005 \$000's	Group 2006 \$000's	Group 2005 \$000's
(a) Current Investments				
Term Deposits				
General Funds	5,964	20,244	6,830	20,244
Sinking Funds *	2	1,000	2	1,000
Local Authority Stock Sinking Funds*	-	-	-	-
Total current investments	5,966	21,244	6,832	21,244
(b) Non-current Investments				
Advances		631	633	690
Term Deposits				
Sinking Funds *		-	-	-
Shares				
Rotorua Regional Airport Limited	100	1,000	1,406	1,112
NZ Local Govt Insurance Corporation Ltd	1.4	87,953	220	88
Local Authority Shared Services Ltd				
- Ordinary shares	13.69	1	1	1
- Shared Valuation Data Services shares	6.83	126,703	127	127
Total non-current investments		2,253	1,888	847
		8,219	23,132	7,679
				22,022

Shared Valuation Data Services (SVDS) shares are non-voting and do not carry the right to share in any distributions of the Company. The Council is also entitled to 7,516 Waikato Region Aerial Photography (WRAP) service shares, which are un-called as at balance date. These shares also are non-voting and do not carry the right to share in any distributions of the Company.

Notes to the Financial Statements (cont'd)

	Council 2006 \$000's	Council 2005 \$000's	Group 2006 \$000's	Group 2005 \$000's
(c) Maturities (Current and Non-Current Investments)				
Maturity Terms				
Within 12 Months	5,966	21,244	6,832	21,246
One to Two Years	90	99	90	99
Two to Three Years	83	90	83	90
Three to Four Years	84	83	84	83
Four to Five Years	83	84	83	84
Five Years and Over	291	332	291	332
	6,597	21,932	7,463	21,934
Shares Held	1,622	1,200	216	88
	8,219	23,132	7,679	22,022

(d) Interest Rates on Investments

The weighted average effective interest rates on investments (current and non-current excluding shares held) are:

	Council 2006 %	Council 2005 %	Group 2006 %	Group 2005 %
Within 12 Months	7.26	6.76	7.26	6.76
One to Two Years	0.38	0.31	0.38	0.31
Two to Three Years	0.00	0.38	0.00	0.38
Three to Four Years	0.00	0.00	0.00	0.00
Four to Five Years	0.00	0.00	0.00	0.00
Five Years and Over	0.00	0.00	0.00	0.00
	6.57	6.53	6.16	6.16

Note 7: Goodwill on Acquisition

	Council 2006 \$000's	Council 2005 \$000's	Group 2006 \$000's	Group 2005 \$000's
Opening balance	-	-	-	602
Goodwill on acquisition	-	-	-	-
Less goodwill amortised	-	-	-	(602)
Closing Balance of goodwill	-	-	-	-

Note 8: Inventories

	Council 2006 \$000's	Council 2005 \$000's	Group 2006 \$000's	Group 2005 \$000's
Inventories for Own Use	915	913	915	913
Inventories for Resale	323	212	323	212
Total Inventories	1,238	1,125	1,238	1,125

Notes to the Financial Statements (cont'd)

Note 9: Receivables

	Council 2006 \$000's	Council 2005 \$000's	Group 2006 \$000's	Group 2005 \$000's
Rates Debtors	2,084	2,108	2,084	2,108
General Debtors	10,474	7,446	10,766	6,791
Current Portion - Other Advances	99	130	99	130
Subsidiary Advance Rotorua Regional Airport Ltd *	-	-	-	-
GST Receivable	1,374	3,008	1,387	3,047
	14,031	12,692	14,336	12,076
Less: Provision for Doubtful Debts	(1,169)	(1,192)	(1,174)	(1,196)
Total Sundry Debtors	12,862	11,500	13,162	10,880

Note 10: Fixed Assets

Classification	Depreciation		At Cost	At Valuation	Accum Depn	NBV	Cost/Val	Accum Depn	NBV
	2006 \$000's	2005 \$000's	2006 \$000's	2006 \$000's	2006 \$000's	2006 \$000's	2005 \$000's	2005 \$000's	2005 \$000's
Art Collections	3	3	5,726		15	5,711	5,720	12	5,708
Bridges	230	230		13,136	230	12,906	12,428	619	11,809
Buildings	3,062	2,096	25,881	73,369	3,094	96,156	73,800	5,935	67,865
City Focus	9	19	230		82	148	499	148	351
Computer Equipment	671	793	3,776		2,706	1,070	5,242	4,132	1,110
Computer Software	641	604	3,846		2,735	1,238	4,500	2,905	1,595
Database	16	36	301		158	143	301	142	159
Environmental	-	-	2		1	1	2	1	1
Footpaths	460	296	646	24,435	460	24,621	18,517	856	17,661
Furniture & Fittings	187	235	4,726		3,934	792	4,663	3,787	876
General Works Assets	27	27	546		142	404	422	124	298
Land			2,134	32,810	-	34,897	26,294	-	26,294
Land Restricted*			5,285	79,664	-	84,949	69,720	-	69,720
Landfill	635	558	2,600	1,866	1,185	3,281	3,404	1,552	1,852
Library Collection	467	433	360	2,594	467	2,487	3,863	1,414	2,449
Motor Vehicles	655	670	6,935		3,939	2,996	7,019	3,827	3,192
Office Equipment	147	131	1,898		1,437	461	1,673	1,361	312
Parking Infrastructural Assets	73	68	60	874	103	831	2,963	205	2,758
Parks, Roads, Paths, Playgrounds, Utilities	881	693					15,043	2,034	13,009
			1,216	16,703	881	17,038			
Plant & Machinery	378	351	6,239		3,768	2,471	5,987	3,650	2,337
Roading assets excluding Land	4,005	2,947	11,965	167,722	4,005	175,682	146,999	8,410	138,589
Roads & Road Reserves Land			326	40,924	-	41,250	19,931	-	19,931
Runway, Taxiway, Apron	110		9,865		110	9,755	8,149		8,149
Stormwater Drainage	1,013	1,088	1,725	55,614	1,021	56,318	60,875	3,245	57,630
Street Lighting, Signs, Signals	241	268	847	3,421	394	3,874	5,370	841	4,529
Waste Management (Bin Sites)	11	10	68	654	12	710	659	19	640
Wastewater Reticulation	2,534	1,463	12,471	101,171	2,538	111,186	61,989	4,411	57,578
Wastewater Treatment Plant	1,536	1,048	791	39,474	1,549	38,716	35,996	3,250	32,746
Waterworks Pipes, Meters	2,130	1,226	1,049	68,832	1,354	68,365	51,379	3,692	47,687
Less Projects Under Construction#						(27,266)			(15,591)
	20,122	15,293	111,514	723,263	36,320	771,191	653,407	56,572	581,244
Less Properties intended for Sale:									
Long Term Sales						1,032			792
Short Term Sales						60			55
Total Council Fixed Assets			111,514	723,263	36,320	770,099	653,407	56,572	580,397

Notes to the Financial Statements (cont'd)

Note 10: Fixed Assets (cont'd)

Classification	Depreciation		At Cost	At Valuation	Accum Depn	NBV	Cost/Val	Accum Depn	NBV
	2006	2005	2006	2006	2006	2006	2005	2005	2005
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Plus Airport Assets									
Land	-	-	-	-	-	-	-	-	-
Runway, Taxiway, Apron	-	-	-	-	-	-	-	-	-
Runway Seal	-	-	-	-	-	-	-	-	-
Buildings	-	36	-	-	-	-	36	36	-
Buildings Chattels	1	1	-	11	2	9	10	1	9
Furniture and Fittings	6	3	-	80	34	46	84	31	53
Plant and Equipment	22	18	31	258	91	167	233	72	161
Carpark	-	-	-	-	-	-	-	-	-
Roading	-	-	-	-	-	-	-	-	-
Security Fencing	-	-	-	-	-	-	-	-	-
Computer Equipment	5	6	-	29	21	8	30	20	10
	34	64	31	378	148	230	393	160	233
Total Group Fixed Assets	20,156	15,357	111,545	723,641	36,468	770,329	653,800	56,732	580,630

(As per Statement of Financial Position)

* *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	Council	Council	Group	Group
	2006	2005	2006	2005
	\$000's	\$000's	\$000's	\$000's
Aerial Maps Collection	230	-	230	0
Buildings	18,258	2,687	18,258	2,687
Computer Software	75	4	75	4
Land	680	242	680	242
Landfill	7	2	7	2
Park & Reserves	259	47	259	47
Plant	13	13	13	13
Street Lighting, Signs, Signals	34	34	34	34
Roading Assets	4,055	2,084	4,055	2,084
Runway - Airport	1,101	-	1,101	-
Stormwater	320	486	320	486
Water	815	6,118	815	6,118
Waste Management	66	15	66	15
Wastewater Reticulation	1,138	3,799	1,138	3,799
Waste Water Treatment Plan	215	60	215	60
	27,266	15,591	27,266	15,591

Note 11: Accruals

	Council	Council	Group	Group
	2006	2005	2006	2005
	\$000's	\$000's	\$000's	\$000's
The Accrued Expenses figure is made up of:				
Employee Entitlements	2,674	2,430	2,681	2,440
Accrued Interest	1,254	1,124	1,254	1,124
Provision of Refund of Rates (Note 18)	588	256	588	256
Other Accrued Liabilities & Income in Advance	1,371	1,317	1,540	3,310
Total Accrued Expenses	5,887	5,127	6,063	7,130

Notes to the Financial Statements (cont'd)

Note 12: Provisions

	Council 2006 \$000's	Council 2005 \$000's	Group 2006 \$000's	Group 2005 \$000's
Landfill Post-closure Costs				
Opening Balance	600	600	600	600
Amount utilised	(94)	(135)	(94)	(135)
Increase in expected post-closure costs	1,000		1,000	
Effect of discounting	20	135	20	135
Closing Balance	1,526	600	1,526	600
Current Provision	20	60	20	60
Non-current provision	1,506	540	1,506	540
Long Term Payroll Provisions	839	881	839	881
Total Long Term Provisions	2,345	1,421	2,345	1,421

Note 13: Public Debt

	Council 2006 \$000's	Council 2005 \$000's	Group 2006 \$000's	Group 2005 \$000's
(a) Current				
Secured loans and debentures	15,400	29,416	15,400	29,416
Unsecured liabilities	-	-	-	-
	15,400	29,416	15,400	29,416
(b) Non-current				
Secured loans and debentures	47,022	35,846	47,022	35,846
Unsecured liabilities	-	205	-	205
	47,022	36,051	47,022	36,051
Total Public Debt	62,422	65,467	62,422	65,467

Council has an interest free suspensory loan with Housing New Zealand, with a term of 25 years.

(c) Security

Public Debt is secured over future rating income by a floating charge through the operation of a Debenture Trust Deed.

(d) Variations from/changes to the Treasury Policy

There have been no changes in the Treasury Policy

(e) Repayment Terms

	Council 2006 \$000's	Council 2005 \$000's	Group 2006 \$000's	Group 2005 \$000's
Within One Year	15,400	29,416	15,400	29,416
One to Two Years	9,007	10,409	9,007	10,409
Two to Three Years	12,507	9,007	12,507	9,007
Three to Four Years	4,008	12,507	4,008	12,507
Four to Five Years	8	4,008	8	4,008
Five years and over	21,492	120	21,492	120
	62,422	65,467	62,422	65,467

Notes to the Financial Statements (cont'd)

(f) Interest Rates

The weighted average effective interest rates on borrowings are:

	Council 2006 %	Council 2005 %	Council 2006 %	Group 2005 %
Within One Year	6.96	7.01	8.72	8.72
One to Two Years	6.86	6.63	6.86	6.63
Two to Three Years	6.40	6.86	6.40	6.86
Three to Four Years	6.65	6.40	6.65	6.40
Four to Five Years	4.00	6.65	4.00	6.65
Five years and over	6.26	4.00	6.26	4.00
Overall weighted average	6.57	6.79	6.57	6.95

(g) Sinking Funds held by Rotorua District Council

	Council 2006 \$000's	Council 2005 \$000's	Group 2006 \$000's	Group 2005 \$000's
Opening Balance	1,031	4,589	1,031	4,589
Contributions	84	377	84	377
Interest Received	44	193	44	193
Withdrawals	(1,156)	(4,128)	(1,156)	(4,128)
Closing Balance	3	1,031	3	1,031

Note 14: Related Party Transactions

The following is the disclosure of transactions between the Rotorua District Council and the Rotorua Regional Airport Limited (RRAL). Council holds a 100% shareholding in the Airport Company.

- i) Land and water rates of \$30,981 (\$35,653 2004/05) have been received from RRAL.
- ii) Council received rent of \$549,630 (2004/05 nil) from RRAL for the lease of airport infrastructural assets.
- iii) The Council received nil (\$139,565 2004/05) for engineering and project management services in relation to the runway extension
- iv) Other payments received from the airport include development levy \$496,858 (nil 2004/05), \$5,996 (\$108 2004/05) for maintenance services, \$40 (\$560 2004/05) for permits and tender evaluation, and \$175 (nil 2004/05) for subscriptions.
- v) Airport Debtor as at 30 June 2006 \$115,426 (\$746,986 2004/05).
- vi) Councillors Oppatt, Martin and McVicker are Directors of RRAL.
- vii) Council purchased \$5,717 (\$5,264 2004/05) worth of goods from Gould Photographics, owned by Councillor Gould.

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, permit fees, 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.

Notes to the Financial Statements (cont'd)

Note 15: Equity

	Council 2006 \$000's	Council 2005 \$000's	Group 2006 \$000's	Group 2005 \$000's
(a) Accumulated Funds				
Opening Balance	375,596	358,083	375,600	358,027
Net Surplus	21,664	2,665	21,664	2,725
	397,260	360,748	397,264	360,752
<i>Transfers to:</i>				
Council Created Reserves	13	11	13	11
Restricted Reserves	457	1,131	457	1,131
Self Funding Reserves	1,903	6,361	1,903	6,361
Airport Reserve	-	-	-	-
Payments to Sinking Fund	128	570	128	570
	2,501	8,073	2,501	8,073
<i>Transfers from:</i>				
Council Created Reserves	32	1	32	1
Restricted Reserves	894	363	894	363
Self Funding Reserves	7,293	18,421	7,293	18,421
Sinking Funds Uplifted	1,156	4,128	1,156	4,128
Airport Reserve	-	8	-	8
	9,375	22,921	9,375	22,921
Closing Balance	404,134	375,596	404,138	375,600

(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 01.07.05 \$000's	Invested During Year \$000's	Withdrawn During The Year \$000's	Interest Earned to 30.06.06 \$000's	Closing Balance 30.06.06 \$000's
Pensioner Housing	149	-	765	(15)	(631)
Events Centre	4,317	570	-	512	5,399
Airport	(14,479)	-	3,516	(1,072)	(19,067)
Wastewater	244	1,968	-	81	2,293
Eastern Trunk Line	(4,597)	-	2,919	(400)	(7,916)
Rural Waste Water	(69)	25	-	(4)	(48)
Landfill	(58)	-	37	(5)	(100)
Water	(1,452)	316	46	(87)	(1,269)
Refuse Collection	217	-	10	14	221
Total Self Funding Reserves	(15,728)	2,879	7,293	(976)	(21,118)

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 01.07.05 \$000's	Invested During Year \$000's	Withdrawn During The Year \$000's	Interest Earned to 30.06.06 \$000's	Closing Balance 30.06.06 \$000's
Reporoa Domain	16	8	6	1	19
Waikite Domain	30	2	26	2	8
Total Council Created Reserves	46	10	32	3	27

(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 01.07.05 \$000's	Invested During Year \$000's	Withdrawn During The Year \$000's	Interest Earned to 30.06.06 \$000's	Closing Balance 30.06.06 \$000's
Reserves Development	787	319	680	40	466
Hillary Commission Reserve	8		8		-
Creative NZ Reserve	8	44	52		-
Library Bequest	300		20	20	300
Property Development	550	2	134	32	450
Total Restricted Reserves	1,653	365	894	92	1,216

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 01.07.05 \$000's	Sales w/o net of valuation and sales \$000's	Council Closing Balance 30.06.06 \$000's	Group Opening Balance 01.07.05 \$000's	Revalued Property Sales w/o \$000's	Group Closing Balance 30.06.06 \$000's
Consists of:						
Airport Assets	-	-	-	-	-	-
Buildings	14,431	13,482	27,913	14,431	13,482	27,913
City Focus	4	-	4	4	-	4
Footpaths	7,648	6,770	14,418	7,648	6,770	14,418
General	45	(45)	-	45	(45)	-
Land	35,162	21,775	56,937	35,162	21,775	56,937
Landfill	-	68	68	-	68	68
Library	691	90	781	691	90	781
Parking	156	(6)	150	156	(6)	150
Parks and Reserves Assets	3,395	3,695	7,090	3,395	3,695	7,090
Roading	63,692	52,631	116,323	63,692	52,631	116,323
Stormwater	26,919	(1,958)	24,961	26,919	(1,958)	24,961
Street Items	2,815	(853)	1,962	2,815	(853)	1,962
Waste Management	96	82	178	96	82	178
Waste Water Reticulation	8,113	51,251	59,364	8,113	51,251	59,364
Water Works	19,288	21,426	40,714	19,288	21,426	40,714
Total Asset Revaluation Reserve	182,455	168,408	350,863	182,455	168,408	350,863

(f) Share of Airport Reserve

This is Rotorua District Council's share of Post-Acquisition Reserves of our Subsidiary Company, Rotorua Regional Airport Ltd

	Council 2006 \$000's	Council 2005 \$000's	Group 2006 \$000's	Group 2005 \$000's
Opening Balance	-	8	-	8
Transfers to:	-	-	-	-
Transfers from:	-	8	-	8
Closing Balance	-	-	-	-

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 0% and 7.65% (2004/2005 between 2.5% and 7.24%) with maximum due date of 2026.

As at 30 June 2006 Council does not have any interest rate risk management instruments in place.

Notes to the Financial Statements (cont'd)

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.

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.

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 2006 \$000's	Fair Value 2006 \$000's	Carrying Amount 2005 \$000's	Fair Value 2005 \$000's
Cash at Bank	790	790	1,080	1,080
Rates and Other Receivables	12,862	12,862	12,604	12,604
Investments Short Term	5,966	5,966	21,244	21,244
Investments Long Term	2,253	2,253	1,888	1,888
Total financial assets	21,871	21,871	36,816	36,816
Accounts Payable	16,102	16,102	18,093	18,093
Public Debt	62,422	61,631	65,467	65,467
Total financial liabilities	78,524	77,733	83,560	83,560
Guarantees	389	389	212	212

Notes to the Financial Statements (cont'd)

Group	Carrying	Fair	Carrying	Fair
	Amount	Value	Amount	Value
	2006	2006	2005	2005
	\$000's	\$000's	\$000's	\$000's
Cash at Bank	906	906	5,040	5,040
Rates and Other Receivables	13,162	13,162	11,984	11,984
Investments Short Term	6,832	6,832	21,244	21,244
Investments Long Term	847	847	778	778
Total financial assets	21,747	21,747	39,046	39,046
Accounts Payable	16,083	16,083	18,073	18,073
Public Debt	62,422	61,631	65,467	65,467
Total financial liabilities	78,505	77,714	83,540	83,540
Guarantees	389	389	212	212

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 Rotorua District Council is appointed under Part 4, Section 42 of the Local Government Act 2002. 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 2006 was \$226,557 (\$216,217 2004/05).

	Council	Council	Group	Group
	2006	2005	2006	2005
	\$	\$	\$	\$
Chief Executive's Remuneration				
Salary Chief Executive	198,557	188,661	198,557	188,661
Vehicle Chief Executive (incl FBT)	17,861	17,861	17,861	17,861
	216,418	206,522	216,418	206,522
Other Benefits				
Professional Association Fees Chief Executive	236	300	236	300
Telephone and Sundries Chief Executive	228	200	228	200
Superannuation	9,675	9,195	9,675	9,195
	10,139	9,695	10,139	9,695
Total Remuneration	226,557	216,217	226,557	216,217

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 \$513,402 (\$515,652 2004/2005)

The monetary remuneration consists of Honoraria and meeting allowances, and is determined by the Remuneration Authority under the Local Government Elected Members Determination 2005. 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 meeting's duration for which he or she is entitled to payment.

Note: There are numerous other meetings and functions attended by Councillors for which they do not receive a meeting fee.

	Honoraria	Meeting Allowances	Hearing Fees	TOTAL	TOTAL
	2006	2006	2006	2006	2005
	\$	\$	\$		\$
Councillors' Remuneration					
Barry P	-	-	-	-	10,854
Campbell C	-	-	-	-	7,375
Dean K	-	-	-	-	7,375
Gould M	17,138	13,420	-	30,558	23,678
Hall G W	-	-	-	-	23,525
Judd R	17,138	12,598	-	29,736	24,338
Kenny G	17,138	11,278	3,662	32,078	25,813
Lee C O	17,215	14,358	-	31,573	31,713
Martin R W *	17,215	19,198	2,655	39,068	33,875
Maxwell T H	26,319	18,978	735	46,032	47,969
McVicker M *	17,138	13,698	-	30,836	23,898
Oppatt N F	-	-	-	-	8,613
Searancke G P	22,627	17,878	963	41,468	41,215
Sturt C W	22,606	19,858	-	42,464	38,233
Te Kowhai C	17,484	9,680	-	27,164	22,798
Waaka M T R	22,606	14,960	2,835	40,401	41,040
Wepa J G	17,215	17,820	2,715	37,750	35,003
Winters K (Mayor)	84,276	-	-	84,276	68,337
	316,115	183,722	13,565	513,402	515,652

* Cr Martin and Cr McVicker also earned directors' fees as directors of the Rotorua Regional Airport Ltd of \$9,250 (\$9,250 2004/05) and \$9,250 (\$2,313 2004/05) respectively.

Notes to the Financial Statements (cont'd)

Note 18: Reconciliation of Net Surplus to Net Cash Inflow from Operating Activities

	Council 2006 \$000's	Council 2005 \$000's	Group 2006 \$000's	Group 2005 \$000's
Net surplus/(deficit) for the year	21,664	2,665	21,664	2,725
Add/(deduct) non-cash items				
Decrease in Term Gratuities & Long Service Leave	51	33	51	33
Depreciation	20,122	15,293	20,156	15,357
Change in Revaluation Reserve	(4,583)	(423)	(4,083)	(1,123)
Provision for Doubtful Debts	(272)	389	(272)	389
Airport Income/change in equity	(294)	1,801	(294)	-
Profit on Disposal	(102)	(1,022)	(97)	(2,589)
Loss on Disposal	890	5,007	437	8,672
Goodwill	-	-	-	602
Assets vested or recognised for the first time by Council	(4,333)	(2,530)	(4,333)	(2,530)
Total non-cash items	11,479	18,548	11,565	18,811
Add/(deduct) movement in working capital				
Increase in Accrued Payroll	244	210	241	226
Decrease in Accrued Interest Payable	130	(199)	130	(199)
Increase in Inventories	(113)	(13)	(113)	(13)
Decrease in Rates Debtors	24	239	24	239
Increase in General Debtors	(3,028)	(1,947)	(3,055)	(2,777)
Taxation	5	18	(25)	50
Deferred Taxation	-	-	-	-
Increase in GST Receivable	1,634	(1,448)	(472)	(3,631)
Increase in Prepayments	65	(168)	53	(153)
Increase in Creditors	(887)	7,083	(1,371)	7,694
Decrease in Other Accrued Liabilities	386	(376)	392	(364)
Total working capital movements	(1,540)	3,399	(4,196)	1,072
Add/(deduct) investing items included in working capital	(4,203)	(287)	(3,397)	4,189
Total investing activities	(4,203)	(287)	(3,397)	4,189
Net Cash inflow from operating activities	27,400	24,325	25,636	26,797

Net Movements in Agencies: is due to the agency relationship that exists between Rotorua District Council and Land Transport New Zealand. The amount shown results from a timing difference occurring between receipts from these sources and payments to contractors.

Notes to the Financial Statements (cont'd)

Note 19: Contingencies

	Council 2006 \$000's	Council 2005 \$000's	Group 2006 \$000's	Group 2005 \$000's
Guarantees				
Guarantees to community and sporting groups	389	212	389	212
Contingent Liabilities				
Performance bond BNZ on behalf of Tourism Rotorua	206	163	206	163
Council is currently facing five 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. This includes one Watertight Homes Resolution mediation claim against Council, for \$196,000	836	700	836	700
Total Contingent Liabilities	1,431	1,075	1,431	1,075

Council's maximum exposure per claim is an insurance excess of \$10,000.

Note 20: Commitments

	Council 2006 \$000's	Council 2005 \$000's	Group 2006 \$000's	Group 2005 \$000's
Non-cancellable operating lease commitments:				
Not later than one year	122	144	122	144
Later than one year and not later than two years	122	144	122	144
Later than two years and not later than five years	284	417	284	417
Later than five years	296	384	296	384
Total non-cancellable operating lease commitments	824	1,089	824	1,089
Council is committed to the following Capital Contracts.				
Recreation and Community Services	10,667	7,812	10,667	7,812
Works and Engineering Services	15,492	16,708	15,492	16,708
Support Services	171	-	171	-
Airport	1,902	2,346	1,902	2,346
Total Capital Contracts	28,232	26,866	28,232	26,866
Total commitments	29,056	27,955	29,056	27,955

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 Cost of Service Statements. Passenger Transport Activity has been combined with the Rooding Activity.

Notes to the Financial Statements (cont'd)

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.

Petrol Tax

The Bay of Plenty Local Authority Petrol Tax Distribution for the year ended 30 June 2006:	2006 \$000's	Percentage	2005 \$000's	Percentage
Kawerau District Council	63	2.4%	63	2.5%
Opotiki District Council	71	2.8%	73	2.8%
Rotorua District Council	633	24.6%	659	26.0%
Taupo District Council	363	14.1%	355	13.6%
Tauranga City Council	815	31.6%	813	30.0%
Western BOP District Council	396	15.4%	402	15.3%
Whakatane District Council	237	9.1%	244	9.8%
Total Tax Distributable to Councils	2,578	100.0%	2,609	100.0%

State Highways Administration

	2006 \$000's	2005 \$000's
Expenditure on State Highways Roading Network (Reimbursed from Land Transport New Zealand & Whakatane District Council)	6,663	8,264


Regional Council Rates

	2006 \$000's	2005 \$000's
Rates were collected on behalf of the following Regional Authorities:		
Waikato Regional Council	372	385
Bay of Plenty Regional Council	1,643	1,203
	2,015	1,588

Note 23: Events After Balance Date


No significant events have occurred between balance date and the signing of the financial statements.

STATEMENT OF FINANCIAL INVOLVEMENT IN COUNCIL-CONTROLLED TRADING ORGANISATIONS (CCTOs) AND OTHER COMPANIES OR ORGANISATIONS



Rotorua District Council has 100% shareholding in Rotorua Regional Airport Limited. Details of transactions with this entity are detailed on pages 153-154 and in note 14.


Rotorua District Council is also a part shareholder in Local Authority Shared Services Ltd. Details of the company and performance measures are on page 155.



STATEMENT OF COMPLIANCE AND RESPONSIBILITY



Compliance

1. The council and management of the Rotorua District Council confirm that all the statutory requirements of the Local Government Act 2002 in relation to the annual report 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 2006 fairly reflect the financial position and operations of the Rotorua District Council.
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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



DESTINATION

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