

DESTINATION

ROT@RUA

ROTORUA DISTRICT
COUNCIL

Annual Report 2005



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

To the people of Rotorua – Greetings

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

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

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

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

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

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

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

DESTINATION ROTORUA



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

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

The principle intent of the **Destination Rotorua** concept is to recognise the economic, social, cultural and environmental

importance of all sectors of the local community. The brand is intended to capture the essence of a community's shared vision of where it is going – **its destination**.

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

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

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Copies of this Annual Report are distributed widely amongst community groups such as ratepayer associations, service organisations etc, as well as being available to view at Council's Public Library, City Focus, and 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 2004 to 30 June 2005. It is a key document for the Council, as it outlines what we committed to do in the year, as described in the Long Term Council Community Plan for 2004-2014. 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.

Ten Year Plan for 2004-14	Adopted 28 June 2004
Annual Plan for 2005/06	Adopted 27 June 2005
Annual Report for 2004/05	Adopted 13 September 2005

MESSAGE FROM HIS WORSHIP THE MAYOR



Tena Koutu

I am delighted to introduce the Annual Report for the 2004/05 financial year.

The year has been a challenging and complex one, with elections taking place part way through the year. I want to pay tribute to former mayor Grahame Hall and to those councillors whose terms of office concluded at the last elections. Their stewardship has been sound and effective and they have handed over the reins of a council in fine health. It has been a relatively seamless transition with our newly elected members coming up to speed very quickly.

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. This report shows outstanding results and it shows that the community has been well-served by councillors and staff of Rotorua District Council.

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

During the year we went out and asked the community 'how are we doing?' via a formal National Research Bureau survey. I was very pleased with the results of the NRB survey where residents rated the performance of the mayor and councillors as well above the national average.

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

Rotorua's lakes represent a national treasure of which we are all proud. Good progress is being made in improving lake water quality through our various lakes action plans, through new sewerage reticulation schemes and 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.

Our local economy is showing excellent trends which our strategic planning, economic development and tourism initiatives are contributing significantly to. Progress in developing our airport has been made and the new Energy Events Centre project, in partnership with Rotorua Energy Charitable Trust and our other partners, will next year make us one of the best equipped event destinations in the country by far.

In this report you will find that your Council continues to provide a very broad range of services and facilities to meet ever-changing community expectations. We will be increasingly working with other organisations and agencies in the future towards achieving those community outcomes that residents have told us are priorities – this is the community's 'Bright Future Rotorua' programme. Council is continuing to build on the sound work undertaken during this financial year and continuing to consult with its communities wherever appropriate.

I want to thank Deputy Mayor Trevor Maxwell and all councillors for their dedication and significant achievements this year. I also salute the talented and committed council staff, ably led by Chief Executive Peter Guerin, for their excellent results and professional support.

Finally I extend the most sincere of thanks to the people of Rotorua District for their part in making the year so successful, for their role in making this community so special, and for the personal support and encouragement I have received since assuming the office of mayor. Thank you.

Please read this report. See where we have been and where we are hoping to go with your continued support. 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.

Kia ora



Kevin Winters
Mayor

5 YEAR FINANCIAL SUMMARY

Statement of Financial Performance (Council)

For the year ended 30 June:

\$ in thousands	2005	2004	2003	2002	2001
Rates (general & targeted)	47,244	45,207	43,383	41,430	40,032
Other services	32,164	28,609	23,148	24,470	22,713
Non operating	423	514	16,389	1	30
Total Revenue	79,831	74,330	82,920	65,901	62,775
Operating expenditure	70,998	67,090	62,541	59,239	56,745
Non operating expenditure	6,145	0	2,781	0	75
Taxation	23	-18	164	0	25
Total expenditure	77,166	67,072	65,486	59,239	56,845
Net surplus	2,665	7,258	17,434	6,662	5,930

Statement of Financial Position (Council)

For the year ended 30 June:

\$ in thousands	2005	2004	2003	2002	2001
Current assets	50,980	46,244	35,555	28,446	27,570
Current liabilities	51,531	22,899	22,779	24,267	23,002
Working capital	-552	23,345	12,776	4,179	4,568
Investments	1,888	6,411	6,675	6,683	9,323
Fixed assets	581,189	559,976	556,154	485,159	479,589
	582,525	589,732	575,605	496,021	493,480
Financed by:					
Rate payers equity	375,597	358,084	349,047	327,212	321,021
Debt	36,051	45,467	37,468	33,579	37,587
Other term liabilities	1,421	1,454	1,569	1,627	1,140
Reserves	169,456	184,727	187,521	133,603	133,732
	582,525	589,732	575,605	496,021	493,480

Debt

Total Debt (current and long term) is currently trending upwards due to capital improvements undertaken. This year the long term portion shows a reduction of \$9.4 million, however, current debt has increased by \$21.9 million.

Working Capital

An increase in the current portion of loans of \$21.9 million, \$6.2 million in grants received awaiting their project to be completed, as well as a 4.4 million advance to the airport now repaid, has reduced working capital. This is offset by further increases in work in progress due to large lakes water quality projects being completed.

Expenditure

Increase generally in line with inflation. Additional expenditure has mainly been in the economic, events and marketing areas of council. A significant portion of this increase has been recovered from additional revenue from these areas. The international stadium, this year being the first full year of ownership, has increased depreciation costs.

Fixed assets

A significant increase in capital assets has occurred during the year as a result of transferring the airport infrastructural assets to Rotorua District Council (\$18.8 million). The Tauranga Direct Road being gazetted as a state highway has reduced assets (by \$4.3 million). Council has spent approximately \$4.5 million on lakes water quality projects this year and sold the farm at Rerewhakaatu. Note that the 2003 increase in assets was caused by a revaluation in assets. The next revaluation is due in 2006.

Revenue Mix

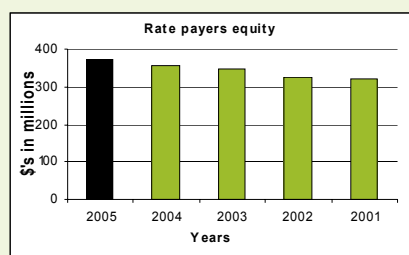
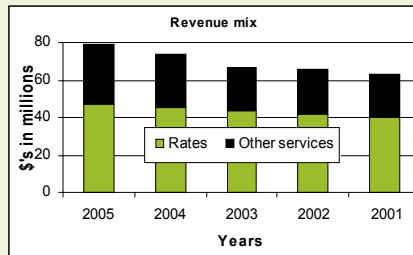
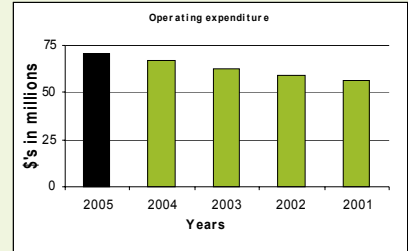
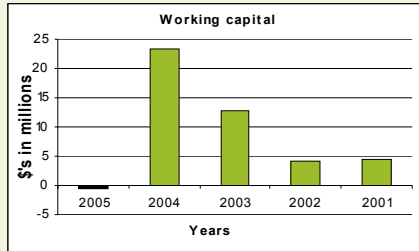
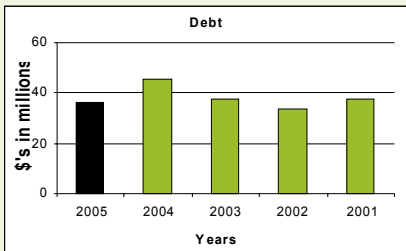
Rates are 58.7% (60.8% last year) of total revenue following an ongoing trend to reduce reliance on rates and fund more from other sources. Subsidies vary year to year in line with projects undertaken. This year's subsidies are \$2.1 million down on last year. General revenue is up \$2.4 million on last year mainly due to increasing parking fees and more income from trading activities of council, such as aquatic, museum and the travel and information centre.

Ratepayers' Equity

The equity is trending upward in line with the fixed assets and annual operating costs

Reserves

The reserves recognise monies held for specific activities and effective bank overdrafts for other activities, costs that will need to be recovered in the future. The transfer of the airport assets net of debt and equity (\$14.4 million) and the net Eastern Sewerage Scheme expenditure to date (\$4 million) less the additional funding (\$4.3 million) for the Energy Events Centre are the significant changes in the self funding accounts in the 2005 year.



REPORT OF THE AUDITOR-GENERAL



AUDIT REPORT

TO THE READERS OF ROTORUA DISTRICT COUNCIL AND GROUP'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

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 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 2005, including the financial statements.

Unqualified opinion

In our opinion:

- ▲ The financial statements of the District Council and group on pages 144 to 170:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council and group's financial position as at 30 June 2005; and
 - the results of operations and cash flows for the year ended on that date.
- ▲ The service provision information of the District Council on pages 52 to 142 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"), including the provisions of Clause 15(f) of Schedule 10 relating to the significant acquisitions or replacements of assets.

The audit was completed on 13 September 2005, 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 2005. They must also fairly reflect the results of operations and cash flows for the year ended on that date. The Council is also responsible for preparing the information in the other requirements, including service provision information that must fairly reflect the Council's levels of service provision. The Council's responsibilities arise from 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, 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



CHIEF EXECUTIVE'S REPORT



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Introduction

This is the fourth Annual Report I have had the privilege of commenting on as Council's Chief Executive. Each year in the introduction I have observed that our actual performance, both financial and non financial, has been ahead of the challenges and targets set out in the corresponding Annual Plan/Ten Year Plan documents. These favourable performance improvements year on end have been achieved against an ever increasing level of performance expectation in each of the planning documents. It is certainly a pleasure to be part of an organisation with a culture of constant improvement.

Each year there are new major challenges that face Council. This year we have:-

- Continued with the development of community sewerage reticulation and treatment solutions for lakeshore settlements as part of our contribution towards improving lake water quality.
- Progressed implementation of the Rotorua Regional Airport Master Plan that has seen new taxiways and aprons, 3200m² terminal, car park redesign with an additional 170 car parks, and considerable progress on ensuring the airport is trans-Tasman ready.
- Completed detailed design of the Energy Events Centre; let tenders for the main contract with construction commencing on 7th July 2005.
- Made significant progress on a framework for monitoring progress towards the community outcomes, which has included further development of the relationship with central government agencies.

This report is monitoring progress against the 2004/14 Ten Year Plan and provides part of the accountability and transparency process of Council's achievements.

The purpose of my report is to highlight just some of the important achievements over the past year. Should you require any further information about Council's performance and achievements over the last year you are invited to make further contact with me at:

2004-2014 Ten Year Plan

Last year Council prepared its first Long Term Council Community Plan (LTCCP or Ten Year Plan) under the new Local Government Act 2002. Before preparing the plan, Council was required to ensure a process was developed that enabled our community to identify community outcomes that they expected over the next 10 years. These outcomes then gave Council a focus and framework on which to develop the 10 Year Plan. As noted elsewhere in this report the high priority of our community is "a safe and caring community".

The Ten Year Plan placed an emphasis on:-

- Contributing towards the community outcomes.
- Retaining all existing levels of, and in some cases increasing, levels of service.
- Improving lake water quality for the district's 14 lakes.
- Building Destination Rotorua as a community brand for the benefit of all residents.
- Continuing the development of activities that contribute to the district's sustainable growth.
- Ensuring implementation of the Rotorua Regional Airport Master Plan i.e. trans-Tasman preparedness.
- Development of community facilities such as the Museum of Art and History and the Energy Events Centre.
- Reviewing revenue and financing policies with particular emphasis on rating policy.

This Annual Report reports against the first year of the 2004/14 Ten Year Plan.

Financial Review

This is the first Annual Report Council has prepared to report against the 2004/14 Ten Year Plan. To follow is some commentary on the nature of the variances in the financial performance, why there is a need for a surplus and its analysis, and the financial position as at 30 June 2005 as

compared to the Ten Year Plan for the year ended 30 June 2005.

As with any planning, the actual results have varied from that which was planned for this year. Inflation and changes to plans and programmes all contribute towards a varying result. To follow is a summary of the financial results as compared to the budgets and summary results.

Financial Performance

Firstly, it must be noted that there were two unusual events that occurred this year that have had significant financial consequences and which were not budgeted for. They were the transfer of the Tauranga Direct (Pyes Pa) Road to Transit NZ and the reclassification of that local road as a state highway. The road is now referred to as State Highway 36. Under Transit NZ's control the road will have significant upgrades over the next 10 years to improve travel times between the two cities of Rotorua and Tauranga. This road was transferred to Transit at no cost. In fact Rotorua District Council is now relieved of the liability of road maintenance and capital expenditure. The road had a carrying amount in the books of Rotorua District Council. This has now been written off through the Statement of Financial Performance and with it a corresponding lower value in both the roading asset value and Council's ratepayer equity.

The other major asset transfer was that of assets from the Rotorua Regional Airport Limited to Rotorua District Council, which had an impact on the equity of Rotorua Regional Airport Limited.

When these adjustments are made Council's surplus is \$8.4 million as compared to the Ten Year Plan of \$9.6 million, a variance of \$1.2 million.

The variance of \$1.2 million would have been better off by \$7.9 million had all budgeted capital expenditure been completed this year. We have transferred \$8.9 million of grants to 2005/06 to be matched with the related capital expenditure when it is now planned to occur. The bulk of the expenditure relates to the Energy Events Centre and Eastern Sewerage Truck Main. Deducted from the \$8.9 million of grants is some \$1 million of operation projects, such as the planning policy project associated with preparation for the District Plan review, that have been transferred to or from this year.

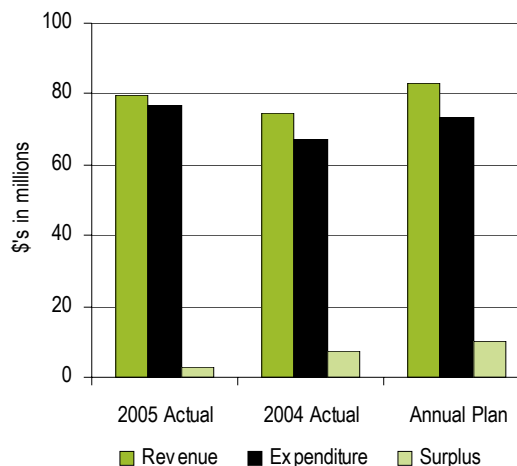
Financial Performance Summary

For the year ending 30 June 2005				
\$ in millions	Actual	Annual Plan	Var	2004 Actual
Revenue	79.8	83.3	3.5 (u)	74.4
Expenditure	77.1	73.4	3.7 (u)	67.1
Surplus before	8.8	9.9	1.1 (u)	6.7
Transfer of assets	6.1	0.0	-6.1 (u)	0.0
Surplus	2.7	9.9	7.2 (u)	6.7

(F) means a favourable variance between the Annual Plan Budget and the actual result for the 2005 year.

(U) means an unfavourable variance.

The graph below shows the revenue, expenditure and surplus for the years ending 30 June 2004 and 2005, as compared to the Annual Plan or Ten Year Plan for the year ending 30 June 2005.



Major revenue variance from 2005 Annual Plan

	\$ in millions	
Grants	(8.6)	(u)
Interest received	0.3	(f)
Other revenue	1.9	(f)
Vested assets	0.9	(f)
Rates revenue	0.6	(f)
Revaluation	0.4	(f)
Profit on disposal	1.0	(f)
	(3.7)	(f)

Grants

As reported last year, we received a substantial grant from the Rotorua Energy Charitable Trust as a contribution towards the Energy Events Centre. As at balance date, Rotorua Energy Charitable Trust has paid to Council the total of \$6.3 million. However the actual progress on the Energy Events Centre project is behind that which was anticipated in the Ten Year Plan for this year. We therefore have accrued some of that grant into the 2005/2006 year to be matched against the actual capital expenditure that is now expected to occur in that year. This is the main reason for the variance

Interest

Projecting interest income on our investments and rate revenue received before it is used to pay for services (contractors, salaries, materials, and other outgoings etc) is a very difficult task. It is especially difficult when there are major changes taking place in our forward planning, such as the airport, new community sewerage schemes, Energy Events Centre, and a range of other large capital projects. Each of these various projects has proceeded at a faster or slower pace than that anticipated in the Ten Year Plan for 2005. However most of the expenditure was slower than

anticipated which has led to more short term cash investments and correspondingly higher interest received on these investments. This, coupled with a slight increase in interest rates as compared with the budgeted assumption, results in some half a million dollars of additional interest income for the year.

Revenue

Many of the activities Council is involved in generate revenue from other sources by way of user charges and fees etc. In many instances these activities have generated more revenue than was planned. Major areas where this has occurred are:-

- Financial contributions
- Stadium
- Travel Office
- Parking enforcement
- Building Consent fees
- Trade waste
- Metered water

Vested Assets

Each year there are many property developments that create new subdivisions within the district. The developers provide the necessary infrastructure, such as water, storm water, waste water infrastructure, along with roading, footpaths and street lighting etc. Once the subdivision is complete and all the associated infrastructure assets are to Council standards, they are then transferred to Council. These assets are termed vested assets. We then need to value these vested assets and include them in Council's inventory of assets. These assets are first introduced into the Council accounting system through the Statement of Financial Performance, i.e. as revenue. As can be appreciated, it can be very difficult to project the level of development each year, and hence the budget for the value of these vested assets that will be transferred to Council. This year almost \$1 million of vested assets over that budgeted, were transferred to Council.

Rates

Rates are levied under the Local Government (Rating) Act each year and once levied are fixed for the remainder of the year. Minor variations occur because of growth in the number of ratepayers from subdivision, rates remission, and other right-offs etc.

Revaluations

On their disposal some fixed assets have an impact on the asset revaluation reserve. In this case, write off of the

reserve is stated in the Statement of Financial Performance in the first instance.

Profit on sale

During the year Council reviewed the reason for holding a farm at Rerewhakaaitu. The purpose of the farm acquisition was to develop a property for industrial use, particularly forestry value added, such as a wood processing mill. However more recent analysis suggested that the property location was not optimum and Council chose to dispose of the property. The sale was managed by way of tender and resulted in a \$963,000 profit on sale

Expenditure Variance

Major expenditure variance from 2005 Annual Plan

	\$ in millions	
Grants	0.3	(f)
Net operating programmes	0.6	(f)
Depreciation	0.1	(f)
Interest expense	1.4	(f)
	2.4	(f)
State Highway Transfer	(4.3)	(u)
Airport	(1.8)	(u)
	(6.1)	(u)
	(3.7)	(u)

Interest

The overall interest expense for Council is lower than budgeted because levels of debt are substantially lower than planned. There are several reasons for this including, firstly, capital projects have not proceeded as quickly as planned and hence lower funding required. Next, we received a grant from the Rotorua Energy Charitable Trust which is to contribute to the Energy Events Centre. However the funds were not required immediately and therefore were able to be used to delay the raising of debt planned for other capital projects. And finally, projects carried forward from 2003/04 and completed in this year already had the necessary funding (i.e. debt already raised).

Grants

Council had previously made grants to organisations which have subsequently been transferred to suspensory loans.

Net Programmes

Each year there are a number of operational programmes which are not able to be completed and which was not anticipated at the time of preparing the Annual Plan for the

subsequent year. This has been the case for 2005 and therefore \$1.4 million of programmes will be carried forward to 2006. The major works are:-

- Iwi Plans
- Community
- Environmental Planning Projects
- Utilities
- Parks and Gardens

Also as part of this variance explanation, there were some programmes planned in 2004 amounting to \$0.4 million, but not completed and therefore carried into this year, i.e. 2005. The main programmes were Parks and Reserves, Energy Events Centre and Community Policy.

Depreciation

The actual depreciation has varied from that budgeted because of differences of completion time of various capital projects.

Roading

As noted above the Tauranga Direct Road was transferred from Council to Transit NZ during the year and has been re-designated as a State Highway. This is a significant achievement for Council in that State Highway standards will now be used for the road design and ongoing maintenance. The benefits are three-fold;

- Reduced travel times between the two cities of Rotorua and Tauranga
- Along with this the various safety improvements implicit with a state highway
- Lower roading costs for Rotorua District Council in that capital and maintenance on the road is now transferred to Transit. Council's total budget will not be reduced. However the savings from this transfer will allow for more expenditure elsewhere in the district's local roading network.

Airport Equity

A more detailed explanation of this variation is produced below.

Explanation of Need for a Surplus

A surplus of \$9.9 million was budgeted for this year as compared to the actual surplus of \$8.8 million before the one-off costs of roading and airport asset transfers. After these non-cash transfers the adjusted surplus is reduced to \$2.7 million. Details of the surplus variance have been explained above. However there is a need to explain why there is a budgeted surplus in the first place.

The expression "surplus" is the term used to describe the difference between the operating revenue and operating expenditure (note this is not capital expenditure). Some of

the revenue, for example rates revenue and Land Transport New Zealand subsidies, is used to fund capital expenditure (i.e. fixed assets that are recorded in the balance sheet) as opposed to operating expenditure.

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

Below is an analysis of how the surplus from the Statement of Financial Performance is used.

Analysis of Surplus

The actual and budgeted operating surplus, which when adjusted for the major non cash items that are included in the operating surplus of depreciation (\$16.3 million), state highway transfer (\$4.3 million) and vested assets (\$2.5 million), provided approximately \$20.8 million of cash as compared to the budget of \$24.3 million.

Added to this \$20.8 million of cash from operations were:

- New loans raised of \$13.3 million, net of existing debt renewals, less than budget.
- Loans from Council to other organisations, either advanced or repaid during the year, were lower by \$245,000.
- Reduction in carrying amount of shares in Rotorua Regional Airport Ltd as a result of the asset transfer between the company and Council of \$2.7 million more than budgeted
- Funding for capital work completed in 2003/04 and carried forward to this year.
- A cash surplus of almost \$1 million was generated in 2004 and is therefore available for use in 2005.

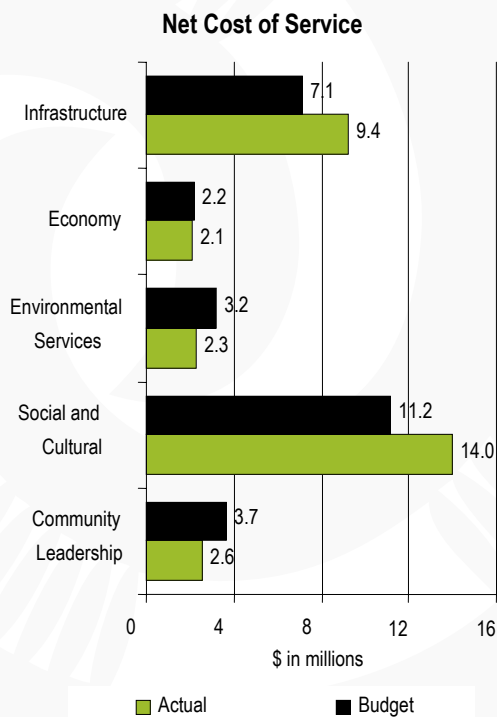
This gave a total of \$60.6 million of cash to fund balance sheet expenditure as compared to the budget of \$60.8 million. This expenditure included fixed assets and provides funds for expenditure that have been deferred until 2005/06. The actual result is an improvement of \$2.5 million over the budget for general funds and \$3.95 million of additional funds required to fund the self-funding activities, such as water supply, sewerage, airport, pensioners' housing etc. This effectively means Council's working capital has decreased by \$2.2 million.

Analysis of Surplus

	\$ in millions	Actual	Budget
Surplus from operations		2.7	9.9
Add non cash items:			
Funded non cash items (depreciation, vested assets, state highway transfer, revaluation changes)		18.1	14.4
Cash from operations		20.8	24.3
Add other sources of cash:			
Net increase in debt		12.5	25.8
Loan advances/collected		4.2	4.5
Equity funds from Airport/Shares		2.9	5.6
Funds for carried forward expenditure		20.2	0.6
Total effective cash available for capital items		60.6	60.8
Cash used for:			
Net capital expenditure		40.9	65.0
Carry fwd projects to 2005/06		21.7	0
Decrease in working capital		(2.0)	(4.2)
Total use of cash		60.6	60.8

Net Cost of Service Summary

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



Net Cost of Service Summary

	Actual 2005	10 Year Plan	Variance	
Community Leadership	2.6	3.7	1.1	(f)
Social and Cultural	14.0	11.2	(2.8)	(u)
Environmental services	2.3	3.2	0.9	(f)
Economy	2.1	2.2	0.1	(f)
Infrastructure	9.2	7.1	(2.1)	(u)
Castlecorp	0.1	0.0	(0.1)	(u)
	30.3	27.4	(2.9)	(u)
Rates	(36.1)	(35.7)	0.4	(f)
Vested assets	(2.5)	(1.6)	0.9	(f)
Asset changes	5.6	-	(5.6)	(u)
	(2.7)	(9.9)	(7.2)	(u)

(F) means a favourable variance between the Annual Plan Budget and the actual result for the 2005 year.

(U) means an unfavourable variance.

Financial Position

Council's financial position as measured by ratepayers' equity has increased by \$2.2 million since 2004. The major movements in equity have been because of the actual surplus this year. However there have been significant variations within the Statement of Financial Position caused by the reduced capital expenditure programme and a corresponding reduction in the need for new loans this year to fund the capital programme.

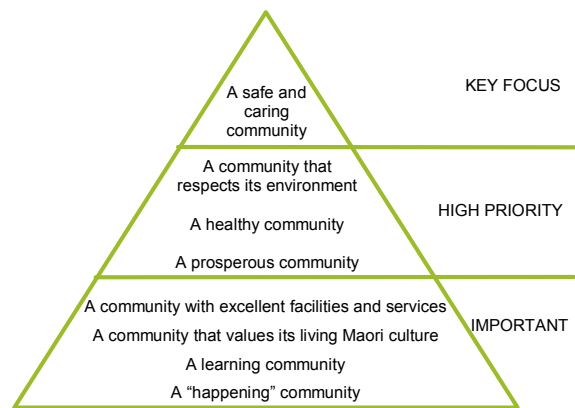
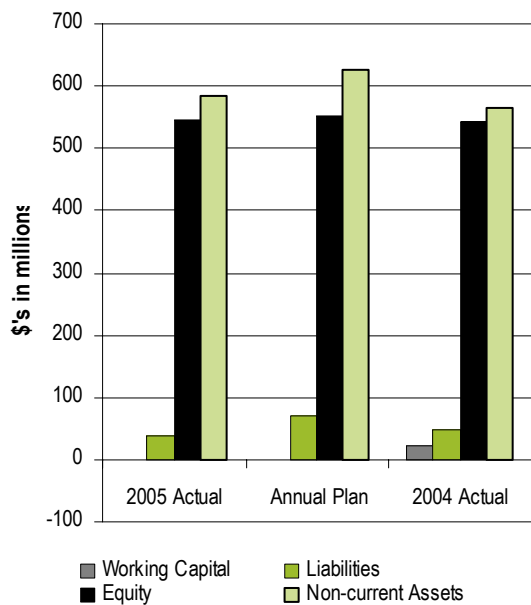
Financial Position Summary

for the year ended 30 June 2005

	Actual 2005	10 Year Plan	Var		2004
Working Capital	(0.6)	(1.7)	1.1	(f)	23.3
Assets	583.1	624.5	(41.4)	(u)	566.4
Liabilities	(37.5)	(71.1)	33.6	(f)	46.9
Equity	545.0	551.7	(6.7)	(u)	542.8

(F) means a favourable variance between the Annual Plan Budget and the actual result for the 2005 year.

(U) means an unfavourable variance



Community Outcomes

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

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

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

In prioritising the Community Outcomes, the innovative approach of STV (single transferable vote) analysis was used. This analysis informed us that although all outcomes were important to the community, a "Safe and Caring Community" was the most significant and important outcome.

Rotorua Energy Charitable Trust

The Rotorua Energy Charitable Trust is a very important organisation and one which Council has a special relationship with. Over the past 10 years the Trust has given grants to Council well in excess of \$20 million. We have been able to advance community projects that may not have otherwise proceeded. The Energy Events Centre is a case in point. This year the Trust has also agreed to fund an upgrade to the Central Business District closed circuit TVs and under verandah safety lighting. Both of these projects will enhance the community outcome of "a safe and caring community". My special thanks to the Chairman Grahame Hall, trustees and the Trust Manager Stuart Burns, for their insight into our community needs and for working jointly with Council to contribute to some of these needs.

Rotorua Lakes – Government Support

Council has continued to work in a positive and collaborative way with Environment Bay of Plenty and the Te Arawa Maori Trust Board to build the understanding of knowledge to return the lakes water to their previous high quality. There have been many other organisations whose contributions have been significant, and they include:-

- Lakes Water Quality Society
- Waikato University
- Ministry for the Environment

We now believe we have the information necessary to mount a business case for central government consideration. The solutions for our lakes are scientific in some instances and in others require significant engineering solutions. Funding for these tasks is beyond the capability of our community and therefore central government support is critical.

Subsequent to balance date the three partners met with the Hon Marian Hobbs, Minister for the Environment. From this meeting it was agreed to take a business case, prepared

jointly by local government and central government officials, to gain their support. We hope to do this before the end of the 2005 calendar year.

Lakeshore Sewerage Schemes

Work is well advanced on the new sewerage schemes for Mourea/Okawa Bay. All local reticulation is complete and work on the Eastern Trunk Main (the pipe line from Okawa Bay to the urban waste water treatment plan) commenced. It is hoped to have the main completed by Christmas 2005, with the Mourea scheme operational by 2006. Design of the Okareka scheme is progressing well and commissioning is still on track for 2007.

Civil Defence Emergency Management

As was reported last year a new Civil Defence Emergency Management Group Plan was required to be prepared for the Bay of Plenty region. This plan was adopted in May 2005. The Plan takes a comprehensive risk management approach to civil defence emergency management. There is now a greater emphasis on reduction than in the past; there is also a new emphasis on protecting property as well as life. This has been recognised in the plan by having targets requiring a monitoring approach of district plan reviews etc.

On a local note it is of some concern that residents do not seem to have the level of preparedness that is necessary for a community to be resilient in the event of a disaster. To this end we will be undertaking some strategies to increase the awareness of the importance of readiness in the height of such an event. I would also like to take this opportunity to thank all the volunteers who contribute so much of their leisure time to the readiness and response of a well functioning civil defence emergency management team. Without these people we would not have the capacity that exists or alternatively there would be significant increase in costs – thank you teams.

Rotorua Regional Airport

As part of the preparation of the Ten Year Plan last year, we consulted the community on a proposal to transfer airport assets held by Rotorua Regional Airport Ltd (a 100% owned subsidiary of Rotorua District Council). The reasons for the proposal were that;

- Council is in a stronger position than RRAL to raise capital and directly fund the necessary infrastructure development at a lower cost.
- It makes best use of Council's existing asset management framework, resources and expertise.

- RRAL, as the airport operating company, is able to operate with conventional and commercial principles.
- Once established, the structure should be simpler to administer than other alternatives.

Council agreed to proceed with the proposal and transfer of assets was planned to take place in September 2004. However for a range of reasons, including the need to obtain the Minister of Internal Affairs' approval, the transfer did not take place until 30 June 2005. During the year considerable progress was made on redevelopment of the airport including:-

- New 3200m² terminal
- Additional taxiway
- Aprons (aircraft park) for 737 jets
- Increased car parking capacity and layout
- Lighting

These developments moved the airport closer to trans-Tasman readiness.

There was also good progress on developing the necessary understanding of what is required to protect neighbouring properties from the airport and conversely protect the airport's future needs. Understandably, the big issue is aircraft noise. During the second half of this year some informal consultation was undertaken with interested parties which identified a range of issues. Many of those participating in the consultation were concerned about the cost and how additional airport expenditure would be funded, particularly capital expenditure for trans-Tasman. We engaged APR Consultants of Rotorua to undertake some trans-Tasman demand and economic analysis. This work was completed after balance date and it is very reassuring that the demand will ensure new revenue from trans-Tasman services is more than sufficient to cover the cost of debt. It is hoped that with all the necessary support, including Council's final approval, scheduled trans-Tasman services could start from 2007.

'BrightEconomy'

During the year considerable effort was put into working with the business sector to establish an economic development strategy for the district. Funding support from New Zealand Trade and Enterprise ensured a quality process, and quality consultants were able to be engaged. The term 'BrightEconomy' has been used to brand the strategy and builds on the 'bright future' that was used to develop the community outcomes. The 'BrightEconomy' strategy has 5 key themes:-

- Adding value to the economy
- Dynamic place
- Business environment
- Education and skills
- Building networks and growing capacity

The 'BrightEconomy' strategy required the establishment of an advisory board and since balance day the board has been appointed. This is a very adventurous strategy and will contribute significantly towards strengthening the Rotorua economy.

Energy Events Centre Rotorua

This report would not be complete without some comment on the very generous support from the trusts and corporates who have helped to provide the necessary funding. Catalyst Solutions, a professional fundraising organisation, has been very effective in assisting Council to develop relationships. These have led to the Rotorua Partners' Programme.

The funding partners at present are:-

Foundation Partners

- Rotorua Energy Charitable Trust
- Unison Networks Ltd
- Bay of Plenty Community Trust
- Southern Trust
- Red Stag Timber
- Lion Foundation
- RadioWorks/MoreFM

Corporate Partners

- Daily Post
- Damar Industries
- Opus
- Sigma
- Star Appliances/Panasonic

Project Partners

- Canmap Hawley
- Davys Burton
- Lockwood
- PhotoArts

Some Highlights from the Year

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

COMMUNITY LEADERSHIP GROUP

Democracy

- Successful carrying out triennial election for mayor and councillors.

Kaupapa Maori

- Signing of memorandum of understanding between Tuhourangi and RDC.
- Completion of marae meetings.
- Art work for Tryon Street.
- Cultural impacts in relation to Taniwha Springs.
- Consultation hui for Maori wards.

Policy and Strategic Development

- Selling of the council owned farm at Rerewhakaaitu.
- Replacing main file storage unit with new more secure equipment.
- Imaging business case approved by Council.
- Rotorua Partners' Programme website development.
- RID online.
- Wildfire threat analysis.

SOCIAL AND CULTURAL GROUP

Aquatic Facilities

- Annual income just over \$930,000 (53.5% increase over the last 24 months).
- Attendance at the Aquatic Centre just over 319,000 (15.2% increase over the last 24 months).
- Annual income for Swimsation Learn to Swim programmes just over \$247,000 (96.2% increase over the last 24 months).
- Swimsation, the centre's swim school, won industry's "High Performance Award."
- Developed and implemented a number of intensive new recreation programmes, i.e. seniors' mornings, monthly teen rages, business health and wellness programmes.
- Development of a Cardio Health & Fitness studio in partnership with Gold's Gym.

Central Business District Operations

- Extremely successful staging of several street events, namely:
 - Jambalaya Street Festival and Markets.
 - Street events held around DHL Lions opening tour game.
 - Rally of Rotorua opening and closing ceremonies.
- Increased annual street activity and entertainment, with events reaching the 300+ mark.
- Successful grant from the Lion Foundation of \$22,500 to install on-street ashtrays in light of new smoking legislation.

Civil Defence Emergency Management

- The Bay of Plenty CDEM Group Plan was approved, following an extensive consultation process, on 13 May 2005.
- A swarm of earthquakes affecting the eastern part of the District centred on Lakes Rotoehu/Rotoma resulted in damage to dwellings and roading infrastructure. The Civil Defence emergency team and the Rotorua District Council were deployed to carry out a search and rescue mission for a missing truck and driver. The driver was found safe and sound.
- The Civil Defence Rescue Team was deployed to assist with the flooding and slips at Matata in May 2005.
- Winners of Trustpower Spirit of Rotorua Award for Community Safety and Well Being.
- The Volunteers Manager Mel Day, was selected by the Ministry of CDEM to attend the Volunteer Summit held in Australia in April 2005.

Community Assistance

- Contributing:
 - \$132,000 towards St Chads Communication Centre.
 - \$24,000 towards Rotorua Stock Car Club improvements.
 - \$17,000 towards Rotorua Cricket practice facility.
- Final payments towards the development of the Rotorua Arena at Rotorua Girls High School and Heights Creative at Western Heights High School.

Community Halls

- Community use has increased, especially at the Ngongotaha Hall, which is being used for seasonal sporting activities, educational and after school programmes.

Community Policy and Resources

- Attracting \$233,000 funding from Ministry of Justice, and \$400,000 from Rotorua Energy Charitable Trust for implementation of crime prevention and reduction activities over the 2004/07 period.
- Developed the RDC Crime Prevention Plan and gained financial support from the Ministry of Justice and Rotorua Energy Charitable Trust for the implementation of the following ongoing projects.
 - CBD security cameras.
 - CBD Lighting.
 - Project Papa Waka –incorporating Crime Prevention Through Environmental Design (CPTED) principles to reduce vehicle related crime in car parks used by tourists, and within the CBD.
- Hosting of a five-day and a one-day CPTED workshop.
- Developing better understanding of base-line community perceptions of safety, through the Rotorua District Perceptions of Safety Survey 2005.
- Developing a strategic approach to dealing with issues around truancy and non-enrollment in the Rotorua District, through the construction and implementation of the Rotorua District Truancy Action Plan 2005.
- Working across the divisions of Council in the creation, publication and delivery of a pamphlet containing key messages for our visitors about safety and the permanent central city liquor ban.
- Development of Pathways into Tourism and Agriculture. Ten students participated in the tourism pilot right the way through. The latter, in association with Te Arawa, saw the development of 14 farm cadetships set up on Iwi trust farms.
- Securing funding from Creative NZ and undertaking the scoping of a regional strengths project, in partnership with Taupo District Council.
- Publication of the first Rotorua Arts Directory and Rotorua Arts Trail.
- Eight youth council members attended the Youth in Local Government Conference in Dunedin.
- Seventeen young people participated during the year as youth councillors learning about civic and community governance processes and providing valuable advice on a number of projects.

Event Venues

- Hosting both the official New Zealand welcome to the Lions and the opening match of the tour.
- Securing the 2006 World Mountain Biking Champs.
- Completion of the design and tendering for the Energy Events Centre.
- Successful launch of the RDC Partners' Programme for Energy Events Centre capital fundraising.
- Increased number and value of events attracted to Rotorua.

- The launch of the X-Zite recreational programmes.

Pensioner Housing

- Secured a commitment to \$1.3 million funding from Central Government to assist with the building of 30 pensioner flats in the Rawhiti Complex and tendering the construction contract.

Public Gardens/General Reserves

- Draft Open Space Strategy completed and approved by Council for public consultation.
- Rotorua District Council Recreation Plan reviewed and updated.
- Secured additional funding and commenced extensive development work in Centennial Park for the Rotorua Tree Trust.
- Secured additional funding enabling work to commence on restoration project for Hannah's Bay wetlands.
- Entered into a significant protocol agreement with Tuhourangi regarding effective communication and consultation.
- Completed and achieved an overall third place ranking in a nationwide "Yardstick" parks benchmarking project involving 43 other TLA's. Categories benchmarked included.
 - Policy and Planning.
 - Signage.
 - Aquatic Structures.
 - Reserves
 - Outdoor furniture
 - Car parks and Roads
 - Sportsfields
- Completion of a reserves lease database that now effectively manages the administration of leases on reserves.
- Completed a Nursery benchmarking exercise that clearly indicated that Rotorua District Council plant nursery provides an excellent service to Council's parks and reserves, providing high quality plants at extremely competitive rates when compared to the outside private markets.

Public Library

- **Runner-up in the 3M Awards for Library Innovation** – The library received an award for the Teens Library Card initiative – a photo competition for teens to provide an image that would have meaning for the age group. This card has resulted in library membership of 73% of this demographic.
- **LIANZA Professional Awards for two library staff** – Mary Archer and Jane Gilbert were presented with the LIANZA Charter of Associate. This award acknowledges the knowledge, skills, judgement, attitude and

commitment of the librarian and the high standards of professional conduct, integrity and honesty.

- **Busiest day on record – 5 January** – 5,711 issues were recorded. 15% higher than previous record set on 22 April 2003.
- **Maori Land Court minute books** – Crown Forestry Rental Trust gifted copies of the Maori Land Court minute books for the Central North Island at a special ceremony in July 2004. These are an important source of information on tribal histories and whakapapa.
- **Introduction of DVD collection** – Collections of rental DVDs for adults, children and teens were started and have proved extremely popular.
- **Mobile Library service celebrated 20 years** – A mobile library has been operating in the Rotorua District for 20 years and the anniversary was an opportunity for additional promotion for the service.
- **Santa Parade November 2004** – The library float won first prize in the Government/Commercial division of the Santa Parade.

Rotorua Museum of Art & History

- Record visitor numbers achieved for a single year – 108,512. Over 13,000 school students participated in curriculum-based learning at the museum.
- Record visitor admissions revenue achieved for a single year - \$610,000 – despite very difficult second half of the year due to weather and general tourism downturn.
- Record turnover in retail shop achieved - \$273,000.
- Late night openings (until 8 pm daily) implemented for daylight saving period, producing a net profit after staffing and operating costs are accounted for.
- Feasibility study commissioned for Centennial Development – fully funded (\$40,000) by local Rotary Clubs.
- Viewing promenade project scoped and fully funded. \$200,000 from Lotteries, \$105,000 from Ministry of Tourism, \$200,000 in Annual Plan.
- New tenant in place in café – significant increase in profitability and successful operation through difficult winter season.
- New LEOTC contract negotiated with Ministry of Education, with increased contract price successfully achieved (\$110,000 pa for three years).
- New catering contracts for venue negotiated with four suppliers, including three major Rotorua hotels.

ENVIRONMENTAL GROUP

Animal Control

- Completion of structural improvements to Dog Pound (enhanced facilities).
- High level of satisfaction with Dog Control (NRB Survey 74.5%).

Building Control

- Number of total consents issued – 2143. This number exceeds Consents recorded in the last 7 years. All but 11 were issued within the required timeframes.
- These figures represent a 9.34% increase in building consents from the same period last year.
- Value of total consents exceeded \$154 million, the highest value of work in the district since we have been keeping records, and a \$32 million increase on last year's total value of work, representing a 20.83% increase.
- The issue of building consents for notable projects, i.e.
 - Events Centre.
 - Ibis Hotel.
 - New Fire Service training facility.
 - Bunnings Warehouse.
 - New Farmers building
 - Airport development
 - Hallensteins
- The implementation of the Building Act 2004 and its implications on staff and the amount of extra work it has created for both owners/applicants.
- Negotiations towards shared services with other Bay of Plenty, Taupo and South Waikato councils to share the implications, and costs towards accreditation of the Building Controls function.

Environmental Planning

- Environment Court endorsement of Variation 12, and completion of statutory tasks working towards making the Lakes A Zone, Section 20 of the District Plan, operative.
- Private plan changes, and Council initiated plan changes progressed to manage community planning issues:
 - Plan Change 6; Spence Private Plan Change
 - Plan Change 23; Kawaha Point Rezoning
 - Plan Change 30; Pukehangi Estates Private Plan Change
 - Plan Change 31; Ohaaki Thermal Kilns

- Preparation, in conjunction with Environment Bay of Plenty and the Te Arawa Maori Trust Board, of the Rotorua Lakes Recreation Strategy.
- Position of Customer Services Team Leader established, which has enabled increased emphasis being placed on the importance of service delivery for customers and clients.
- Environment Statement consultation programme and draft document produced.

Inspection

- High level of satisfaction with Noise Control (NRB Survey 85.5%).

ECONOMY GROUP

Destination Rotorua Tourism Marketing

- Successful "Walter" domestic tourism campaign - resulting in increase in domestic visitors to Rotorua for year ending June 05.
- Lions Tour - extensive media coverage - One News, live broadcast on the Breakfast show, Business show, radio interviews and print media.
- Lions Tour - positive economic benefit to local industry, bars, restaurants and accommodation providers not only for the first game but from July 4-9.
- Special K - record numbers of participants in this year's event. "Rejuvenation" packages developed which attracted participants and supporters.
- Japanese version of rotoruaNZ.com - well received with special commendation from Tourism New Zealand.
- Launch of rotoruaNZ.tv - offering a live video streaming internet channel.

Destination Rotorua Economic Development

Rotorua BrightEconomy Project

- This Rotorua Economic Development Strategy project has been the major focus for Destination Rotorua Economic Development for the past year.
- The strategy is about an economic development framework aimed at creating a 'thriving, engaged and fulfilled' community, enjoying the benefits flowing from a focus on sustainable on-going wealth creation.
- The project has excellent buy-in from a wide cross section of the Rotorua business community, with various sectoral, business networking and interest groups, Maori business, central government agencies and the Vision Rotorua group, all playing a major role in an advisory capacity to the strategy's development.

- The strategy is based around these five themes:

Adding Value to the Economy – broadening and deepening the economy to extend opportunities, particularly in the tourism, forestry / wood processing and agricultural sectors through adding value to our core natural comparative and competitive strengths.

Dynamic place – creating a dynamic environment to attract and retain residents, visitors, investors and business.

Business Environment – establishing an environment in which sustainable economic development can occur.

Education & Skills – working with employers to encourage skilled workers to remain in the region and adopting methods to ‘up skill’ and educate the local community.

Building networks & growing capacity - developing the structures, partnerships and networks that will produce results across the entire strategy.

- The strategy will be driven by the ‘BrightEconomy’ Advisory Board to be established in 2005- 06.
- The strategy was launched at the very successful Rotorua Economic Forum 2005 which attracted around 120 attendees, and produced some very good outcomes relating to the prioritisation of the strategy.
- A full copy of the strategy can be accessed on www.rotorua-business.com.

Rotorua Employment Skills/ Knowledge Project

- This project headed by Destination Rotorua Economic Development is a central, local government and private sector partnership based project developing employer led and driven strategies with the aim of ensuring “the right people are in the right place at the right time, with the right skills for Rotorua’s employers”.
- An Employment Skills Coordinator has been appointed to drive the implementation of the strategy through the establishment of various sector based cluster groups which identify sector specific action plans and implement the resulting actions.
- There are now over 170 companies engaged in the program.

Rotorua CBD Retail Strategy

- In partnership with Retail Rotorua, Event Venues, Destination Rotorua Tourism Marketing and City Focus, implementation is well underway in the marketing and promotions elements of the strategy, which has seen many highlights including the enhancement of CBD events through retailer involvement.

Business in the Community Mentoring Scheme

- Destination Rotorua Economic Development took over the delivery of the BITC contract in October 2004, which has resulted in the program exceeding its June 2005 targets with 86 clients and 19 mentors engaged in the program, along with an increase in the client satisfaction levels.

Volcanic Films

- Destination Rotorua Economic Development has led, in partnership with Priority One from Tauranga, this Bay of Plenty-wide initiative with the aim of promoting and facilitating the Central North Island as a location for world class screen production.
- The initiative now has an established formal entity, and is well into the business plan implementation.
- Film Volcanic was launched at a well attended grand film industry function in June 2005.
- As a result of this initiative activity in this sector has increased over the year with a number of big budget film inquiries being worked on as well as a number of actual TV commercials being shot in the region.

Marketing Strategy

- The www.rotorua-business.com website has been upgraded and is now recording around 9,000 unique visits per month, up from around 3,000 last year.
- The “Why not live, work, invest and do business, where the rest of the world comes to play?” publication produced by Destination Rotorua Economic Development early in 2005 met with excellent public reaction resulting in over 3000 copies being utilised by the business community as a tool for attracting staff and investment into the region.
- The monthly newsletter and economic monitor has been revamped and has resulted in circulation increasing from around 100 in 2003 to over 400 by June 2005.

Tourism Rotorua Travel and Information

- 950,000 people visited the Tourism Centre.
- The Travel Office had commercial dealings with 265 individual suppliers in Rotorua.

INFRASTRUCTURAL GROUP

Landfill

- Completion of stage III of current cell expansion.

Roading

- Restoration of July 2004 flood damage.
- Tryon Street upgrade.
- Eurera Street upgrade.

Road Safety

- Review of Cycleway Policy in draft.
- Safer Routes – 5 Trial sites were set-up throughout the country, including Rotorua. Rotorua is the only site which has progressed the project to physical works.
- The district crash rates remain within the average for Council's peer group (similar sized councils).

State Highway Administration

- SH5 Gasline Curves Realignment Project – (\$3M) investigation and design complete.
- Old Taupo Road 4-laning complete.
- Tauranga Direct Road Corridor Development Strategy is out for consultation. This road has also been transferred to Transit NZ (SH36), during 04/05.

Waste Management

- Expansion of in-town recycling centre.
- Continued growth in recycling operation.

Waste Water

- **New Laboratory** – This was completed in August 2004. It has been a significant improvement on the old laboratory, notably in the areas of workspace, workflow and accessing vehicle (for fieldwork).
- **Lakes Project** – The laboratory has had involvement in this over the last year. Notable projects have been:
 - Sampling and testing geothermal water from Hells Gate to assess Nitrogen and Phosphorus mass to Lake Rotorua which feeds into Lake Rotoiti.
 - Zeolite Trial to examine its capability to remove ammonia from the geothermal water generated by Hells Gate.
 - Onsite Effluent Treatment Trial based at the Wastewater Treatment Plant. These are stand alone effluent treatment plants designed by commercial companies to service individual households. This is to verify their effectiveness and will be certified by Environment Bay of Plenty. The laboratory is performing the testing for this trial.
- **IANZ (International Accreditation NZ)** – The laboratory maintained its Accreditation for Chemical, Microbiological and Drinking Water. The routine assessment was carried out in December 2004.

Water

- Assessment of water and sanitary services completed and adopted.
- Water services bylaw adopted.
- Ngongotaha/Central link pipeline completed.
- Reporoa/Mihi upgrade work completed.

Castlecorp

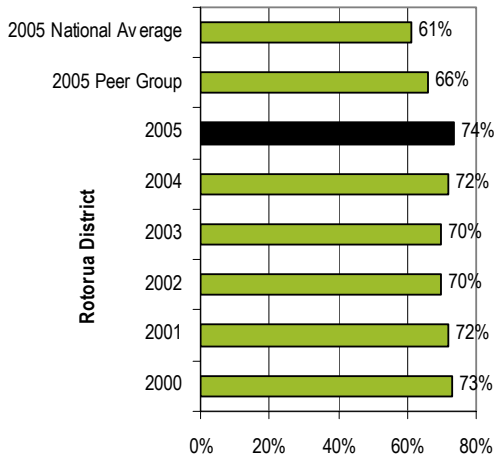
- A particularly favourable external audit by Telarc has recommended continuation of our registration of the ISO 9001: 2000 standards, with only three compliance conditions requiring action, and an overall excellent audit report noting that there were “no particular areas of concern”, and “the management system was found to be working effectively”, and “compared with the last assessment the company has made a number of improvements to the system based around staff participation and empowerment”.
- Following a resignation within our administration section, roles were clarified and responsibilities redistributed to maximise efficiencies, and enable the employment of a Business Analyst who will bring higher specialised financial advice to the Castlecorp Administration team.
- We have continued to tailor our services to more closely reflect customer needs by establishing a water services quick response unit. This new initiative is a smarter way of working by designing a specialist quick response vehicle with one staff member to attend to smaller issues, leaving larger multifunctional water trucks to attend to larger problems and more complicated works.

Staff

As readers will note from the annual report, this year has been a particularly busy time. The plans and programmes have been successfully achieved for a variety of reasons including the fantastic team of people who work for Rotorua District Council. My special thanks to everyone for their “spirit of service”.

The NRB Survey is a reassuring means of confirming we as employees are meeting the community expectations.

% who rate staff performance as very/fairly good

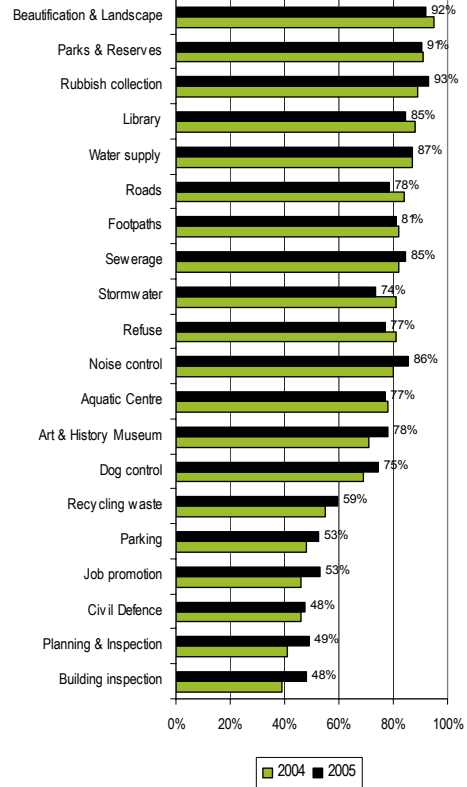


For 2005 there was 2% improvement over last year to 74% of those surveyed thinking staff performance is very/fairly good. This is as compared with 66% for our peer group. I would also like to use this opportunity to welcome many new staff who have joined Council over the past 12 months. There is now a lot of people working for Rotorua District Council from other cultures and around the globe. They have added a new rich dimension to our organisation.

NRB Customer Satisfaction Survey

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

% of Community that are very/fairly satisfied with Council services and facilities



Elected Members

I noted last year it was a particularly busy time. A year on and nothing has changed; in fact it is even more so. Council's successes are a direct result of the clear leadership and definitive policy decision of Mayor Winters and Councillors. The Management Team and I thank them for their vision and direction.

Conclusion

It has been another exciting and challenging year with major progress on many of the strategic issues that face our district, including lakes water quality, the Rotorua Regional Airport, Rotorua Energy Events Centre, policy for Community Safety, and development of strategic relationships with a range of new partners. All these achievements have occurred in an environment of prudent financial management.

I hope you will have time to read the balance of this report and I reiterate the invitation to contact me if you have any further queries.

Peter Guerin
Chief Executive

MAORI CONTRIBUTION TO DECISION MAKING

Council has a long standing history of working closely with Te Arawa as the principal 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.

New and ongoing actions undertaken during the year that contributed to Maori opportunities to be involved in council decision making processes are described below.

Te Arawa Standing Committee

The committee met regularly and provided a Te Arawa perspective for Council on all matters that affect Maori. Following the triennial elections, a new Te Arawa Standing Committee was also established with new representatives from Council, along with representatives appointed by key Maori stakeholder organisations and elected by iwi.

Te Arawa Standing Committee Marae Hui

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

Kaumatua Committee O Te Whare Taonga O Rotorua

Te Arawa Kaumatua Committee continued its involvement and contribution to the decision-making processes pertaining to the care and protection of Te Arawa Taonga within the Rotorua Museum.

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. Over the year Council continued to give effect to the protocol whereby consultation takes place when there is a significant or important decision with regard to a change of status of any affected reserve.

Iwi Consultation Committee

The Iwi Consultation Committee had 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

The Kauae Cemetery Committee is a council controlled organisation and the 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 had biannual meetings to ensure the safe-keeping, conservation and maintenance of Pukaki, located in the council Civic Centre Galleria.

The 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. The Trust continued to be responsible for granting permission to use the Waka Taua and to inform Council accordingly.

The Ngati Rangiteaorere Kahikatea Trust Consultative Group

This group continued its responsibilities 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 continued to initiate, build and maintain 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.

Mana Whenua Funding Policy

During the year Council reviewed its existing support of iwi management plans and developed a new Mana Whenua funding policy with objectives that include: *“Build capability and capacity of Maori land owners to participate in Council decision making processes that may/will impact upon their land, now and in the future.”*

Memorandum of Understanding

In November 2004, Council adopted a memorandum of understanding with Ngati 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”*

Maori Communications and Consultation Guide

June 2005 saw Council receive a newly developed communications and consultation guide. This resource enables staff to more effectively engage with 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.

Rotorua Lakes Joint Strategy 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.

Ohau Channel Diversion Proposal

To ensure appropriate input into council decisions on this important proposal, a cultural impact assessment was undertaken. This ascertained the impact on values associated with the lakes for Tangata Whenua prior to decisions being made.

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, which was established during the year, 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.

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.

Much of the value of the Bright Future project will only be realised if different organisations and sectors of the community work together. Rotorua District Council is exploring ways in which all agencies and organisations can work collaboratively to ensure service delivery is consistent, effective and aligned with community expectations. In particular, Council is part of a region wide initiative between local authorities and central government departments to ensure a coordinated and collaborative approach to promoting wellbeing for our Community.

Learn more about Rotorua's Bright Future at www.rdc.govt.nz.



COMMUNITY OUTCOMES

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

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

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

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

He Iwi Whanui tenei e ngakau nui ana ki te Taiao

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

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

He Iwi Whanui tenei e ngakau nui ana ki tona oranga

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

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

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

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

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

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

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

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

He Iwi Whanui e manawa nui ana ki te Ao Maori

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

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

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

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

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

He Iwi Whanui tenei e tumeke ana

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

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

Some vital statistics:

- The total area of the Rotorua District is 2,708 km².
- The district's population is estimated at 67,600 (as at June 2003).
- The population of the main urban area is estimated at 54,800.
- Almost 20% of the population lives in rural and lakeside areas.
- The Rotorua District is a visitor icon in New Zealand and overseas, due in part to its geothermal and cultural attractions. On average, there are more than 5,343 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 \$6.5 billion and gross land valuation is around \$2.5 billion.
- Rotorua's GDP is estimated at \$2 billion per annum.

Rotorua's Early History

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

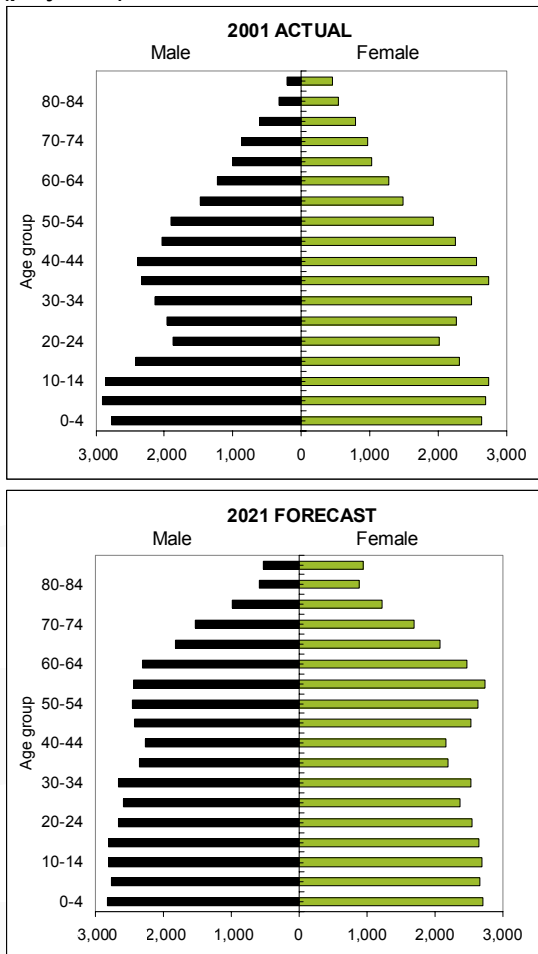
left their mark on modern-day Rotorua through song, dance, legends and place names.

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

Rotorua's People

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

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



Source: Statistics New Zealand

Te Arawa and Geothermal Activity of the District

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

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

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

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

Rotorua's Economy

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

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

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

Rotorua's Environment

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

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

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

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

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

Population Projection - 2001 (base) to 2021

Introduction

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

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

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

Migrational churning is a distinctive feature of the Rotorua District and wider Bay of Plenty. The latest population

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

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

Improving our knowledge

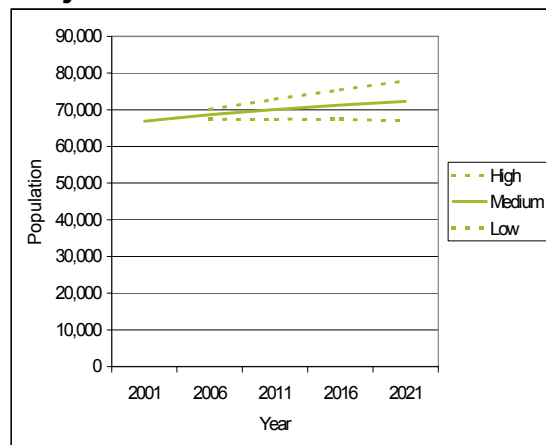
To ensure there is accurate information for the basis of planning, work is currently being undertaken to analyse growth in the district; and its likely impact.

This work will form a growth model and include assumptions around the type of growth, e.g. residents versus visitors and demographic make up. This information will underpin 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.

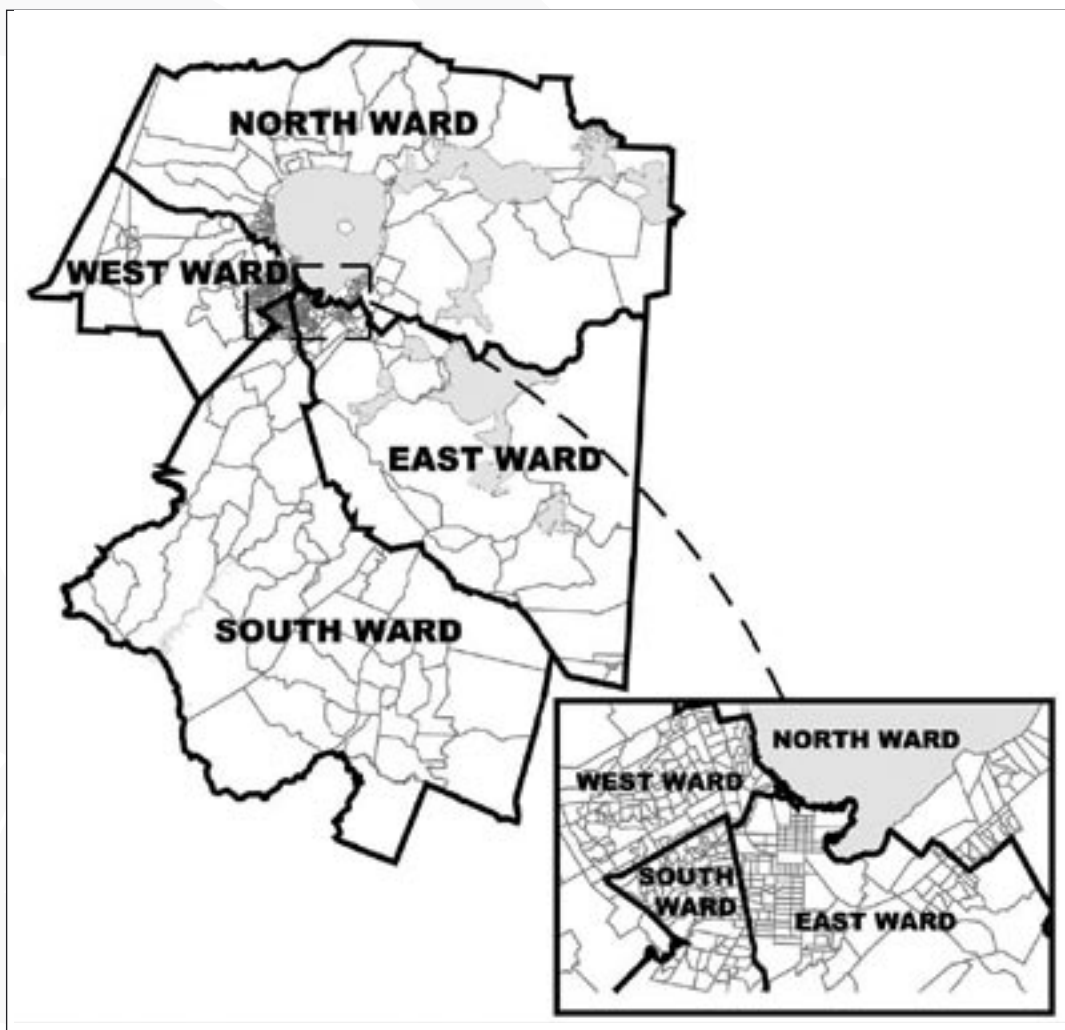
Rotorua District Population Change 1996 to 2001

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

Rotorua District Population Projections 2001 to 2021



Ward Boundaries Map



GOVERNANCE REPORT

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

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

Background

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

Role of Council

Council has the overall responsibility for:

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

These roles require stewardship of:

Operation policy and strategic direction

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

Representation

Electoral System

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

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

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

Elections were held in October 2004.

Meetings

Council's committee structure and meeting arrangements were determined by the new council during November 2004.

The purpose was to ensure collaboration on key strategic issues and to strengthen the decision making process.

The intended outcome is to provide an open and accountable governance system that communicates with the community.

The Mayor and Councillors

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

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

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

Elected Representatives as at 1 July 2005



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

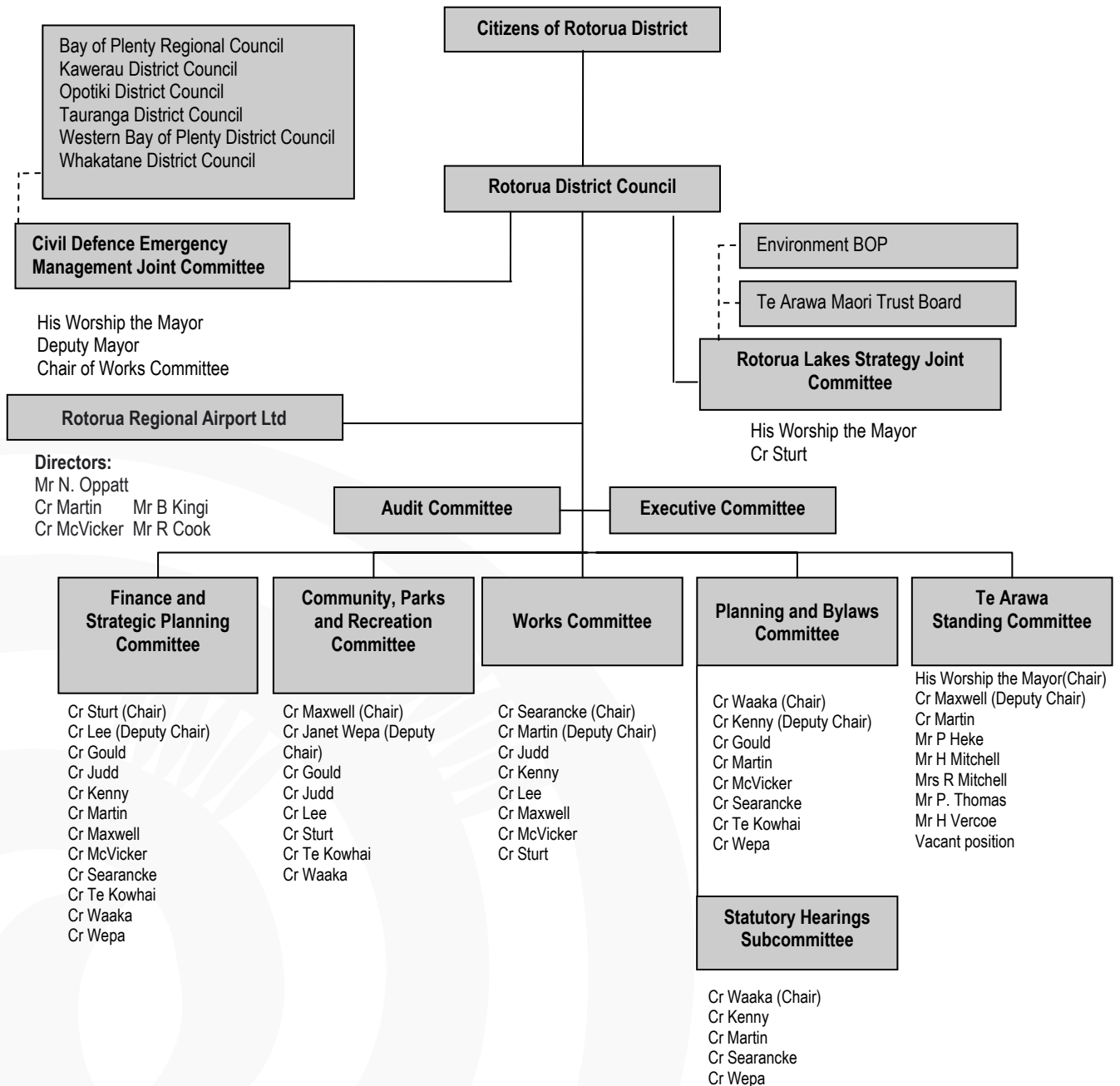


Cr Geoff Kenny



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**
 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): Peter Guerin (Chief Executive), Hawea Vercoe, Piwika Heke, Mayor Kevin Winters, Bella Tait (Policy Analyst / Iwi Research Officer), Hamuera Mitchell
 Front row (left to right): Piki Thomas, Deputy Mayor Trevor Maxwell, Cr Bob Martin, Rene Mitchell, Mauriora Kingi (Director Kaupapa Maori),

Councillor Meeting Attendance

The table below sets out the percentage attendance recorded by councillors. This is taken from the attendance figures for meetings councillors are required to attend. If a councillor is not a member of a particular standing committee, they can still attend meetings of that committee but will not receive payment for such attendance. The 'other' meetings column below indicates those scheduled meetings over and above councillors' portfolios, that they have attended for the 2004/05 year.

Meetings Attended for the year ended 30 June 2005

ATTENDANCE FIGURES FOR ELECTED MEMBERS (01.07.04 - 9-10-04) (up to election)

Statutory Hearings up to 27/10/04

	Works	Planning	CPR	FSP	TeA	Council	Stat Hrg	Other	overall %
	(2)	(2)	(2)	(2)	(2)	(5)	(6/10)		(100)
BARRY		100	100	100		80	100	8	95
CAMPBELL	50		100	100		100		6	88
DEAN	100		100	100		100		5	100
OPPATT	50	50		50		80		4	58
WINTERS	100	100		100		100	100	17	100
	75	83	100	90	0	92	100		77

ATTENDANCE FIGURES FOR ELECTED MEMBERS (01.07.04 - 30.6.05)

	Works	Planning	CPR	FSP	TeA	Council	Stat Hrg	Other	overall %
	(2) (5)	(2) (5)	(2) (6)	(2) (19)	(2) (5)	(5) (12)	(6/10) (23/16)		(100)
LEE	100	100	100	100		100		90	100
MARTIN	100	100		95	100	100	100	37	99
MAXWELL	100		88	95	86	94		117	93
SEARANCKE	100	100		95		94	100	73	97
STURT	100		100	100		94		64	99
WAAKA		100	88	86	100	94	100	61	93
WEPA	100	100	100	100		100	100	68	100
	100	100	95	96	95	97	100		98

ATTENDANCE FIGURES FOR ELECTED MEMBERS (10.10.04 - 30.06.05)

	Works	Planning	CPR	FSP	TeA	Council	Stat Hrg	Other	overall %
	(5)	(5)	(6)	(19)	(5)	(12)	(23/16)		(100)
GOULD		100	100	100		85		56	96
JUDD	100	100	100	100		100		65	100
KENNY	80	100		100		83	100	27	91
MCVICKER	100	100		100		100		49	100
TE KOWHAI		100	100	100		100		22	100
	93	100	100	100	0	94	100		84

Overall % attendance for Council & Committee meetings

Please note that councillors' attendance on other council business during meetings, is not included in the calculation. The same method of calculating the Councillor Meeting Attendance in the Annual Report was used in regard to these. As with the Annual Report the 'other' meetings, over and above councillor portfolios, was 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 Higher Salaries Commission has established a remuneration authority which now determines the overall salary pool for the Mayor and councillors.

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

Members are elected every three years with the 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.

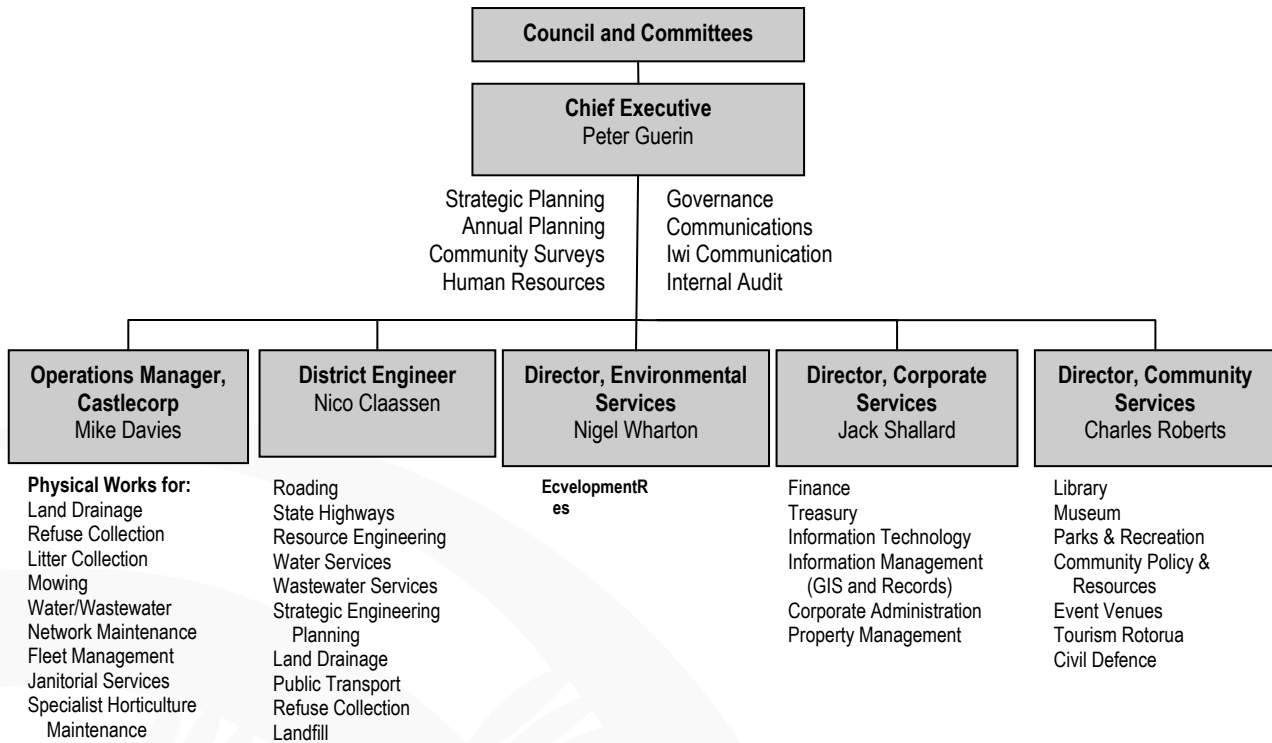
The management team regularly reviews the work of occupational health and safety subcommittees and also ensures appropriate staff are familiar with the SOLGM legal compliance project as it relates to their work area.

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



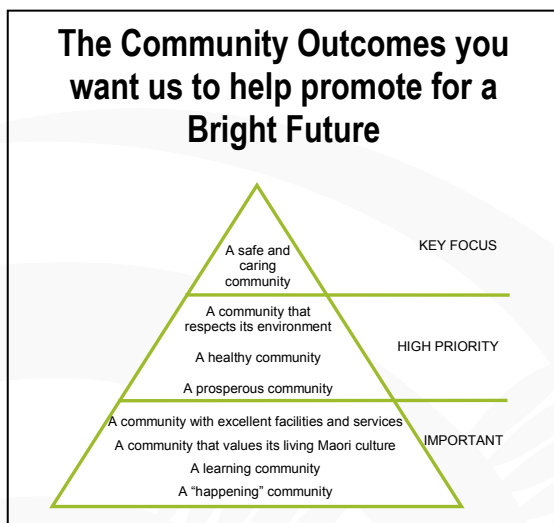
Left to right: Nigel Wharton, Director Environmental Services; Jack Shallard, Director Corporate Services; Peter Guerin, Chief Executive; Nico Claassen, District Engineer; Charles Roberts, Director Community Services

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 wellbeing.



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:

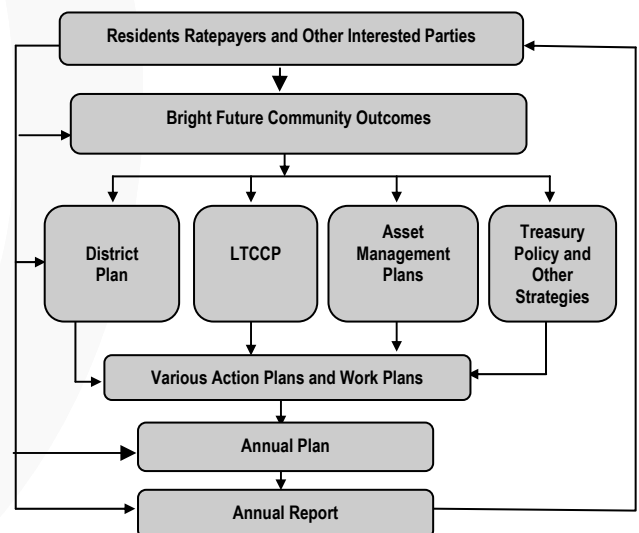
- Transparency with the community
- Sound decision making for the long term; and
- Best use of resources

Annual Report

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

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

Such objectives and targets are both financial and non-financial. The Annual Report is therefore an important link in Council's planning process and annual communication cycle. The diagram below shows how 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 effect acquisition, maintenance, operation and disposal of assets to meet agreed levels of service; and cashflows.

Treasury Policy

This document is Council's response to the liberalisation of borrowing powers 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. A three step process is required:

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

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

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

Annual Plan

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

Setting the Strategic platform

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

- Long Term Council Community Plan
- 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:

2005/2006 Annual Plan

The Annual Plan for 2005/2006 was adopted on 27 June 2005 after an extensive public consultative process. There were 147 submissions on a wide variety of matters 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.

A copy of the Annual Plan including Ten Year Plan amendments is available from Council or can be viewed at www.rdc.govt.nz

Lakeside Communities Sewerage Scheme

Council has committed to the implementation of sewerage schemes for 14 lakeside communities. The sewerage schemes will replace the existing on site wastewater systems which have been identified as contributing to degrading water quality. Feasibility investigations on wastewater servicing options for the Okareka, Okere Falls and Otaramarae communities have been completed following community consultation to establish their preferred options.

Assessment of water & sanitary services

The Local Government Act requires assessment of existing services, the risks of not providing the services, quality and adequacy of services, future demands and options and Council's proposals for meeting them. The assessment took into account consultation with a number of parties. The assessment shows that there are no major issues to be urgently addressed. Council's asset management and other plans will ensure services are appropriate for future demand.

Draft speed limits Bylaw

Council has passed a bylaw that allows it to set speed limits on roads, and define the process for doing so – this was previously a central government responsibility which has now been passed to local authorities. It applies to all roads under the control and management of the Rotorua District Council. A separate process to look at the actual speed limits will be undertaken in August this year.

Establishment of a council controlled organisation (CCO): Local authority shared service

A group of councils, including Rotorua District Council, is working together to establish a company to collectively

provide a property valuation service aimed at meeting councils' requirements for sophisticated data management skills and systems.

Under legislation, the company would be deemed to be a Council Controlled Organisation – or CCO.

The local authorities will become shareholders in the CCO that will act as an umbrella company for future development, and for delivery of specific shared services throughout the region.

Marae meetings

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

Planning services

Significant community consultation has taken place in relation to consent processing, policy development and customer services; the Eastern Structure Plan; the Notice of Requirement and Proposed Plan Change for Rotorua Regional Airport Limited; and the Lakes Recreation Strategy jointly with Rotorua District Council, Environment Bay of Plenty, and the Te Arawa Maori Trust Board

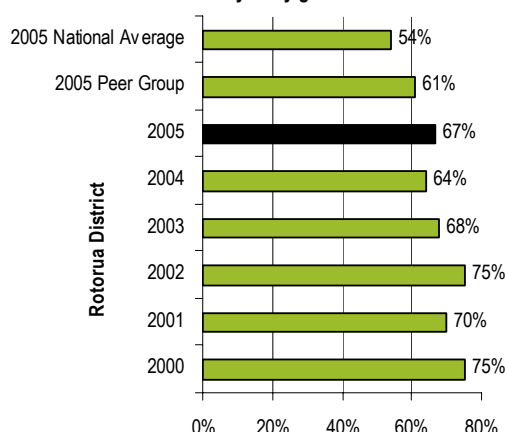
Lakes strategy

Council has been involved along with joint management partners on measures to enhance lakes water quality including an Environment Bay of Plenty led initiative for a diversion wall for the Ohau Channel.

Community Satisfaction Survey

The 2005 Community Satisfaction Survey undertaken by National Research Bureau indicated that 67% of those surveyed thought the performance of the Mayor and Council over the past 12 months was very good or fairly good. This is comparable to the peer group average of 61% and the national average of 64%. This is an indicator to Council that their policies and their implementation are very closely meeting the expectations of residents, ratepayers and other interested parties. Of those who contacted Council over the past 12 months, 90% were satisfied with the service received.

% who rate the Mayor and Councillor's performance as very/fairly good



Rotorua Regional Airport Ltd

As at 30 June 2005 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 twice during the year and received:

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

Corporate Health Indicators

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

	Corporate Health Indicators	Targets	Achievement
1.	Annual Report	Unqualified Audit (NZ) opinion	Achieved
2.	LTCCP	No Audit (NZ) issues	Achieved
3.	LTCCP/Annual Plans	At least 70% targets met annually	Achieved
4.	Complaints/Appeals to External Agencies	No complaints	Achieved
	– Ombudsman	Any complaints determined in Council favour	
	– Privacy Commissioner		
	– Audit		
5.	Litigation Schedule	Risks manageable	Achieved
6.	Serious Fraud Matters (in terms of Council Policy)	Nil	Achieved
7.	NRB Rating (Council and Staff)	At least 10% above national average	Achieved
8.	Staff Turnover (organisationally)	No higher attrition than national statistics per annum (14%)	Not achieved – 15.6%
9.	OSH Reports	OSH Audit Reports satisfactory ACC discount rating not less than 15%	Achieved

SUSTAINABLE DEVELOPMENT REPORTS

Sustainable Wellbeing Statements

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

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

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

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

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

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

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

Social Wellbeing Report

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

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

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

Rotorua's People

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

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

Health

The annual number of people in the Lakes area who die before age 65 was 29% in 2000. This continued a positive trend falling from 31% in 1999 and 34% in 1998. The comparable 2000 figure for New Zealand overall was 24%. The reason that an above average number of Rotorua people die before age 65 is due at least in part to the relatively poor health status of Māori. Other indicators show that Rotorua has an above average rate of young parenting, low 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 146 units for pensioners.

Education

Pre-school education in Rotorua is readily available through the District's many kindergartens, play centres, kohanga reo and pre-school groups. There are around 89 licensed early childhood services in the District providing an early start to the formal education of more than 3,400 Rotorua children. According to Ministry of Education statistics, 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 206 in 2003 from 257 in 2002. This was in contrast with many other parts of New Zealand which experienced a rise in stand-downs between 2002 and 2003. According to census results, the percentage of working age population in the Rotorua District with some form of academic qualification increased to 69% in 2001 from 60% in 1996. However, the percentage of working age people with an academic qualification remains below the 2001 national average of 72%. More frequent information from the Ministry of Education shows that the percentage of Rotorua school leavers with no formal qualification is around 19% compared with 15% at the national level over this period.

Standard of Living

Around 34% of Rotorua children live in sole-parent families, which is slightly higher than the rate of 33% in 1991. Children growing up in sole-parent families tend to be disadvantaged in terms of health, education and future earning opportunities. In real terms (1999 dollars) median household income in the Rotorua District increased from \$33,337 in 1991 to \$36,569 in 2001. This is around \$1,300 below the national median household income of \$37,920. As at June 2005, 1,523 people were registered as receiving the Unemployment Benefit at the Rotorua work service site, down slightly from 2,111 in June 2004. The Bay of Plenty regional unemployment rate is currently around 3.1%, which is the lowest it has been in many years.

Community safety

As at June 2005, 21% of Rotorua residents thought the District was not really/definitely not a safe place to live, down from 26% in 2004.

In the inaugural "Rotorua District Perceptions of Safety Survey", conducted in April 2005, it emerged that 21.3% of Rotorua residents thought the District was not really or definitely not a safe place to live. This is down from 24% in 2001 (as asked in the Communitrak Survey, 2001).

The most common mentions by respondents in the April 2005 survey as to why the District was not a safe place included too much crime, burglary/home invasion and problems with young people. This is similar to the findings surveyed in June 2004.

The total number of crimes reported in the Rotorua Police Area dropped to 10,529 in the 2005 fiscal year, 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 April 2005, 44.8% believed that generally speaking they could trust people. Historically, levels of community spirit in Rotorua have been on par with the national average.

Democracy

In 2004 the voter turnout for the Rotorua District Council election dropped to just below 49%. However, satisfaction with Council services and elected representatives remains fairly high compared with other districts. As at May 2005, 67% of Rotorua residents rated the performance of the Mayor and Councillors as good/very good compared with the national average of 54%. Major issues on which Rotorua residents want consultation include roading, airport development, fluoridation, town planning, lake water quality and rates.

Economic Wellbeing Report

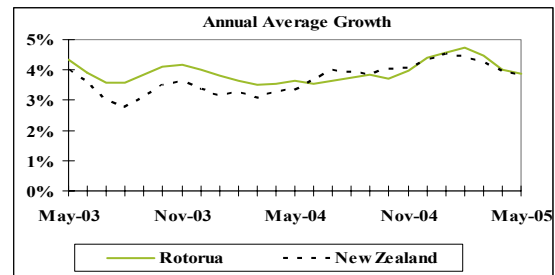
This section presents available information on the Rotorua economy under the following headings:

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

Economic overview

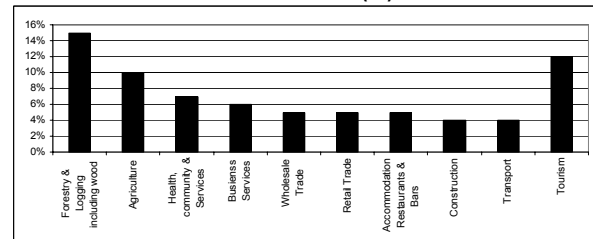
Rotorua's economic output is estimated at \$2 billion per year. Rotorua's estimated economic growth rate is currently steady at around 4 - 5% per annum, which is slightly above the national level. A growth rate of around 2.6% per annum is projected in the longer term. Labour force participation has increased substantially over the past decade, and unemployment has recently fallen to record low levels. Rotorua's occupational profile is gradually changing, with fewer agricultural workers and increased numbers of manufacturers, professionals, teachers and other service occupations. Census results show that the most significant industries in the District in terms of employment include retail trade (employing 3,500 people), manufacturing (3,500), property and business services (2,550), health and community services (2,500), agriculture and forestry (2,400), accommodation, cafés and restaurants (2,300) and education (2,300). Fast-growing sectors over the coming years are expected to include trade and tourism, machinery and equipment manufacturing, wood products manufacturing, health, education, forestry and transport. There are a number of available sites for new investment in the Rotorua District, particularly for light industry. Major developments include Eastgate a 22-hectare business park opposite the recently redeveloped Rotorua Airport. Council has adopted a 'sustainable economic growth' strategy for the District known as the "BrightEconomy Strategy" and a Board of eleven has been appointed to assist in driving the implementation of the action plans encompassed in this strategy. 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 support provided 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

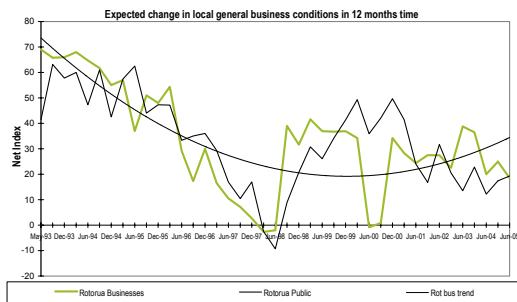
Note: Statistics NZ does not have a classification for the tourism industry, but applying data in the Tourism Satellite Account to the classifications of accommodation, restaurants/cafés, activities, and retail yields an estimated value of tourism's contribution to GDP.

Business confidence

Council commissions a 6 monthly survey of Rotorua firms to assess trends in business confidence. The results are compared with those of a national survey undertaken by the National Bank. The most recent results for June 2005 show that the local business confidence indexes are at steady levels. Local general business conditions are expected to improve, economic activity is expected to increase, personal income is expected to increase, business profits are expected to rise, business employment is expected to increase, local unemployment is expected to increase, business investment is expected to be at increased levels, and promotional budgets are expected to remain steady. Exporters are expecting export volumes to increase, and construction businesses are expecting construction levels to increase.

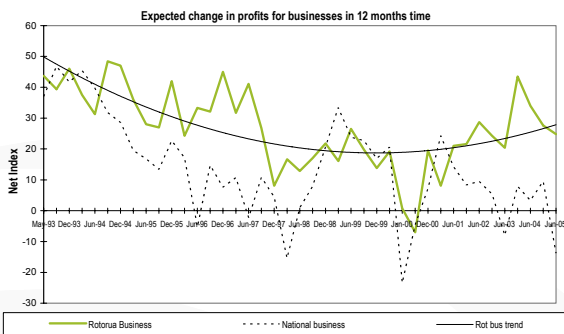
On the negative side, inflation is likely to increase, interest rates are expected to rise and prices are likely to increase.

Local General Business Conditions



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

Profits for Businesses



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

Agriculture

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

Forestry

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

having a world leading science and research organisation such as SCION (formally Forest Research) within the Rotorua city provides and extra dynamic to the already extensive Rotorua and central North Island forest industry.

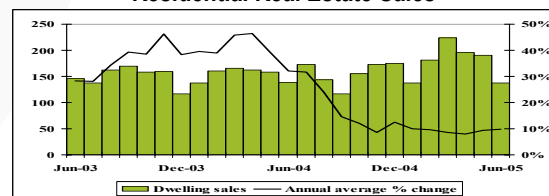
Manufacturing

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 1,500 people in Rotorua. Approximately 60% of equivalent full-time jobs in this sector relate to trade services. The continued development of tourism and other business activity will be a key driver of commercial construction growth in the future. The residential building sector is gaining momentum on the back of this development. Rotorua's residential building sector remained strong for the year to June 2005. With the annual average growth rate in the number of building consents issued up 8.6% on the record levels of 2004. the local real estate market is active with annual average growth of 9.7% in the number of Rotorua dwellings sold, and also a 18.4% increase in average price to \$180,000 to the year end June 2005..

Residential Real Estate Sales



Source: Real Estate Institute of New Zealand

Transport

The District's transport and storage sector accounts for around 3.7% of the labour force in the District, with the majority being in road transport and related services. The agriculture, forestry and tourism industries contribute to most

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

Wholesale and Retail

The wholesale and retail sectors collectively account for around 5,000 jobs in Rotorua, or close to 19% of the total workforce. Increased rural incomes and visitor numbers have been major drivers of growth in recent years, and the opening of major chain stores has increased the attractiveness of Rotorua for shoppers.

Survey results from Statistics New Zealand show that there has been a prolonged expansion in the size of the retail sales market both nationally and in the Bay of Plenty Region. Annual average growth in retail sales of 5.3% for the year ended May 2005, at a regional level demonstrates increasing opportunities in the retail sector. The sector in Rotorua has also been supported by the development of the Rotorua CBD retail strategy over recent times and the subsequent implementation of this strategy over the coming 12 – 24 months will provide sustained opportunities for growth within this sector.

Tourism and Hospitality

Rotorua is one of the leading resort destinations in the country. 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 lodges to major hotels. Geothermal attractions remain a strong part of the District's tourism industry, but the range of activities and attractions has diversified over recent years in order to remain competitive in the national marketplace. This reflects an ongoing shift in the focus of tourist demand away from 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 1.7 million day visitors annually, of which approximately 40% of overnight visitors are international. 20% of all jobs in Rotorua are directly involved in tourism, that's one in five people employed in the tourism industry and a further 5% of jobs dependent on tourism. Almost 4,330 Rotorua residents are employed in providing visitor services in the accommodation, café and restaurant sector alone. Total visitor expenditure in the Rotorua region is forecast by the Tourism Research Council New Zealand (TRCNZ) to be \$652 million for the year ending December 2005. 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 tourism are spent. The TRCNZ forecast for the Rotorua RTO indicates Rotorua visitor arrivals to increase 2.2% annually and expenditure to increase 6.4% annually through until 2010. The tourism sector is well supported by the development of the Destination Rotorua Visitor Industry Strategic Plan which has assisted to shape the future of the Rotorua Visitor industry product over the next 5 -10 years. The implementation of this plan is well supported by the Destination Rotorua Tourism Marketing section of council along with support and guidance from the Rotorua Tourism Advisory Board.

Environmental Wellbeing Report

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

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

- Tangata whenua
- Water
- Land
- Urban
- Transport

Tangata whenua

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

consents for which additional consultation is required. On the basis of this advice, around 5% of consents receive further Iwi input.

Water

Water is an important resource for all people in Rotorua. The lakes and geysers of Rotorua are icons, recognised in this country and known throughout the world. The cultural, recreational, ecological and functional values of water directly influence the wellbeing of the entire community. Trend data shows that geothermal water levels are recovering. Many of Rotorua's spring fed drinking water supplies are of sufficient quality that they do not require treatment. Around 80% of Rotorua residents visit the District's lakes on at least a monthly basis. Lake water quality is an issue of significant community concern. In general, lake water quality has been declining over the long-term due to increased nutrient levels resulting in sporadic algal blooms on a number of lakes. A collaborative approach is being taken with Environment Bay of Plenty, Te Arawa Māori Trust Board and lake side communities to better manage lake water quality. Each catchment is different so potential solutions need to be worked through to identify effective, innovative programmes that are acceptable and affordable to local communities. Council continues to support the retirement and replanting of pastoral land through regional council environmental programmes. Council budgets \$50,000 annually for this type of work to improve landscapes, protect lake margins and wetlands and conserve and increase biodiversity in the District.

Land

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

Urban

More than 80% of Rotorua's population live in urban areas. An Urban Development Strategy is being advanced to accommodate future urban land uses. Council has identified the potential for up to an additional 6,200 greenfield and 1,500 residential lots to be created within the existing urban fence. There is a wide range of living options available, and most existing residents are satisfied with the accessibility of amenities such as health services, reserves and supermarkets. Some 85% of residents are satisfied with their level of privacy, and District Plan guidelines are largely being met with regard to noise levels. The annual number of noise complaints is stable at around 3,200 calls, and 77% of residents are satisfied with Council's noise control service. All residential dwellings within the Rotorua urban fence have access to reserve areas within 500 metres (straight line). Council has invested significantly in improving public infrastructure in Rotorua, including a \$30 million upgrade of the CBD. Council has also prepared a detailed design guide for development in the central business district. The CBD design guide includes suggestions on architectural and building treatments, colour and design principles. The guide complements Council's past achievements in winning New Zealand's Most Beautiful City awards.

Transport

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

Cultural Wellbeing Report

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

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

Māori heritage

The foundation of Rotorua's cultural profile was established more than six centuries ago when the Arawa tribe settled in the Rotorua and Taupo areas. Māori culture is a major influence within the overall culture of Rotorua, and is reflected in place names and locations throughout the District. The present-day Rotorua District is a heartland of Māori culture in New Zealand, and holds an 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 (72%), Māori (36%), Pacific Islands (4%) and Asian (3%). (These add to more than 100% because people can classify themselves in more than one group). Immigrants to Rotorua come from many parts of the world. According to survey results, more than half of all residents feel that cultural diversity makes Rotorua a better place to live.

Arts and culture

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

Sports and recreation

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

Older persons

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

Youth culture

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

EMPLOYEE RELATIONS REPORT

Introduction

Council has been a high performing local authority for quite a few years according to NRB surveys with the 2004-2005 year being no exception.

The NRB survey for 2005 indicates that the performance of Council staff over the 2004/2005 financial year had improved on the previous year's performance. The NRB Survey continues to confirm that this council is 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 continue 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, the Northern Distribution Union and the Engineering, Printing and Manufacturing Union represent our wage worker employees in terms of the coverage clauses of the respective collective agreements whilst the salaried staff are represented by the public service association which includes some third tier managers.

Approximately one third of the salaried 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 2005 which includes both wages and salaried staff was 15.6% compared with 17.83% in 2004 and 18.09% in 2003.

The salaried staff turnover was 17.6%.

Skill and labour shortages are widely prevalent across all local authorities in NZ as well as in the private sector. As a result of this situation there is strong competition from both sectors to recruit the top performers from wherever they can. Difficulty in recruiting suitable staff in planning and engineering and some other disciplines will continue to be so in the short to medium term at least.

The big challenge for this council apart from this will be to retain our existing skilled staff during the next few years, especially if we are to meet the community expectations in terms of Ten Year Plan (LTCCP) and associated processes.

Staff Numbers

The total number of staff employed by Council for the year ending 30 June 2005 was 467 fulltime equivalents compared to 450 fulltime equivalents for the previous year.

Remuneration Committee

The Remuneration Committee is constituted as follows:

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

The Remuneration Committee reviewed 52 positions during the year ending 30 June 2005 compared with 39 for the previous year. There were 11 new positions reviewed. Thirty three positions received grading changes as a result of the position reviews while eight positions remained at their existing level.

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 2005 there were 115 reported accidents compared with 110 for the previous year. While there was a slight increase in the number of accidents, of

more significance was the cumulative time off as a result of these accidents which was only 88.75 days compared with 208 days for the previous year. This is a very good result for Council.

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

Training

Essential technical and core training courses for staff have continued to be provided during the year, is co-ordinated by Human Resources who arrange training by external providers. The annual Performance Development Review process for staff is used to identify training needs for individual staff.

There were 548 training courses, seminars and conferences attended by staff during the year. Some of these courses were attended by reasonably high numbers of staff such as Confined Space Entry (37); First Aid (81); Kiwihost (17); Project Management (18); and Fire Fighting including functions associated with firefighting (60).

Most training requirements for staff are identified through individual staff members' annual Performance Development Review.

Long Service

The Mayor and Chief Executive made formal presentations to 16 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 two others having completed 30 and 40 years respectively. In addition, 4 staff had completed 25 years service with a further 9 having completed 20 years service. These 16 staff between them, have accumulated 395 years of service with Council. Their dedication to their duties and loyalty to Council is applauded.

Employee Assistance Programme/ Support Systems

Council continues to provide subsidised school holiday programmes for children of staff.

Our Employee Assistance Programme (EAP), which is an independent confidential counselling service, is available to all staff to assist them in overcoming issues that may be impacting on their work performance or could potentially do so. A number of staff requested such assistance during the year.

Gender Composition of Council

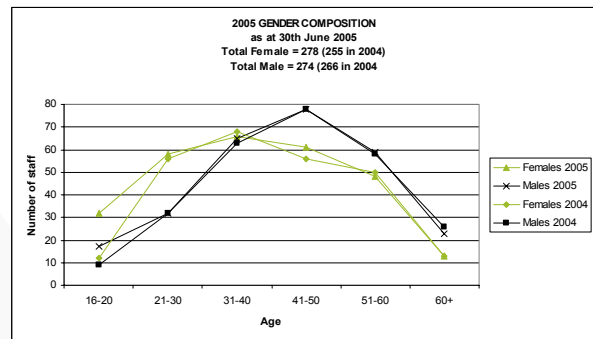
AS at 30 June 2005 there were 278 females and 274 males employed by Council, compared with 255 and 266 respectively in 2004. Female employees now exceed male employees in the council workforce. These numbers include staff employed either in full time, part time or casual on-call positions.

As with the previous year, the highest numbers of male employees (78) were in the 41 to 50 years age group compared with the highest number of female employees (66) in the 31 to 40 years age group.

The biggest increase for females was in the 16 to 20 years age group where the numbers increased from 10 last year to 31 this year.

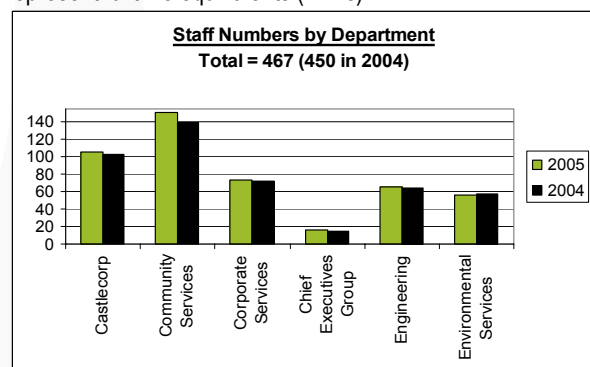
The significant change in male employees was a decrease from 28 in the 60+ age group last year to 13 this year.

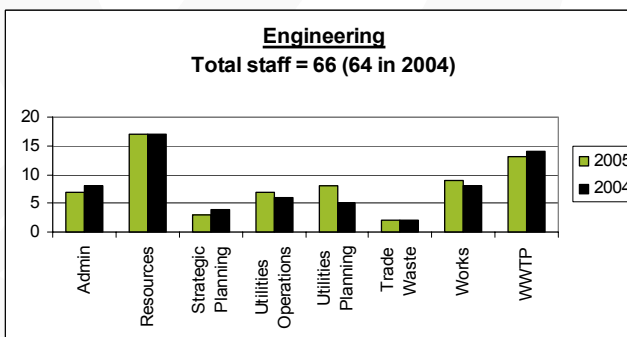
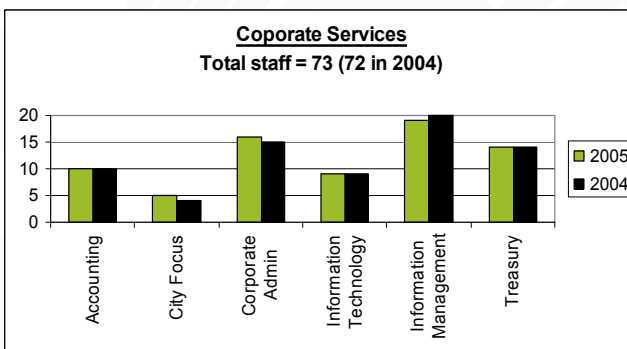
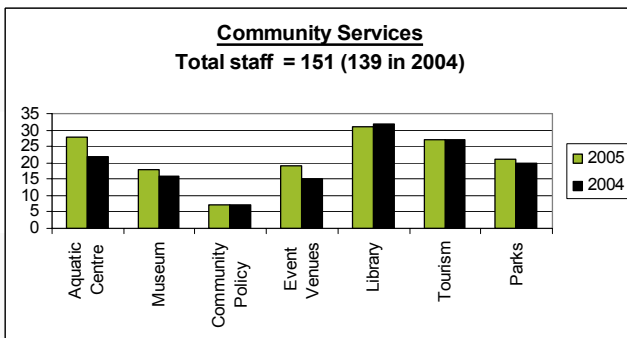
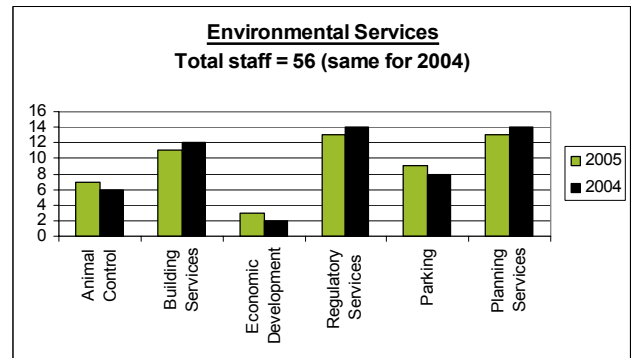
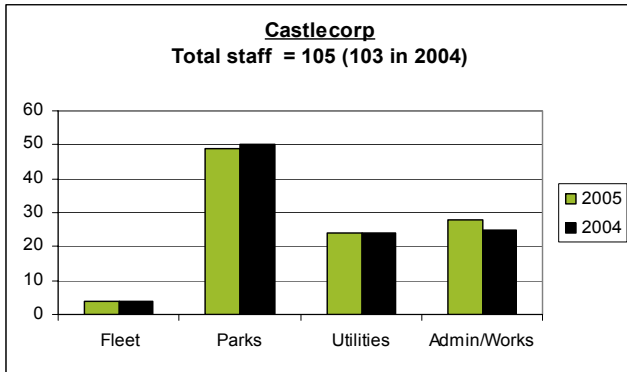
2005 Gender Composition



Staff Numbers

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





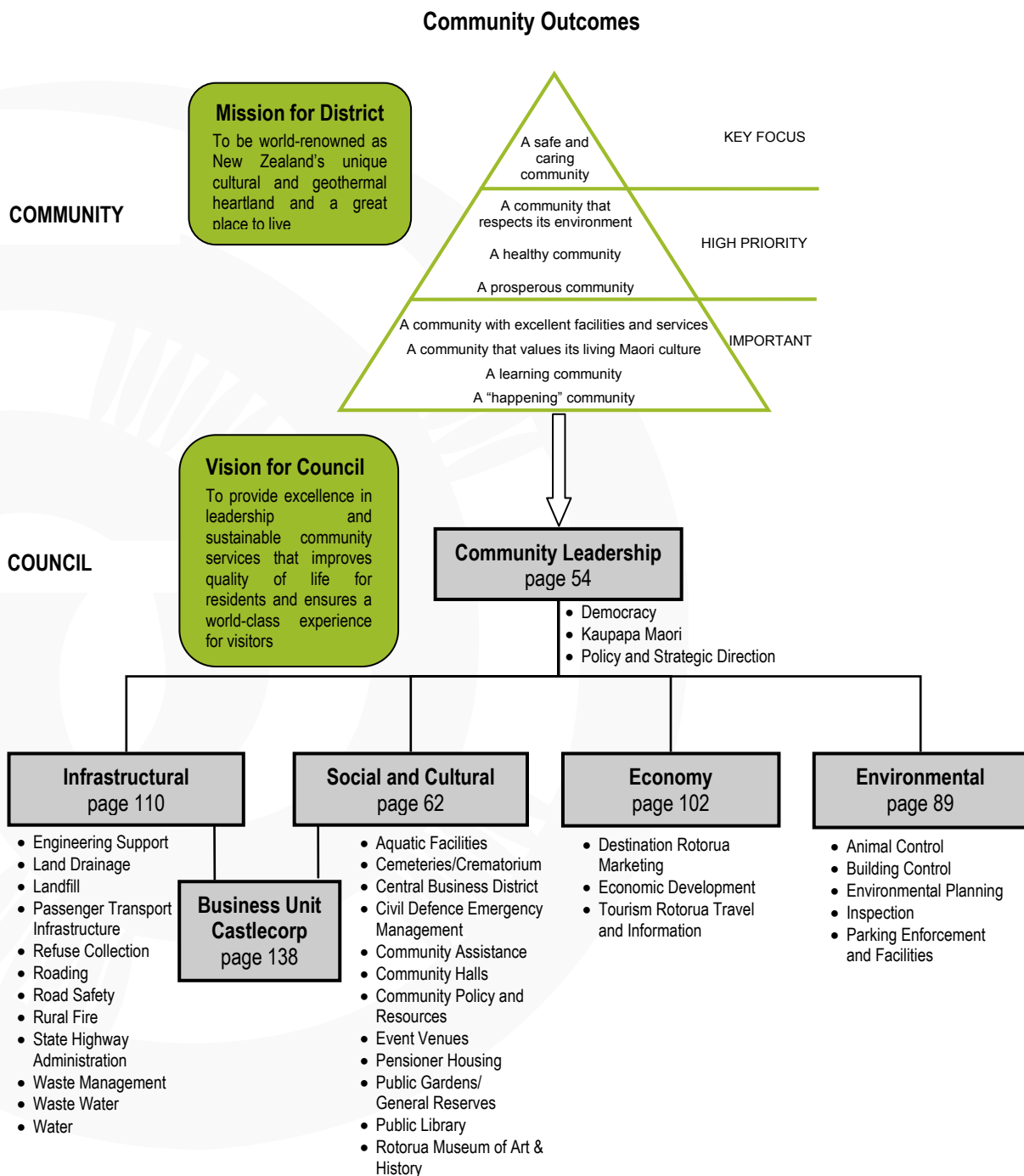
STATEMENTS OF SERVICE PERFORMANCE

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

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

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

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



Further details:

1. Council's LTCCP, which covers a ten year period from July 1 2004 – June 30 2014, outlined Council's intentions for the year according to each of its significant activities.

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

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

3. Surveys

Some performance targets refer to a NRB survey. This is an annual community satisfaction survey relating to Council, its policies, its operations, its level of service and how well it is meeting the needs of the community. The survey was first conducted in 1991 by the National Research Bureau using a telephone poll of 400 people selected at random with 100 from each electoral ward. The survey has been conducted again in subsequent years. The margin of error for the latest survey was \pm 4.9%. The results obtained from the May 2005 survey are the ones used in this report.

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

In this group are:

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

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

6. Quality

Council employs a number of professional, qualified staff in such areas as water, sewerage, planning, inspection, roading and a range of other Council activities. They continually monitor and review the quality of processes and outputs in their respective areas to ensure the maintenance of professional and Council standards. A considerable amount of Council's operational work is carried out under contract either externally or by Council's 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

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

Overview of Group

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

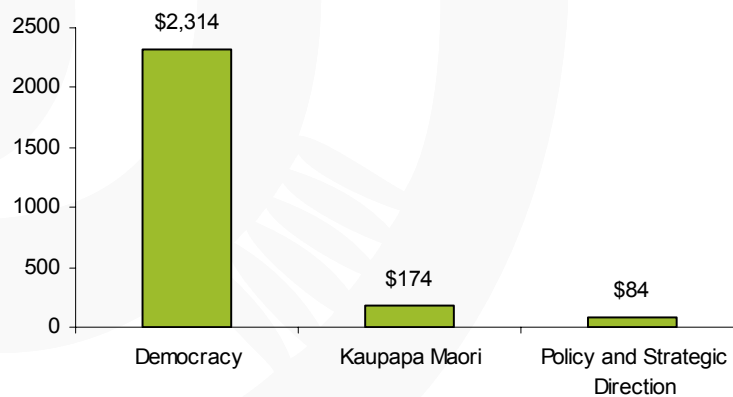
The activities in this group are central to ensuring that Rotorua District Council's services are contributing towards the promotion of community outcomes and improving social, cultural, economic and environmental wellbeing for the people of the District.

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

- Successfully carrying out triennial election for Mayor and Councillors

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.

Four staff are employed in meeting the administrative and secretarial needs of the 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 ended 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Operating Expenditure	2,396	2,420	2,162
Revenue	82	80	-
Net Costs	2,314	2,340	2,162

Capital Expenditure

For the year ending 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Renewals			
General	6	12	
Total Capital	6	12	2

Where did funding come from

	2005 Actual	2005 Budget
Cost of Service (net of election fees)		
General rates	100%	100%
Capital Expenditure		
Corporate funding	100%	100%

Performance for 2005

Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
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.
	Councillors will collectively attend 95% of all full council meetings by year end, where absences for officially sanctioned council business will be taken into consideration.	95% compliance	Achieved.
	Councillors will collectively attend 95% of all committee meetings of which they are members by year end, where absences for officially sanctioned council business will be taken into consideration.	95% compliance	Achieved.

Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
	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 – 67% Achieved
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.	Conduct the 2004 triennial elections in accordance with the Local Government Act.	Elections held with no successful petition of enquiry.	Achieved.

Kaupapa Maori

Overall aim of the activity

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

This year's highlights and achievements included

- Signing of Memorandum of Understanding between Tuhourangi and RDC.
- Completion of Marae meetings.
- Art work for Tryon Street.
- Cultural impacts in relation to Taniwha Springs.
- Hosting of national Maori liaison hui for Maori managers in local and regional councils.
- Consultation hui for Maori wards.

Activity purpose - how and why we provide the service

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

- Policy development which explicitly addresses issues of greatest importance for Tangata Whenua and Maori of the district.
- Enhancement of the social, cultural and economic wellbeing of Tangata Whenua and Maori in the district.
- Provision of expert advice and assistance in the development of appropriate policies to promote and enhance the efficient employment and management of Tangata Whenua resources consistent with the environmentally prudent development of all the district resources.
- Ensuring that the specific interests of Tangata Whenua and Maori are included in relevant areas of the council's core business.
- Ensuring that the specific needs and values of Tangata Whenua and Maori are taken into account in the formulation of council policy.
- Fostering positive partnership between Tangata Whenua and Maori, and the council.
- 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.
- To manage Council's relationships with Te Arawa and Tangata Whenua; to provide advice to the organisation (RDC).

- Forging/creating a better relationship amongst the Mayor, Chief Executive, staff and Tangata Whenua.
- To increase the organisation's capacity to align with Maori through joint projects.
- To develop and implement cultural training.
- To provide leadership at a senior management level.
- To advise and guide the organisation internally on Tikanga and Maori protocol and culture.

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 ended 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Operating Expenditure	174	222	175
Revenue	-	-	-
Net Costs	174	222	175

Capital Expenditure

For the year ending 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Renewals			
General	-	-	
Total Capital	0	0	4

Where did funding come from

	2005 Actual	2005 Budget
Cost of Service		
General rates	100%	100%
Capital Expenditure		
Corporate funding	100%	100%

Performance for 2005

Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
The inclusion of a Maori perspective in existing Council policies.	Have all new relevant council policies assessed from a Maori perspective.	100% compliance	Achieved
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 31.12.04	Achieved – Tikanga/Historical Tours will commence September 2005
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 30.06.05.	Achieved



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

- Sold the Council owned farm at Rerewhakaaitu.
- Managed Council's real estate interests effectively and efficiently.
- Replaced or upgraded 3 major applications (Finance, People and Property database and HR system).
- Replaced main file storage unit with new more secure equipment.
- Imaging business case approved by Council
- Rotorua Partners' Programme website
- Access database rationalisation
- Intranet redevelopment
- Geyserview redevelopment
- Geyserview on the internet
- RID online
- Wildfire threat analysis

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

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

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

To do this in an integrated way is important. This will ensure a greater likelihood of compliance with the LGA 2002, more efficiency and effectiveness, and a transparent prioritisation system. 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.

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 ended 30 June:	2005	2005	2004
(thousands)	Actual	Budget	Last Year
Operating Expenditure	2,790	2,468	2,979
Revenue	2,706	1,336	1,920
Net Costs	84	1,132	1,059

Capital Expenditure

For the year ending 30 June:	2005	2005	2004
(thousands)	Actual	Budget	Last Year
Renewals			
Civic Administration Building			
- Plant/Lift/Air-conditioning	70	60	
Strategic Land Purchases	906	964	
Information Technology - Hardware/Software/Servers	499	710	
Information Management - Financial System	493	300	
Information Management - Software	187	130	
Intranet Renewals	40	100	
General	304	513	
New For Improved Service			
Information Management - Web	95	200	
Rating database	107	110	
Total Capital	2,701	3,087	2,064

Where did funding come from

	2005	2005
	Actual	Budget
Cost of Service		
General rates	100%	100%
Capital Expenditure		
Corporate funding	100%	100%

Variance from Ten Year Plan

COST OF SERVICE: A profit made from selling a farm at Rerewhakaaitu is the main reason for the \$1,048,000 improvement.

CAPITAL EXPENDITURE: Prioritising the completion of the financial system this year meant a change in emphasis in the computer projects completed. Capital expenditure is lower by \$386,000 mainly due to telephone upgrades (\$160,000) and some property alterations (\$66,000) now being undertaken in 2006.

Performance for 2005

Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
Community participation in setting strategic direction.	Identify and review community outcomes on behalf of community.	Link activities in LTCCP to prioritised community outcomes	Achieved – refer LTCCP
	Consult with public on Draft LTCCP.	Draft LTCCP and summary for consultation minimum 1 month.	Achieved –for Annual Plan & LTCCP amendments
	Outcomes monitoring framework.	Framework developed in consultation with community and monitoring initiated 31.12.04.	Achieved – initiate information collected by various surveys
Community informed and consulted on major policies, decisions, projects and activities.	Publication of Council/Community news paper.	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 - 24%
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 30.10.04. Unqualified Audit opinion.	Achieved
	NRB survey used to gauge public perception of Council performance.	Survey completed and reported by 31.08.04.	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
62	Aquatic Facilities	✓		✓		✓		✓	✓
64	Cemeteries/Crematorium	✓		✓		✓			
65	Central Business District	✓				✓			✓
67	Civil Defence Emergency Management	✓							
69	Community Assistance	✓		✓		✓			✓
71	Community Halls	✓				✓			
72	Community Policy and Resources	✓		✓	✓				
74	Event Venues	✓	✓		✓	✓	✓		
76	Pensioner Housing	✓							
77	Public Gardens/General Reserves	✓	✓	✓	✓	✓			✓
81	Public Library	✓	✓	✓	✓	✓	✓	✓	✓
84	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.

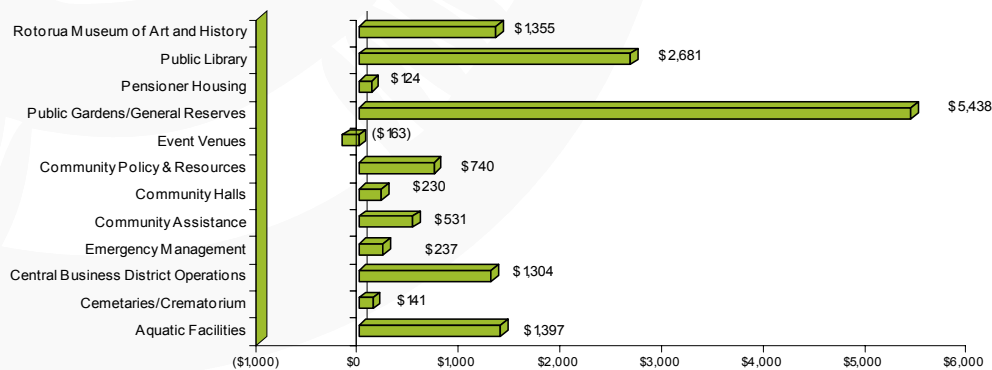
Significant Negative effects:

Events Venues

This activity has impacts on parking availability and roading infrastructure during significant events. Ongoing traffic management plans and infrastructure design are required to allow Rotorua to deal with these heavy use events safely. These effects are managed through infrastructure design and traffic management plans.

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

- Annual income was just over \$930,000 (53.5% increase over the last 24 months.)
- Attendance at the Aquatic Centre was just over 319,000 (15.2% increase over the last 24 months.)
- Annual income for Swimsation Learn to Swim programmes was just over \$247,000 (96.2% increase over the last 24 months.)
- Swimsation, the centre's swim school, won their industry's "High Performance Award."
- Developed and implemented a number of intensive new recreation programmes, i.e. seniors mornings, monthly teen rages, business health and wellness programmes.
- Development of a Cardio Health & Fitness studio in partnership with Gold's Gym.

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

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

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

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.
- Provides programmes that encourage the working together of organisations on agreed priorities.
- Promotes and provides facilities and programmes that promote the growth and strengthening of families to work, play and talk together.
- Provides 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.
- Provides an affordable aquatic facility for the local community.
- Invests in additional facility upgrades to provide excellent facilities.
- Provides qualified, friendly and helpful staff.

A healthy community

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

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

Cost of Service

For the year ended 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Operating Expenditure	2,314	2,253	2,114
Revenue	917	1,014	886
Net Costs	1,397	1,239	1,228

Capital Expenditure

For the year ending 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Renewals			
Aquatic Centre	25	42	
New For Improved Service			
Aquatic Centre Upgrade	81	60	
Total Capital	106	102	1,107

Where did funding come from

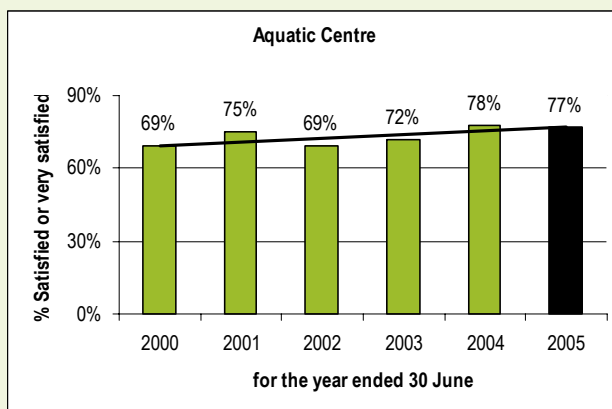
	2005 Actual	2005 Budget
Cost of Service		
Charges at least	40%	44%
General rates (residual)	60%	56%
Capital Expenditure		
Corporate funding	100%	100%

Performance for 2005

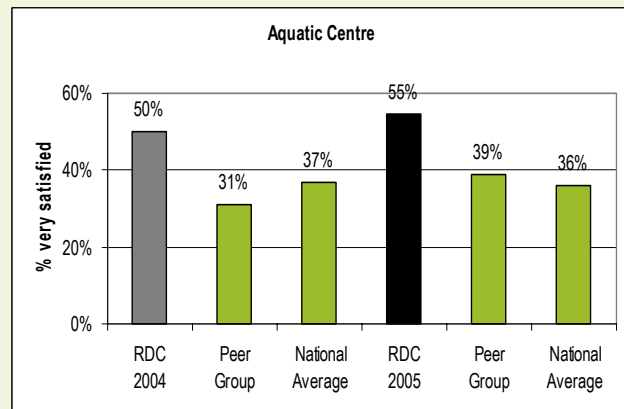
Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
Maintaining and actively promoting the Rotorua Aquatic Centre for health and recreation.	Provide an Aquatic Centre facility within budget whilst achieving the targeted community satisfaction level.	75% NRB Fairly good/very good rating or higher. 80% satisfaction user survey	Achieved Achieved
Enhancing the core philosophy that "Learn to Swim" is within the reach financially and physically for all residents of the Rotorua District.	Provide a quality Learn to Swim teaching service at the centre.	96% programme availability. User survey undertaken first and third terms. 94% satisfaction user survey.	Achieved Achieved Achieved – 98.4% satisfaction

NRB Community Survey

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



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



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

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

- 422 cremations
- 134 burials
- 141 chapel services
- Transfer of crematorium management and operations to CastlecCorp

Activity purpose – how and why we provide the service

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

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

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 ended 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Operating Expenditure	316	330	300
Revenue	175	148	160
Net Costs	141	182	140

Capital Expenditure

For the year ending 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Renewals			
Crematorium -Plant/ Equipment/Land Acquisition Kauae Cemetery Development	21	330	-
	2	265	-
Total Capital	23	595	0

Where did funding come from

	2005 Actual	2005 Budget
Cost of Service		
Cremation		
Charges	55%	45%
General rates (residual)	45%	55%
Operating costs of open space		
Charges at least	0%	0%
General rates (residual)	100%	100%
Capital Expenditure		
Corporate funding	100%	100%

Variance from Ten Year Plan

CAPITAL EXPENDITURE: Purchasing land and developing a new cemetery is to now occur in 2006.

Performance for 2005

Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
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. 	<p>Achieved</p> <p>Achieved</p>
	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.	Land secured by 30.06.05.	Site investigation of potential sites continuing

Central Business District Operations

Overall aim of the activity

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

This year's highlights and achievements included

- Extremely successful staging of several street events, namely:
 - Jambalaya Street Festival and Markets
 - Street events held around DHL Lions opening tour game.
 - Rally of Rotorua opening and closing ceremonies.
- Increased annual street activity and entertainment, with events reaching the 300+ mark.
- Successful grant from the Lion Foundation of \$22,500 to install on-street ashtrays in light of new smoking legislation.

Activity purpose – how and why we provide the service

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

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

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

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

For the year ended 30 June:	2005	2005	2004
(thousands)	Actual	Budget	Last Year
Operating Expenditure	1,333	1,372	1,248
Revenue	29	8	7
Net Costs	1,304	1,364	1,241

Capital Expenditure

For the year ending 30 June:	2005	2005	2004
(thousands)	Actual	Budget	Last Year
Renewals			
General	48	14	
Total Capital	48	14	16

Where did funding come from

	2005	2005
	Actual	Budget
Cost of Service		
Fees	1%	1%
General rates (residual)	99%	99%
Capital Expenditure		
Corporate funding	100%	100%

Performance for 2005

Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
A safe CBD environment for all users.	Maintain the operation of the crime prevention camera system.	100% achieved.	Achieved.
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.
	Respond promptly to all complaints on sanitary standards.	Within 1 hour	Achieved.

Civil Defence Emergency Management

Overall aim of the activity

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

This year's highlights and achievements included

- The Bay of Plenty CDEM Group Plan was approved following an extensive consultation process on 13 May 2005.
- A swarm of earthquakes affecting the eastern part of the district centred on LakeS Rotoehu/Rotoma, resulted in damage to dwellings and roading infrastructure. The Civil Defence emergency team and the Rotorua District Council were deployed to carry out a search and rescue mission for a missing truck and driver. The driver was found safe and sound.
- The Civil Defence Rescue Team was deployed to assist with the flooding and slips at Matata in May 2005.
- Winners of Trustpower Spirit of Rotorua Award for Community Safety and Well Being.
- The Volunteers Manager Mel Day, was selected by the Ministry of CDEM to attend the Volunteer Summit held in Australia in April 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 (CDEM). This activity is undertaken primarily by contract.

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 CDEM Group, over

a two year period commencing 1 June 2003, developED a Regional Civil Defence Emergency Management Plan. This plan has been approved by the Minister. Local authorities remain responsible for civil defence emergency management within their boundaries.

The budget provides for some additional funding to assist with the development of the CDEM Group structure and the preparation of the CDEM Group plan. Rotorua District Council will also be seeking to increase its reimbursement from the Ministry of Civil Defence Emergency Management for approved expenditure. To date claims for reimbursement by Rotorua have been at the lower end of the scale.

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 ended 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Operating Expenditure	247	244	187
Revenue	10	20	15
Net Costs	237	224	172

Capital Expenditure

For the year ending 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Renewals			
General	8	9	-
Total Capital	8	9	0

Where did funding come from

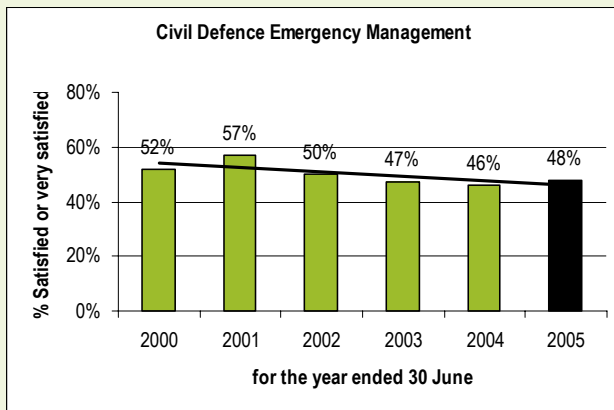
	2005 Actual	2005 Budget
Cost of Service		
Subsidies	4%	8%
General rates (residual)	96%	92%
Capital Expenditure		
Corporate funding	100%	100%

Performance for 2005

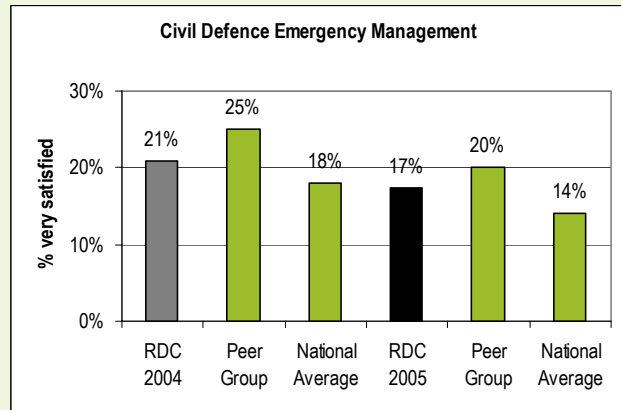
Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
Maintenance of efficient and effective Civil Defence operations to standards necessary to provide for adequate protection for residents of the district in the event of Civil Disaster in terms of the Civil Defence Act.	Hold a major internal (district) Civil Defence exercise involving the full mobilisation and exercising of the Rotorua District Council Civil Defence Headquarters, and to participate fully in a regional Civil Defence exercise as required by Environment BOP.	1 internal exercise 1 joint exercise	Achieved Achieved
	Identify the status of home preparedness for a Civil Defence Emergency and mount a campaign to reinforce this.	Status monitored and reported.	Achieved
	Prepare a Civil Defence Emergency Management Group Plan and have approved by Minister of Civil Defence/ Emergency Management.	CDEM Group Plan approved by Minister by 01.06.05.	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 satisfied and very satisfied with this service over the last 6 years. There is a trend line which helps show the general direction of service satisfaction over time.



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

Community Assistance

Overall aim of the activity

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

This year's highlights and achievements included

- Contributing \$132,000 towards St Chads Communication Centre
- Contributing \$24,000 towards Rotorua Stock Car Club improvements
- Contributing \$17,000 towards Rotorua Cricket practice facility
- Contributed final payments towards the development of the Rotorua Arena at Rotorua Girls High School and "Heights Creative" at Western Heights High School.

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 wellbeing.

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

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

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 wellbeing, Community House which is tenanted by many health services.

A happening Community

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

Cost of Service

For the year ended 30 June:	2005	2005	2004
(thousands)	Actual	Budget	Last Year
Operating Expenditure	576	1,182	559
Revenue	45	164	45
Net Costs	531	1,018	514

Where did funding come from

	2005	2005
	Actual	Budget
Cost of Service		
Grants (Creative NZ, RECT) (at least)	8%	4%
General rates (residual)	92%	96%
Capital Expenditure		
Corporate funding	100%	100%

Variance from Ten Year Plan

COST OF SERVICE: has improved by \$487,000 mainly due to timing of and the nature of the funds given from the community asset development fund. \$330,000 of the budget has been deferred to next year. \$249,000 has been given out as a loan to the community rather than as a grant.

Performance for 2005

Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
Community funding management to support local community initiatives which improve wellbeing.	Administer all of Council's Community Assistance policies within budget and timeframes and prepare an annual report.	By 30.06.05	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.	By 30.06.05	Review of Community Assistance policies not achieved in 2004/05. Range and number of policies included in review requires that it be moved to 2005/06 Community Accounting pilot achieved. Charities Commission workshops not achieved, moved to 2005/06 due to Charities Commission legislation process and procedure still being finalised Funding Expo April 2005. Pacific Island Development Trust work in progress.

Community Halls

Overall aim of the activity

To provide access to quality rural halls.

This year's highlights and achievements included

- Community use has increased over the last financial year especially at the Ngongotaha Hall. The hall is increasingly being used for seasonal sporting activities, educational and after school programmes.
- Ngongotaha, Lake Okareka and Reporoa Hall lead the way in terms of revenue generation with Ngongotaha yielding 59% of the total revenue received as a direct result of increased community use.

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, but 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 ended 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Operating Expenditure	246	243	228
Revenue	16	16	14
Net Costs	230	227	214

Where did funding come from

	2005 Actual	2005 Budget
Cost of Service		
Rental	7%	6%
General rates (residual)	93%	94%
Capital Expenditure		
Corporate funding	100%	100%

Performance for 2005

Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
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.	Review policy including charging rates and report by 30.06.05 100% policy compliance within general rate Activity report presented by 30.06.05	Achieved. Achieved. Not 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.	Develop and implement plans and report by 30.06.05	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 30.06.05	Not achieved. Carried forward to 2005/06 work plan

Community Policy and Resources

Overall aim of the activity

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

This year's highlights and achievements included

- Attracting \$291,120 of external funding from Ministry of Justice, and \$400,000 from Rotorua Energy Charitable Trust for implementation of crime prevention and reduction activities over the 2004/07 period.
- Developed the RDC Crime Prevention Plan and gained financial support from the Ministry of Justice and Rotorua Energy Charitable Trust for the implementation of the following ongoing projects
 - CBD security cameras
 - CBD Lighting
 - Project Papa Waka –incorporating Crime Prevention Through Environmental Design (CPTED) principles to reduce vehicle related crime, in car parks used by tourists, and within the CBD.
- Hosting of a five-day and a one-day CPTED workshop which was well-attended by RDC employees and external people from around the country.
- Developing better understanding of base-line community perceptions of safety, through the Rotorua District Perceptions of Safety Survey 2005.
- Developing a strategic approach to dealing with issues around truancy and non-enrollment in the Rotorua District, through the construction and implementation of the Rotorua District Truancy Action Plan 2005
- Working across the divisions of Council in the creation, publication and delivery of a pamphlet containing key messages for our visitors about safety and the permanent central city liquor ban
- Development of Pathways into Tourism and Agriculture. Ten students participated in the tourism pilot right the way through. The latter, in association with Te Arawa saw the development of 14 farm cadetships set up on Iwi trust farms.
- Securing funding from Creative NZ and undertaking the scoping of a regional strengths project, in partnership with Taupo District Council.
- Publication of the first Rotorua Arts Directory and Rotorua Arts Trail
- Eight youth council members attended the Youth in Local Government Conference in Dunedin
- Seventeen young people participated during the year as youth councillors learning about civic and community governance processes and providing valuable advice on a number of projects.

Activity purpose – how and why we provide the service

For many years successive Rotorua councils have prioritised a focus on social, cultural and community needs. The Local

Government Act 2002 now requires that all local authorities consider these dimensions of wellbeing in their priority setting, decision-making, and actions. The Community Policy and Resources Division activities provide leadership for Council in the areas of social and community development within the District through a wide range of strategies.

These include:

- Facilitating community consultation, research and activities around local social and cultural issues as directed by Council
- Monitoring Rotorua social and cultural trends and keeping Council and the community informed
- Developing policy through which Council can effectively address local issues and needs (e.g. Community Assistance Policies, ICT Strategy)
- Implementing action plans within policies adopted by Council (e.g. Youth Policy and Action Plans)
- Establishing and maintaining relationships with a wide range of organisations and groups with a commitment to Rotorua's community and social fabric (eg Community Safety forums)
- Facilitating planning, events, activities and services relevant to Council priorities (e.g. Anzac Day Civic Service, the development of comprehensive arts sector databases)
- Providing support to Council and the community's relationships with our Sister Cities including with Beppu – Japan, Lake Macquarie – Australia, Klamath Falls – Oregon USA and Wuzhong City – China; and international programmes to which RDC is committed including People to People
- Advising Council on social policy issues and matters in support of Council's advocacy and leadership roles
- The Division also undertakes the management of resources and services which enhance community wellbeing including Council's community halls, pensioner housing and community assistance policies (including various grant and loan schemes, community contracts and community group facilities including the Arts Village and Community House)

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 ended 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Operating Expenditure	831	836	789
Revenue	91	-	23
Net Costs	740	836	766

Capital Expenditure

For the year ending 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Renewals			
General	12	10	5
Total Capital	12	10	5

Where did funding come from

	2005 Actual	2005 Budget
Cost of Service		
Grants	11%	0%
General rates (residual)	89%	100%
Capital Expenditure		
Corporate funding	100%	100%

Performance for 2005

Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
Facilitating consultation, research, and activities around community, social and cultural issues, and advise Council on appropriate responses.	Produce annual workplan and reports within Council's priorities	Produce Annual Workplan (coming year) and Annual Report (year past) by 30.06.05.	Achieved.
Monitoring Rotorua's social trends	Produce and distribute an annual report	By 30.06.05	Achieved.
Produce quality information to support local community development including web and hard-copy resources	Produce Annual Workplan and report	By 30.06.05	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 30.06.05	Achieved.
Older Persons Policy implementation of Action Plans.	Produce Older Persons Annual Report on Action Plans and update of plans	By 30.06.05	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 30.06.05	Responsibility for this activity has been transferred to the Rotorua ICT Trust
Community Safety Strategy implementation of Action Plans	Produce Community Safety Strategy Annual Report and update of plans	By 30.06.05	Achieved.
Art Policy implementation of Action Plans.	Produce Art Policy Annual Report on Action Plans and update of plans	By 30.06.05	Achieved.

Event Venues

Overall aim of the activity

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

To provide the best event facilities for Rotorua that support the destination in its endeavours to attract large, high yielding events (local, regional, national & 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

- Hosting both the official New Zealand welcome to the Lions and the opening match of the tour.
- Securing the 2006 World Mountain Biking Champs.
- Completion of the design and tendering for the Energy Events Centre.
- Successful launch of the RDC Partners' Programme for Energy Events Centre capital fundraising.
- Increased number and value of events attracted to Rotorua.
- The launch of the X-Zite recreational programmes.

Activity purpose – how and why we provide the service

This activity covers the operation of the Rotorua Convention Centre, Civic Theatre, event ticketing – Response and Ticketek, Soundshell and Sportsdrome, the development of the Rotorua Energy Events Centre, International Stadium (including Number 2 field) and Community Sports and Events in terms of Council policy. Funding is required to cover operations, maintenance and caretaking costs to keep the buildings in order to obtain optimum return. Current usage varies for each centre. The Convention Centre was opened in March 1995 and the 2002/2003 financial year will be its eighth full year of operation.

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

This activity employs 16.5 staff in total for all facilities plus Events.

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 ended 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Operating Expenditure	3,144	3,520	2,438
Revenue	3,307	8,589	5,917
Net Costs	(163)	(5,069)	(3,479)

Capital Expenditure

For the year ending 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Renewals			
Convention Centre	80	553	
Sportsdrome	15	78	
General	213	99	
New For Improved Service			
Event Centre	1,942	11,900	
Total Capital	2,250	12,630	6,328

Where did funding come from

International Stadium	2005 Actual	2005 Budget
Cost of Service		
Charges	32%	25%
General rates (residual)	68%	75%
Capital Expenditure		
Corporate funding	100%	100%

Sportsdrome	2005	2005
	Actual	Budget
Cost of Service		
Charges at least	18%	18%
General rates (residual)	82%	82%
Capital Expenditure		
Corporate funding	100%	100%

Soundshell	2005	2005
	Actual	Budget
Cost of Service		
Hire fees at least	35%	30%
General rates (residual)	65%	70%
Capital Expenditure		
Corporate funding	100%	100%

Convention Centre	2005	2005
	Actual	Budget
Cost of Service		
Charges at least	34%	25%
General rates (residual)	66%	75%
Capital Expenditure		
Corporate funding	100%	100%

Variance from Ten Year Plan

COST OF SERVICE: reduced by \$4,906,000. Main reason for the reduction is less grants received for the Energy Events Centre, being able to be recognised this year as the project has been delayed (\$5,458,000), off set by additional interest earned on the funds of (\$317,000).

CAPITAL EXPENDITURE: reduced by \$10,380,000 mainly due to delays in completing the Energy Events Centre (\$9,958,000) and the theatre stage renovation at the Convention Centre (\$517,000).

Performance for 2005

Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
Provision of venue operations that meet the needs of customers in all aspects.	Undertake client surveys and achieve required satisfaction levels.	90% satisfaction	98% 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).	17 conferences/ events	Achieved – 20 conference/ events held.
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 – 48.3%
	Increase community functions at Te Runanga Tea House.	5% increase	Achieved – 9%
	Increase weekday use of Te Runanga Tea House.	5% increase	Achieved.
	Introduce new events at the Soundshell.	2 events	Achieved – 4 events.
Increasing and enhancing community events and sports activities.	Increase audience attendance of Theatre shows.	5% increase	Not achieved – -3%
	Instigate new community events.	5 events	Achieved – 13 events.
Diversifying marketability of facilities.	'Revamped' community events.	5 events	Achieved – 11 events.
	Increase diversity of use of the International Stadium by attracting:		
	a) cultural events	a) 2	a) Not achieved
b) new events other than rugby	b) 5	b) Achieved – 8	

Pensioner Housing

Overall aim of the activity

To provide quality pensioner housing

This year's highlights and achievements included

- Secured a commitment of \$1.3 million funding from Central Government to assist with the building of 30 pensioner flats in the Rawhiti Complex, and tendering the construction contract.

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, 24 are double units having one separate bedroom, and there are 126 single units, 105 of which are bed-sitter units, with the remaining 21 having one separate bedroom.

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

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.

Performance for 2005

Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
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 30.06.05.	Achieved. Achieved. Achieved.
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 undertake the redevelopment of 26 units and report on progress by 30.06.05.	Achieved.

Cost of Service

For the year ended 30 June:	2005	2005	2004
(thousands)	Actual	Budget	Last Year
Operating Expenditure	619	653	612
Revenue	495	505	476
Net Costs	124	148	136

Capital Expenditure

For the year ending 30 June:	2005	2005	2004
(thousands)	Actual	Budget	Last Year
Renewals			
Building Upgrades	159	1,303	-
Total Capital	159	1,303	0

Where did funding come from

	2005	2005
	Actual	Budget
Cost of Service		
Rental Income(over time)	100%	100%
General rates (residual)	0%	0%
Capital Expenditure		
Rental income (over time)	100%	100%

Variance from Ten Year Plan

CAPITAL EXPENDITURE: Funding was secured in the latter part of the 2005 financial year. The pensioner housing project will be completed in 2006.

Public Gardens/General Reserves

Overall aim of the activity

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

This year's highlights and achievements included

- Draft Open Space Strategy completed and approved by Council for public consultation.
- Rotorua District Council Recreation Plan reviewed and updated.
- Secured additional funding for and commenced extensive development work in Centennial Park for the Rotorua Tree Trust.
- Secured additional funding enabling work to commence on restoration project for Hannah's Bay wetlands.
- Entered into a significant protocol agreement with Tuhourangi regarding effective communication and consultation.
- Completed and achieved an overall third place ranking in a nationwide "yardstick" parks benchmarking project involving 43 other TLAs. Categories benchmarked included.
 - Policy and Planning
 - Signage
 - Aquatic Structures
 - Reserves
 - Outdoor furniture
 - Car parks and Roads
 - Sportsfields
- Completion of a reserves lease database that now effectively manages the administration of leases on reserves.
- Completed a nursery benchmarking exercise that clearly indicated that Rotorua District Council plant nursery provides an excellent service to Council's parks and reserves, providing high quality plants at extremely competitive rates when compared to the outside private markets.

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

management requirements of the Local Government Act. This activity also includes the council nursery.

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

Activities include:

- Legislative compliance in development and management of parks assets.
- Policy implementation, compliance and review.
- Planning and implementation of parks' capital works and replacement of parks' assets.
- Scheduling and implementation of parks maintenance and capital works contracts.
- The maintenance of high profile parks, gardens and lawns.
- The maintenance of all sports fields, urban and rural reserves, street trees, local purpose reserves, drainage easements and traffic islands
- The maintenance of structures on and bordering reserves including buildings, fences, playgrounds, jetties, boat ramps, furniture.
- Reserves amenity lighting and water supply to reserves.
- Janitorial services for reserves' amenities.
- The management of the Tokorangi forest ensuring continued public access to at least the current level.

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

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.

This activity employs seven full time staff.

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.
- Provides opportunities for community and school planting programmes to enhance reserves and promote environmental awareness.
- Provides 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

- Provides and maintain a range of open spaces, gardens, parks, sportsfields, playgrounds, walkways and other facilities for recreation and amenity value.
- Provides boat ramps and jetties for access to the district's lakes.
- Maintains 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 wellbeing.

Cost of Service

For the year ended 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Operating Expenditure	7,440	7,837	7,130
Revenue	2,002	1,157	1,219
Net Costs	5,438	6,680	5,911

Capital Expenditure

For the year ending 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Renewals			
Kuirau Park	7	300	
Parks & Reserves Capital Development	320	679	
Nursery	-	6	
General	33	179	
New For Improved Service			
City Entrance Ways	-	125	
Ngongotaha CBD Development	3	80	
New Wharf Resource Consent	4	200	
Westbrook Pavilion	-	500	
Parks & Reserves Capital Development	320	524	
Total Capital	687	2,593	516

Where did funding come from

	2005 Actual	2005 Budget
Cost of Service		
Charges at least	10%	9%
General rates (residual)	90%	91%
Capital Expenditure		
Corporate funding	100%	100%

Variance from Ten Year Plan

COST OF SERVICE: improvement of \$1,242,000, mainly due to reserve development contributions up \$704,000 as a result of a number of subdivisions being undertaken this year. Savings in cost of capital of \$194,000 due to delay in capital expenditure and less depreciation than budgeted, of \$189,000.

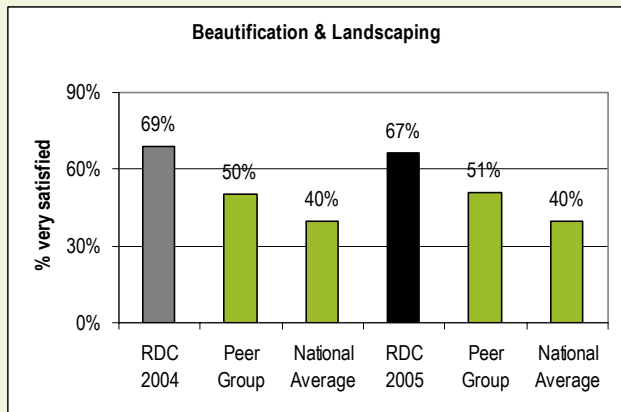
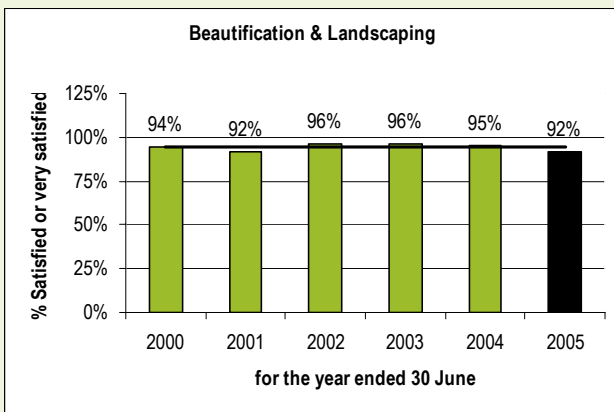
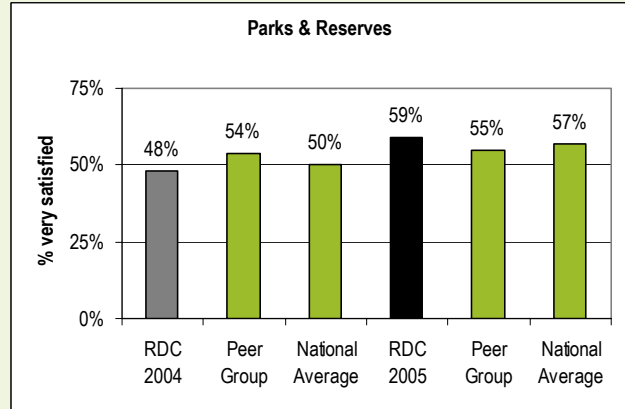
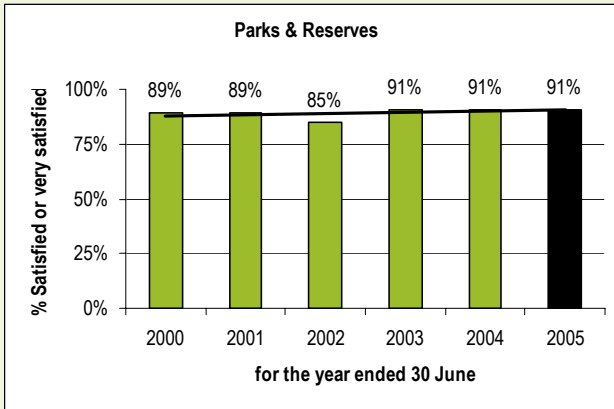
CAPITAL EXPENDITURE: A number of projects now being completed in 2006 is the main reason for less capital expenditure this year.

Performance for 2005

Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
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 numbers of trees in streets (Perceptions Survey).	60% satisfaction.	Not Achieved EBOP now undertaking Environmental Perceptions Survey only every 3 years Last done 2003 next programmed 2006
	Measure public satisfaction with attractiveness of local parks and reserves. (Perceptions Survey).	60% satisfaction.	As above
	Measure public satisfaction with parks, reserves, sportsfields and playgrounds (Communitrak survey).	90% satisfaction	91% Achieved
	Measure public satisfaction with beautification and landscaping of the District.	95% satisfaction	92% Not achieved
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 30.06.05.	97.8% 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 satisfied and very satisfied with these services over the last 6 years. There is a trend line which helps show the general direction of service satisfaction over time.

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

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

- **Runner-up in the 3M Awards for Library Innovation** – The library received an award for the Teens Library Card initiative – a photo competition for teens to provide an image that would have meaning for the age group. This card has resulted in library membership of 73% of this demographic.
- **LIANZA Professional Awards for two library staff** – Mary Archer and Jane Gilbert were presented with the LIANZA Charter of Associate. This award acknowledges the knowledge, skills, judgement, attitude and commitment of the librarian and the high standards of professional conduct, integrity and honesty.
- **Busiest day on record – 5 January** – 5,711 issues were recorded. 15% higher than previous record set on 22 April 2003.
- **Maori Land Court minute books** – Crown Forestry Rental Trust gifted copies of the Maori Land Court minute books for the Central North Island at a special ceremony in July 2004. These are an important source of information on tribal histories and whakapapa.
- **Introduction of DVD collection** – Collections of rental DVDs for adults, children and teens were started and have proved extremely popular.
- **Mobile Library service celebrated 20 years** – A mobile library has been operating in the Rotorua District for 20 years and the anniversary was an opportunity for additional promotion for the service.
- **Santa Parade November 2004** – The library float won first prize in the Government/Commercial division of the Santa Parade.

Activity purpose – how and why we provide the service

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

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 ended 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Operating Expenditure	2,999	3,170	3,022
Revenue	318	320	326
Net Costs	2,681	2,850	2,696

Capital Expenditure

For the year ending 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Renewals			
Renewal Books	412	406	
General	56	106	
Total Capital	468	512	584

Where did funding come from

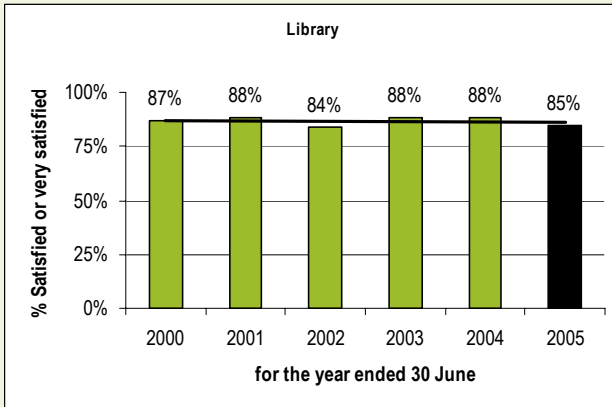
	2005 Actual	2005 Budget
Cost of Service		
Fees & charges (residual)	10%	9%
Interest (bequests)	1%	1%
General rates (residual)	89%	90%
Capital Expenditure		
Corporate funding	100%	100%

Performance for 2005

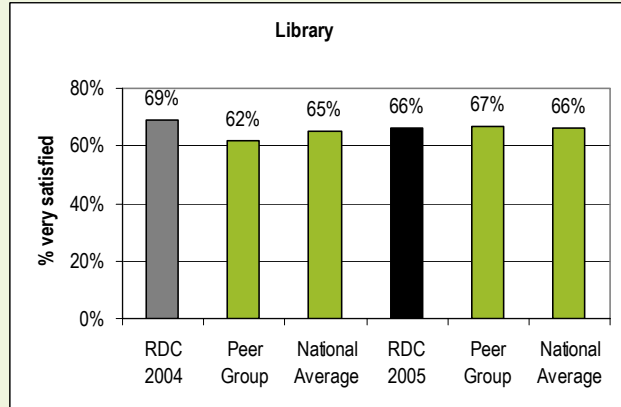
Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
Operation and maintenance of an information, cultural, educational and recreational resource for the district.	Provide a public library service that meets the targeted level of community satisfaction.	NRB 90% Fairly good/very good rating or higher.	Not achieved – 85%
	Increase issues and then maintain per capita.	11.8 per capita	Achieved.
	Increase library membership	65% of population	Not achieved – 64%
	Maintain cost of library service per transaction.	Less than \$2.90 per transaction	Achieved - \$2.68
	Maintain the level of library visits.	6 times per annum per capita	Achieved.
	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. 4 children's holiday programmes and 80 Toddler Time sessions held.
	Provide teen's programmes.	2 per year	Achieved – 2 programmes held.

NRB Community Survey

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



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



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

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

- Record visitor numbers achieved for a single year – 108,512. Over 13,000 school students participated in curriculum-based learning at the museum.
- Record visitor admissions revenue achieved for a single year - \$610,000 – despite very difficult second half of year due to weather and general tourism downturn.
- Record turnover in retail shop achieved - \$273,000.
- Late night openings (until 8pm daily) implemented for daylight saving period, producing a net profit after staffing and operating costs are accounted for.
- Feasibility study commissioned for Centennial Development – fully funded (\$40,000) by local Rotary Clubs.
- Viewing promenade project scoped and fully funded. \$200,000 from Lotteries, \$105,000 from Ministry of Tourism, \$200,000 in Annual Plan.
- New tenant in place in café – significant increase in profitability and successful operation through difficult winter season.
- New LEOTC contract negotiated with Ministry of Education, with increased contract price successfully achieved (\$110,000 pa for three years).
- New catering contracts for venue negotiated with four suppliers, including three major Rotorua hotels.

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

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

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

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

- Taonga Maori (1,500 items est)

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

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

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

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

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

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 ended 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Operating Expenditure	2,474	2,547	2,176
Revenue	1,119	1,054	951
Net Costs	1,355	1,493	1,225

Capital Expenditure

For the year ending 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Renewals			
Film Upgrade	224	200	
General	102	53	
New For Improved Service			
South East Wing/North East Wing	31	22	
South East Wing / Te Arawa Gallery	-	15	
Centennial Development	33	-	
Viewing Platform	22	-	
Total Capital	412	290	93

Where did funding come from

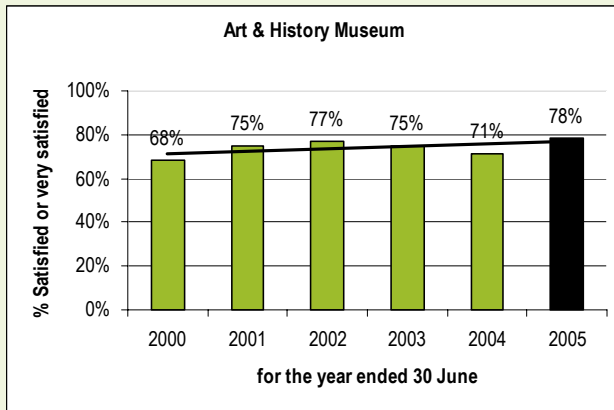
	2005 Actual	2005 Budget
Cost of Service		
User charges/shop revenue	44%	38%
General rates (residual)	56%	62%
Capital Expenditure		
Corporate funding & grants where available	100%	100%

Performance for 2005

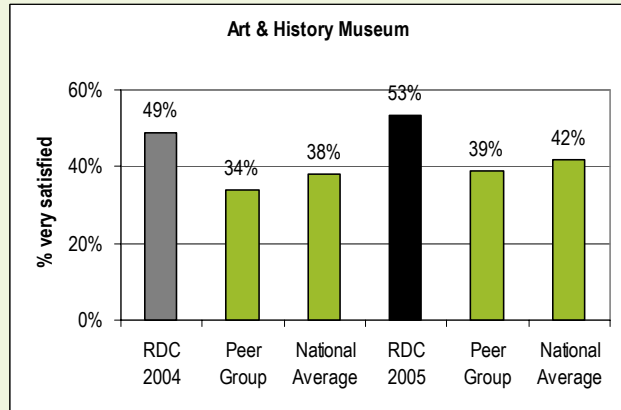
Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
Provision of an outstanding museum both for Rotorua residents and for visitors to Rotorua.	Operate the museum 365 days a year, open to the public during advertised opening hours.	100% compliance.	Achieved 100%
	Achieve targeted levels of community satisfaction.	NRB 70% Fairly good/very good rating or higher.	Achieved – 78%
	Achieve targeted levels of visitor patronage.	100,000	Achieved – 108,512
	Meet all Ministry of Education contract requirements.	All met 100%	Achieved.
	Achieve targeted levels of admission revenue inclusive of Museum, school and Blue Baths.	\$580,000	Achieved - \$610,000

NRB Community Survey

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



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

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
88	Animal Control	✓	✓						
90	Building Control	✓	✓	✓					
93	Environmental Planning		✓	✓	✓				
96	Inspection	✓	✓	✓					
100	Parking Enforcement and Facilities	✓				✓			

Overview of Group

These activities reflect Council's role in natural resources management and regulation. The activities help us to plan for the future and make sure that everyone gets a fair deal, often having to balance competing rights of individuals and groups to do different things in the community.

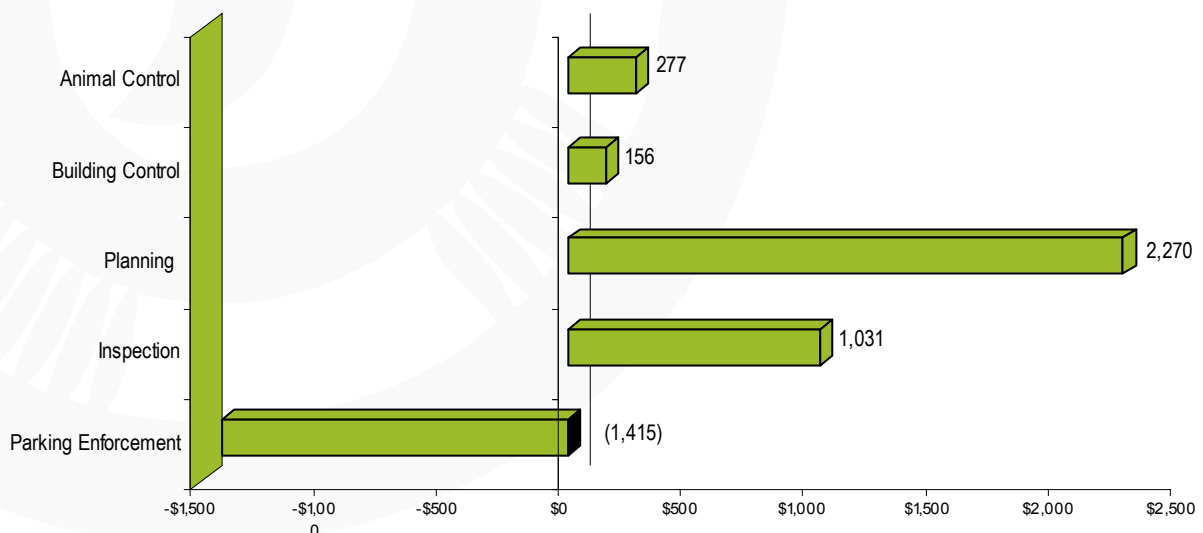
Significant Negative effects:

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

- Completion of structural improvements to dog pound (enhanced facilities).
- High level of satisfaction with dog control (NRB Survey 74.5%)

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

Five full time staff work in this activity.

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

For the year ended 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Operating Expenditure	720	723	640
Revenue	443	410	385
Net Costs	277	313	255

Capital Expenditure

For the year ending 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Renewals			
General	4	9	
New For Improved Service			
Pound Extension	90	60	
Total Capital	94	69	3

Where did funding come from

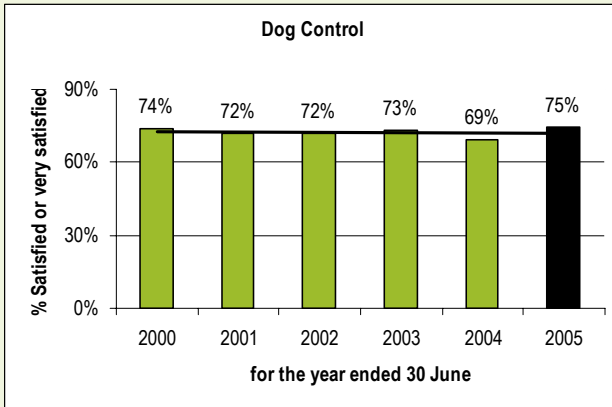
	2005 Actual	2005 Budget
Cost of Service		
Fees	61%	56%
General rates (residual)	39%	44%
Capital Expenditure		
Corporate funding	100%	100%

Performance for 2005

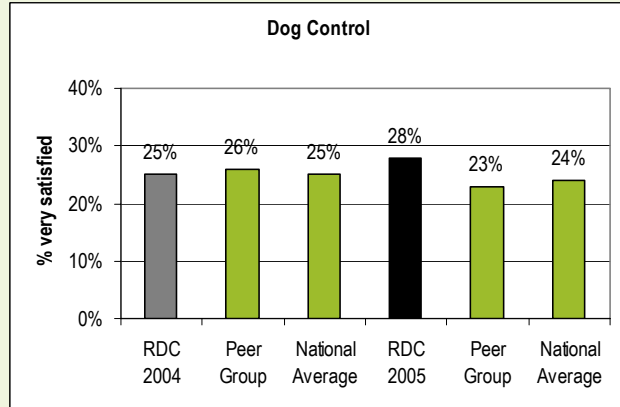
Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
Provision of an Animal Control service.	Take appropriate action to respond to complaints about dogs within 1½ working days based on a 7 day a week service provision.	90% response rate	Achieved. 94.13% of complaints responded to within 1½ working days.
Maintenance of an up-to-date register of all known dogs.	Achieve registration of known dogs by 30 June.	95% compliance	Achieved. 10,735 dogs registered.
Maintain an acceptable level of community satisfaction with dog control services.	Maintain an acceptable level of community satisfaction in NRB Survey.	66% NRB Survey	Achieved – 74.5% community satisfaction.
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% of complaints responded to immediately.

NRB Community Survey

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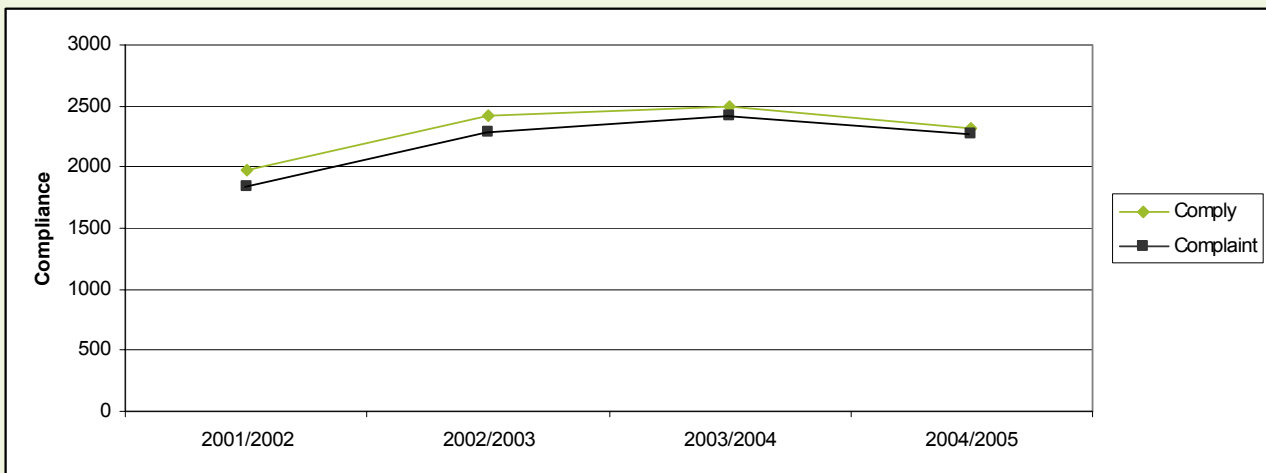
This graph shows the percentage of survey respondents that are satisfied and very satisfied with this service over the last 6 years. There is a trend line which helps show the general direction of service satisfaction over time.



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

Other Indicators

Animal Control Compliance Levels



Building Control

Overall aim of the activity

To ensure the safety of people occupying buildings.

This year's highlights and achievements included

- Number of consents issued, 2143, exceeds consents recorded in the last 7 years. All but 11 of those were issued within the required timeframes.
- These figures represent a 9.34% increase in building consents from the same period last year.
- Value of total consents exceeded \$154 million, the highest value since we have been keeping records, a \$32 million increase on last year's total, and a 20.83% increase.
- The issue of Building Consents for notable projects, i.e.
 - Events Centre
 - Ibis Hotel
 - New Fire Service training facility
 - Bunnings Warehouse
 - New Farmers building
 - Airport development
 - Hallensteins
- The implementation of the Building Act 2004, its implications on staff and the amount of extra work it has created for both owners/applicants and council staff.
- Negotiations towards shared services with other Bay of Plenty, Taupo and South Waikato councils to share costs towards accreditation of the Building Controls function.

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.

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

Workload is dependent upon public-generated demand.

12 staff are currently involved in this activity.

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 ended 30 June:	2005	2005	2004
(thousands)	Actual	Budget	Last Year
Operating Expenditure	1,111	1,138	1,109
Revenue	955	796	812
Net Costs	156	342	297

Capital Expenditure

For the year ending 30 June:	2005	2005	2004
(thousands)	Actual	Budget	Last Year
Renewals			
General	20	32	
Total Capital	20	32	7

Where did funding come from

	2005	2005
	Actual	Budget
Cost of Service		
Fees (for consents)	86%	70%
General rates (residual)	14%	30%
Capital Expenditure		
Corporate funding	100%	100%

Variance from Ten Year Plan

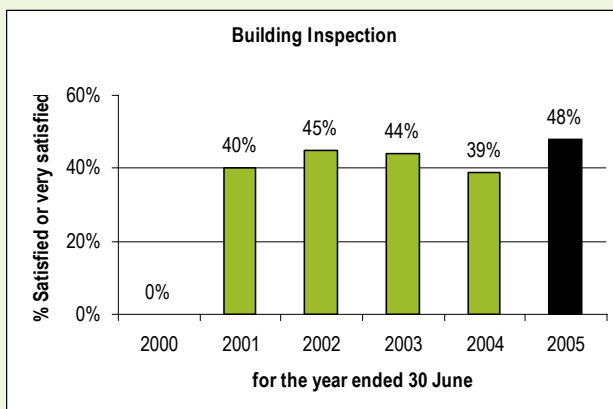
COST OF SERVICE: improvement of \$186,000 mainly due to \$159,000 increase in revenue as a result of a larger number of building consents received.

Performance for 2005

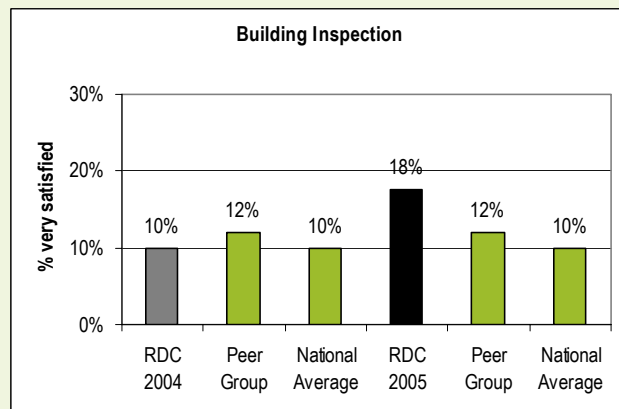
Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
Processing all Building Consents.	Process consents within the legislative timeframe as required by the Building Act and to a standard set by the Building Act.	100% compliance	Not achieved – 98.89%
Processing all Project Information Memoranda.	Process PIMs within the timeframes and criteria imposed by the Building Act.	100% compliance	Not achieved – 99.77%
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 – 44%
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

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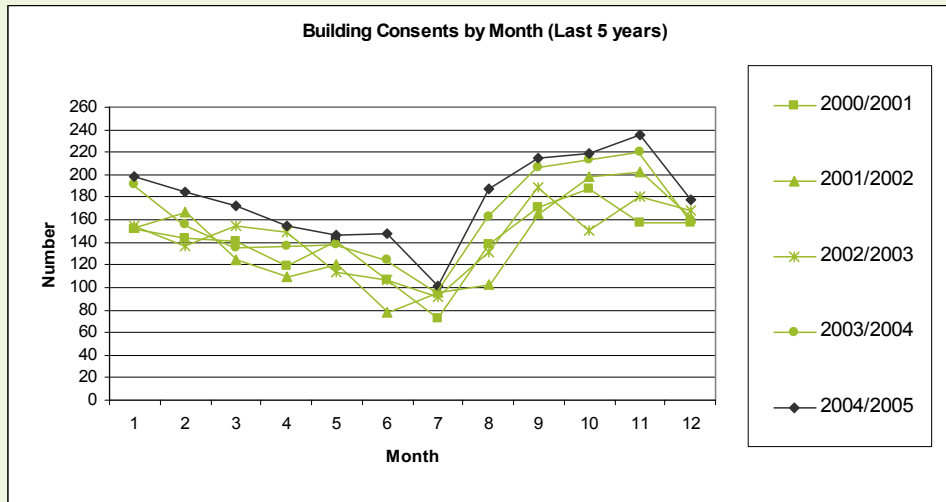
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This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last 2 years and compares it with our peer group and the national average.

Other Indicators

Building Consents Levels



Building Control Customer Survey Results

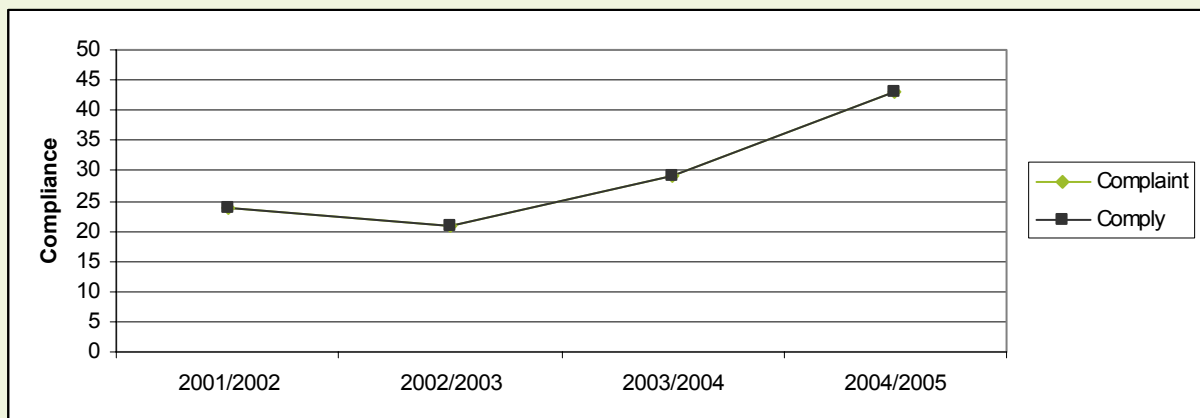
This Survey relates to customers who have taken out a Building Consent and have had Code Compliance Certificates issued. The Survey is conducted over a three month period i.e. February to April and reflects the satisfaction with the following Services:

- (a) Counter Service
- (b) Administration Service
- (c) Phone/Booking Service
- (d) Building Inspections/Site Inspections

<u>February</u>	Satisfied	89	Not Satisfied	1
<u>March</u>	Satisfied	153	Not Satisfied	4
<u>April</u>	Satisfied	152	Not Satisfied	1
	Total	394	Total	6

98.5% were satisfied with the Service.

Building Control Compliance



Environmental Planning

Overall aim of the activity

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

This year's highlights and achievements included

- Environment Court endorsement of Variation 12, and completion of statutory tasks working towards making the Lakes A Zone, Section 20 of the District Plan, operative
- Private plan changes, and council initiated plan changes progressed to manage community planning issues:
 - Plan Change 6; Spence Private Plan Change
 - Plan Change 23; Kawaha Point Rezoning
 - Plan Change 30; Pukehangi Estates Private Plan Change
 - Plan Change 31; Ohaaki Thermal Kilns
- Preparation, in conjunction with Environment Bay of Plenty and the Te Arawa Maori Trust Board, of the Rotorua Lakes Recreation Strategy
- Position of Customer Services Team Leader established, which has enabled increased emphasis being placed on the importance of delivery for customers and clients
- Environment Statement consultation programme and draft document produced.

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

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

Policy activities include:

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

Administration of the District Plan includes activities such as:

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

Council currently employs 13 permanent staff in its Planning Division.

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

For the year ended 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Operating Expenditure	2,561	2,865	2,519
Revenue	291	257	226
Net Costs	2,270	2,608	2,293

Capital Expenditure

For the year ending 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Renewals			
General	27	27	
Total Capital	27	27	13

Where did funding come from

Planning Policy	2005 Actual	2005 Budget
Cost of Service		
Charges	2%	1%
General rates (residual)	98%	99%
Capital Expenditure		
Corporate funding	100%	100%

Planning Implementation

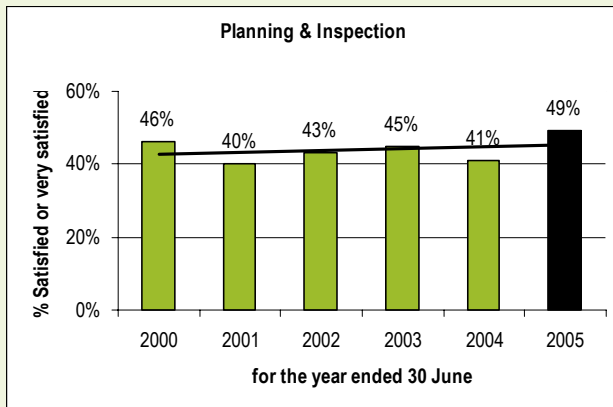
	2005 Actual	2005 Budget
Cost of Service		
General rates	100%	100%
Processing & monitoring of land use and subdivision resource consents		
Fees & charges	17%	18%
Public enquiries, appeals, complaints & enforcement		
General rates	83%	82%
Capital Expenditure		
Corporate funding	100%	100%

Performance for 2005

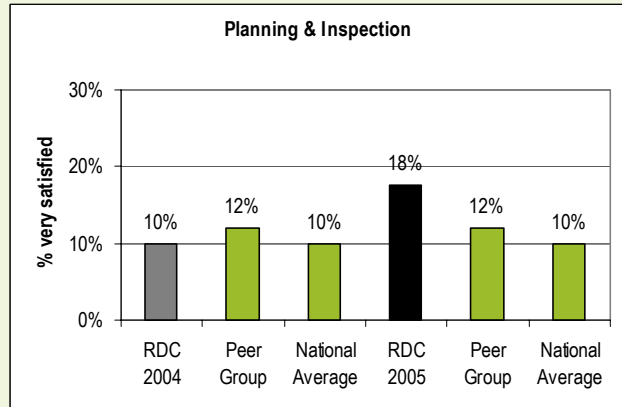
Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
The District Plan is updated regularly through changes and reviews.	Progress Plan Changes.	Programme reported to Council each Planning and Bylaws Committee meeting.	Achieved. Plan update programme reported to each Planning and Bylaws Committee.
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 01.12.04.	Achieved.
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 – 86%
	Process non-notified subdivision consent applications within 20 working days of receipt of adequate information.	90% compliance	Not achieved – 79%
	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 30.09.2003 for 2003/04 year	Not achieved.
Monitoring complaints.	Report to Council on any trends evident from complaints.	Six monthly.	Not achieved.
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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This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last 2 years and compares it with our peer group and the national average.

Inspection

Overall aim of the activity

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

This year's highlights and achievements included

- High level of satisfaction with Noise Control (NRB Survey 85.5%)

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) Lakewaters Control

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

ii) Hazardous Substances

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

iii) Geothermal

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

iv) General

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

v) District Licensing Agency

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

vi) Environmental Health

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

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 ended 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Operating Expenditure	1,693	1,693	1,490
Revenue	662	659	708
Net Costs	1,031	1,034	782

Capital Expenditure

For the year ending 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Renewals			
General	41	49	
Total Capital	41	49	121

Where did funding come from

Regulatory	2005 Actual	2005 Budget
Cost of Service		
Fees (licensing/inspection)	0%	1%
General rates (residual)	100%	99%
Capital Expenditure		
Corporate funding	100%	100%
Licensing		
	2005 Actual	2005 Budget
Cost of Service		
Fees	99%	84%
General rates (residual)	1%	16%
Capital Expenditure		
Corporate funding	100%	100%

Noise control	2005 Actual	2005 Budget
Cost of Service		
Revenue	2%	1%
General rates (residual)	98%	99%
Capital Expenditure		
Corporate funding	100%	100%
Bylaws & Geothermal		
	2005 Actual	2005 Budget
Cost of Service		
Fees (car recovery, signs)	2%	3%
General rates (residual)	98%	97%
Capital Expenditure		
Corporate funding	100%	100%

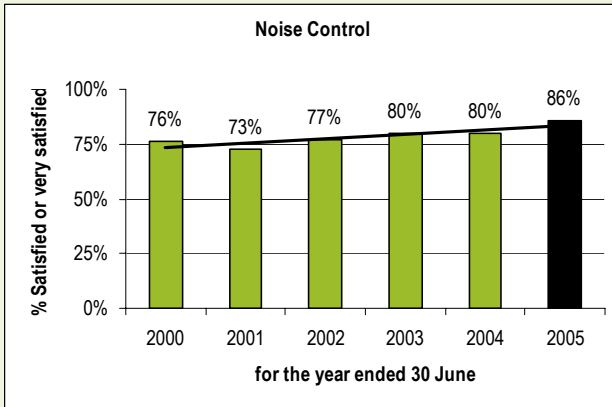
Sale of Liquor	2005 Actual	2005 Budget
Cost of Service		
Fees	52%	48%
General rates (residual)	48%	52%
Capital Expenditure		
Corporate funding	100%	100%
Hazardous substances		
	2005 Actual	2005 Budget
Cost of Service		
General rates (residual)	100%	100%
Capital Expenditure		
Corporate funding	100%	100%
Lake waters control		
	2005 Actual	2005 Budget
Cost of Service		
Licences	60%	75%
General rates (residual)	40%	25%
Capital Expenditure		
Corporate funding	100%	100%

Performance for 2005

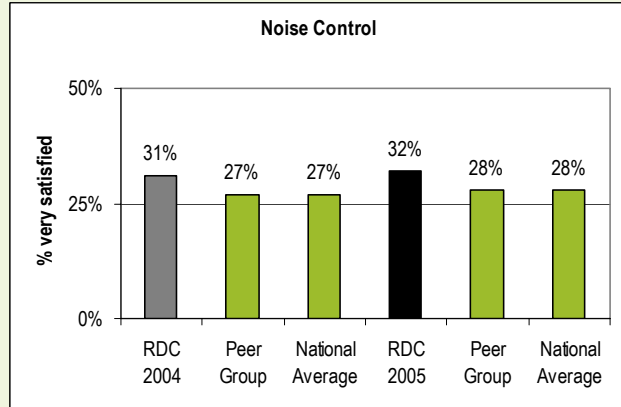
Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
Minimising noise nuisance within the district.	EHOs will respond to noise complaints within two (2) hours.	95% compliance	Achieved. 99.5% responded to within two hours.
Ensuring compliance with the Health Registration of Premises Regulations 1966.	Register food premises, hairdressing salons, camping grounds and funeral parlours.	95% premises registered	Achieved. 99.9% premises registered.
Controlling health nuisances within district.	Respond to health complaints within 1½ working days.	98% compliance	Achieved. 98.9% complaints responded to within 1½ working days.
Ensuring compliance of premises/activities with statutory requirements.	Conduct at least one annual inspection of all licensed premises.	100% compliance	Not achieved. 82% of premises inspected.
	Annual inspections of all premises licensed to hold dangerous goods.	Inspection function ceased with effect from 1.04.04.	
	Reinstate missing navigation aids within three weeks of notification.	100% compliance	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.



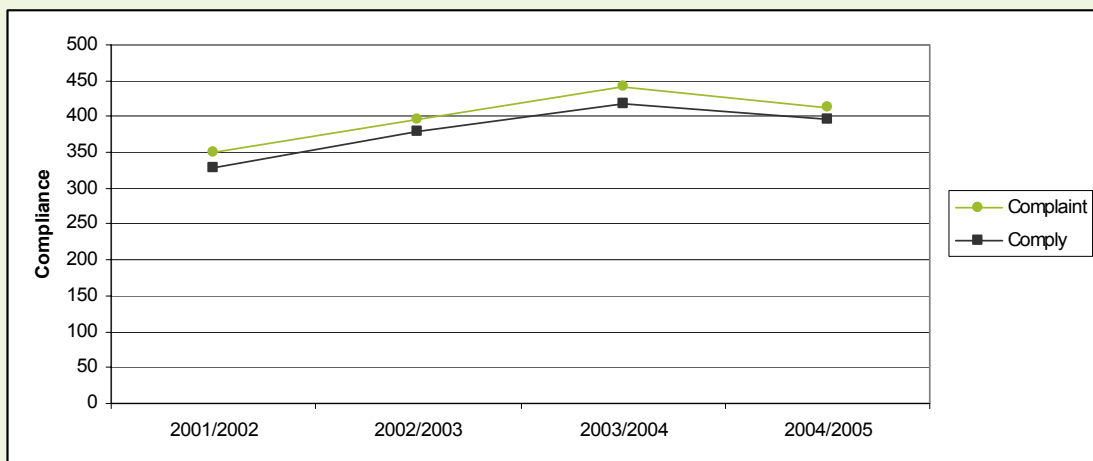
This graph shows the percentage of survey respondents that are satisfied and very satisfied with this service over the last 6 years. There is a trend line which helps show the general direction of service satisfaction over time.



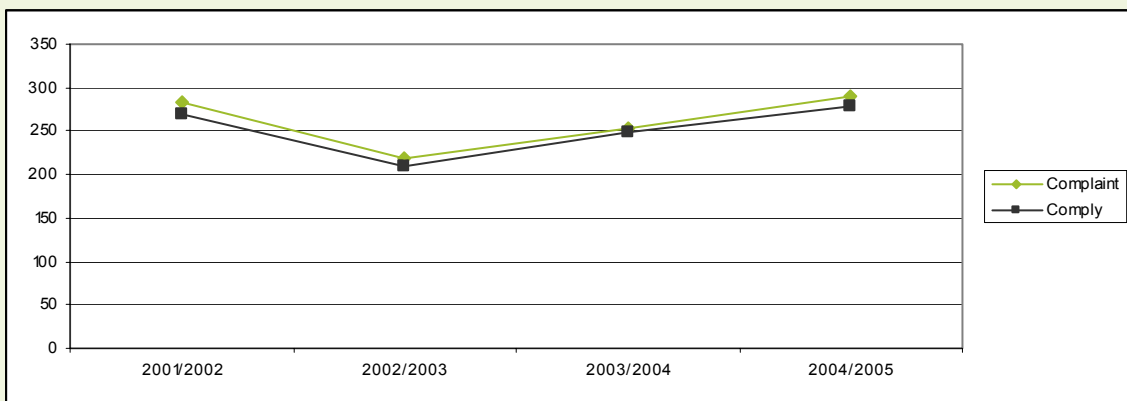
This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last 2 years and compares it with our peer group and the national average.

Other Indicators

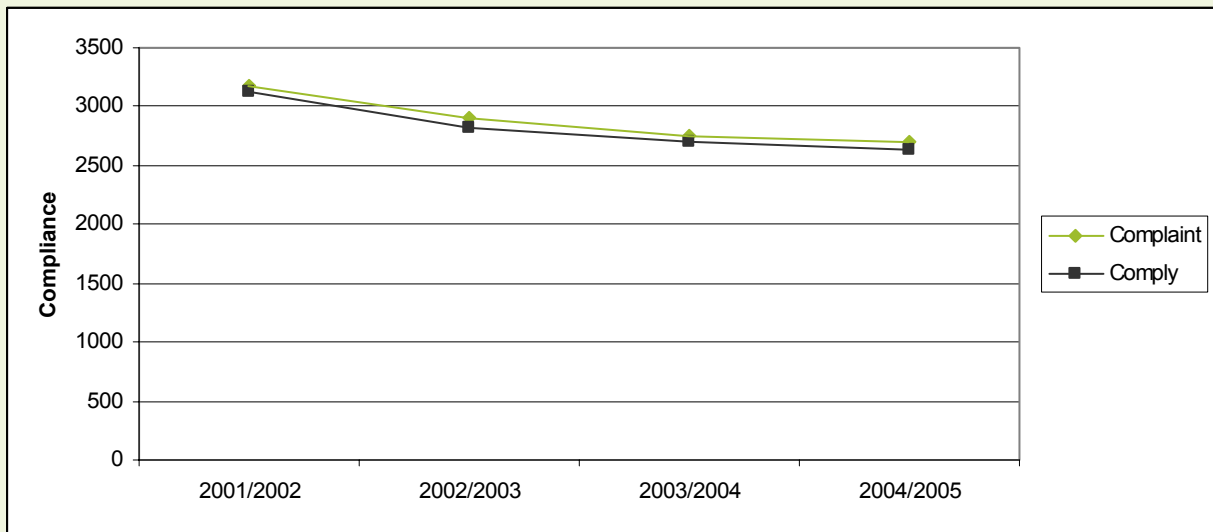
General Inspection Compliance Levels



Environmental Health Compliance Levels



Noise Control Compliance Levels



Parking Enforcement and Facilities

Overall aim of the Activity

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

Activity purpose – 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, including a Supervisor Parking Enforcement to whom staff are responsible.

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

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 ended 30 June:	2005	2005	2004
(thousands)	Actual	Budget	Last Year
Operating Expenditure	1,324	1,390	1,273
Revenue	2,739	2,501	2,130
Net Costs	(1,415)	(1,111)	(857)

Capital Expenditure

For the year ending 30 June:	2005	2005	2004
(thousands)	Actual	Budget	Last Year
Renewals			
General	114	39	
Total Capital	114	39	2

Where did funding come from

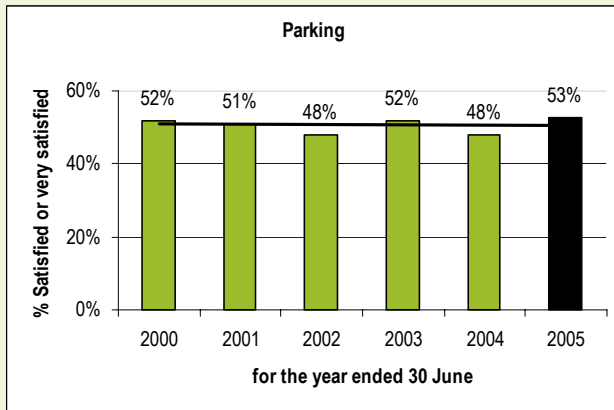
On-Street Parking	2005	2005
	Actual	Budget
Cost of Service		
Meter & permit charges & infringements fees	100%	100%
Capital Expenditure		
Corporate funding	100%	100%
Off-Street Parking		
	2005	2005
	Actual	Budget
Cost of Service		
Charges at least)	80%	53%
General rates (residual, funded from on-street surplus))	20%	47%
Capital Expenditure		
Corporate funding	100%	100%

Performance for 2005

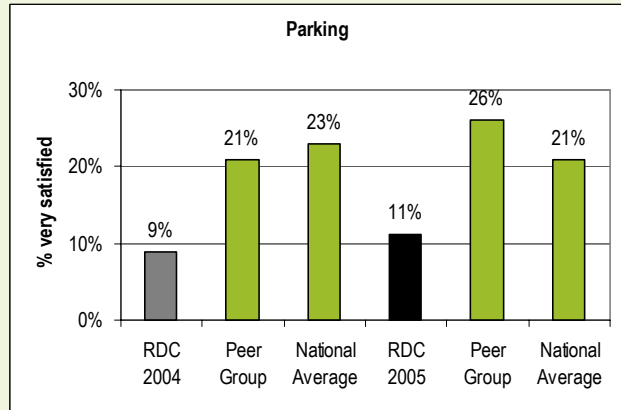
Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
Provision of an effective parking enforcement service within the CBD and peripheral areas to maximise availability of parking.	Provide a 5½ day week surveillance of CBD and peripheral areas.	100% compliance	Achieved 100%.
	Complete initial administrative action of 100% of infringement notices within two (2) working days of issue.	100% compliance	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 satisfied and very satisfied with this service over the last 6 years. There is a trend line which helps show the general direction of service satisfaction over time.



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

ECONOMY GROUP

Contribution to Outcomes

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

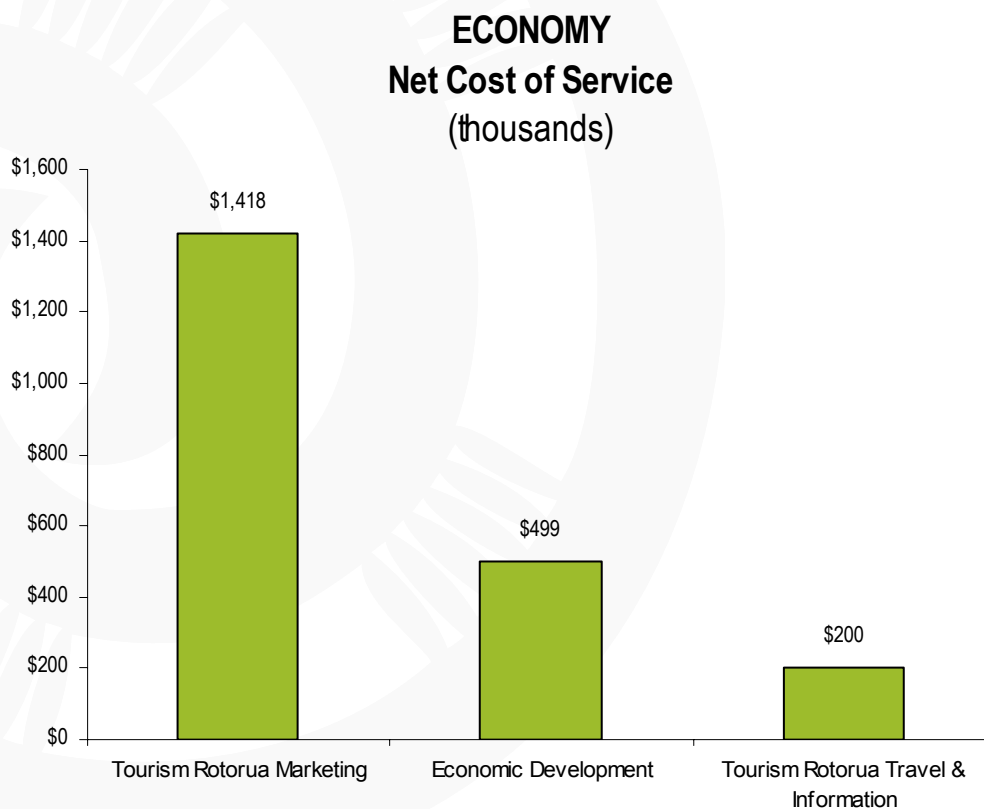
Overview of Group

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 Marketing

Overall aim of the activity

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

This year's highlights and achievements included

- Successful "Walter" Domestic Campaign - resulting in increase in domestic visitors to Rotorua for year ending June 05
- Lions Tour - extensive media coverage - One News, live broadcast on the Breakfast show, Business show, radio interviews and print media.
- Lions Tour - positive economic benefit to local industry, bars, restaurants and accommodation providers not only for the first game but from July 4-9.
- Special K - record numbers of participants in this year's event. "Rejuvenation" packages developed which attracted participants and supporters.
- Japanese version of rotoruaNZ.com - well received with special commendation from Tourism New Zealand.
- Launch of rotoruaNZ.tv - offering a live video streaming internet channel

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 ended 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Operating Expenditure	2,085	1,826	1,660
Revenue	667	460	470
Net Costs	1,418	1,366	1,190

Capital Expenditure

For the year ending 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Renewals			
General	18	31	64
Total Capital	18	31	64

Where did funding come from

	2005 Actual	2005 Budget
Cost of Service		
Fees & charges	32%	25%
General rates (residual)	68%	75%
Capital Expenditure		
Corporate funding	100%	100%

Performance for 2005

Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
Creating awareness of Rotorua as New Zealand's premier visitor destination to international agents, airlines, inbound agents, industry and visitors.	Produce a bi-annual Rotorua tourism product and information update newsletter for the inbound industry.	2 newsletters produced (In Essence)	Achieved.
			Commenced regular Inbound Tour Operator appointments.
Maximising Rotorua's domestic and international exposure in all media and communications channels.	Produce the Rotorua Visitors Guide.	150,000 printed.	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.	4 newsletters prepared and distributed. 10 Tourism bullet reports prepared and distributed.	E-bulletins – 10 general newsletters and 3 marketing newsletters. Also 25 general industry updates.
	Produce the "It's On" event publication and website.	3 per year.	Achieved.
	Co-ordinate public relations/ media activities which will result in Equivalent Advertising Value (EAV) to Rotorua.	EAV of \$2.0m realised. Audience reach to 1.0m people.	Achieved.
Facilitating and encouraging events to develop and expand in Rotorua as a means of expanding visitor arrivals to Rotorua.	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.	4,000 printed.	Achieved.
Communication of marketing activities to local industry to communicate/maximise marketing impact.	Conduct industry forums.	2 forums per year.	Achieved.
	Conduct, facilitate and engage discussion from industry representatives through the marketing portfolio groups on a regular basis.	4 meetings per year.	Achieved.

Economic Development

Overall aim of the activity

To enhance the economic wellbeing of Rotorua by working alongside the wider Rotorua business and government community with the aim of creating an environment that encourages and stimulates economic growth.

This year's highlights and achievements included

Rotorua 'BrightEconomy' Project:

- has been the major focus for Destination Rotorua Economic Development for the past year.
- The strategy is about an economic development framework aimed at creating a thriving, engaged and fulfilled community, enjoying the benefits flowing from a focus on sustainable on-going wealth creation.
- has excellent buy-in from a wide cross section of the Rotorua business community, with various sectoral, business networking and interest groups, Maori business, central government agencies and the Vision Rotorua group, playing an advisory role.
- The strategy is based around five themes:

Adding value to the Economy

Dynamic place

Business environment

Education & skills building networks & growing capacity

- The strategy will be driven by the 'BrightEconomy' Advisory Board to be established in 2005-06.
- The strategy was launched at the successful Rotorua Economic Forum 2005 which attracted 120 attendees, and produced some very good outcomes

Rotorua Employment Skills/ Knowledge Project:

- This project is a central, local government and private sector partnership based project developing employer led and driven strategies with the aim of ensuring "the right people are in the right place at the right time, with the right skills for Rotorua's employers".
- An Employment Skills Coordinator has been appointed to drive implementation of the strategy through the establishment of various sector based cluster groups which identify sector specific action plans and implement the resulting actions.
- There are now over 170 companies engaged in the program.

Rotorua CBD Retail Strategy:

- In partnership with Retail Rotorua, Event Venues, Destination Rotorua Tourism Marketing and City Focus, implementation is well underway in the marketing and promotions elements of the strategy.

Business in the Community Mentoring Scheme:

- Destination Rotorua Economic Development took over the delivery of the BITC contract in October 2004, which has resulted in the program exceeding its June 2005 targets with 86 clients and 19 mentors engaged in the

program along with an increase in client satisfaction levels.

Film Volcanic:

- Destination Rotorua Economic Development has led this Bay of Plenty wide initiative with the aim of promoting the Central North Island as a location for world class screen production.
- The initiative now has an established formal entity, and is well into business plan implementation.
- Film Volcanic was launched at a well attended grand film industry function in June 2005.
- As a result of this initiative activity in this sector has increased over the year with a number of big budget film inquiries being worked on as well as a number of TV commercials being shot in the region.

Marketing Strategy:

- The www.rotorua-business.com website has been upgraded and is now recording around 9000 unique visits per month, up from around 3000 last year.
- The "Why not live, work, invest and do business, where the rest of the world comes to play?" publication produced by Destination Rotorua Economic Development early in 2005 met with excellent public reaction resulting in over 3000 copies being utilised by the business community as a tool for attracting staff and investment.
- The monthly newsletter and economic monitor has been revamped and has resulted in circulation increasing from around 100 in 2003 to over 400 by June 2005.

Activity purpose – how and why we provide the service

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

The four main areas of operation for the unit are:

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

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

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 ended 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Operating Expenditure	667	640	423
Revenue	168	100	8
Net Costs	499	540	415

Capital Expenditure

For the year ending 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Renewals			
General	6	5	4
Total Capital	6	5	4

Where did funding come from

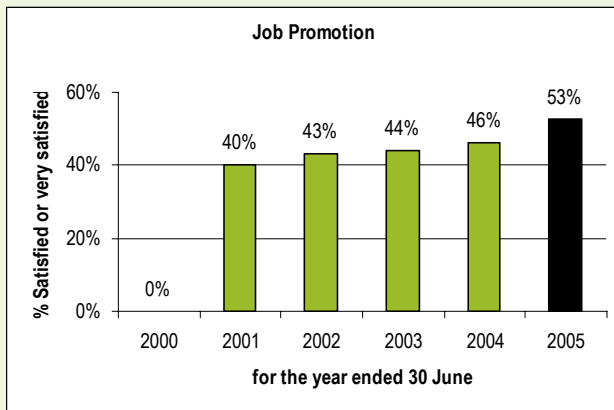
	2005 Actual	2005 Budget
Cost of Service		
Grants (where available)	25%	18%
General rates (residual)	75%	82%
Capital Expenditure		
Corporate funding	100%	100%

Performance for 2005

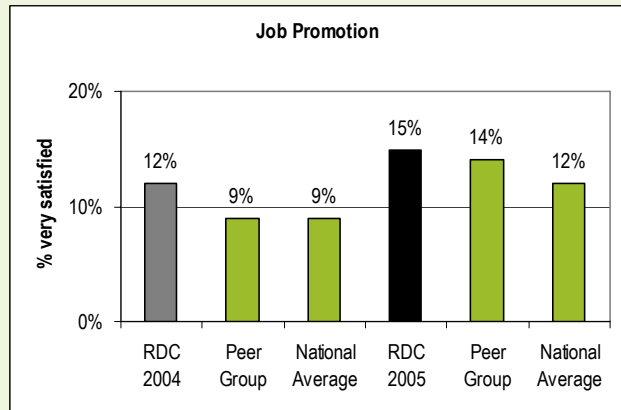
Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
Provision of relevant up to date economic and business development Information in a Rotorua context	Facilitate the development, production and dissemination of relevant information on: <ul style="list-style-type: none"> • Rotorua economy • National economy • Global economy • Economic sectors • Business development • Business news • Local support & business networks 	Monthly information reports produced, disseminated to the Rotorua Business Database, Council and other key stakeholders.	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 • Assistance with the RMA • Access to and the development of business support networks, locally, nationally and internationally. • Access to possible funding mechanisms and resources 	To 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, work and play in	Facilitate in 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 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 through the 'BrightEconomy' Project.
	Project manage the development of the Rotorua Economic Development Growth Strategy	Growth Strategy report completed with implementation plan by January 2004.	Achieved through the 'BrightEconomy' Strategy.
	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 development of industrial land projects within the Rotorua District	Achieved through the 'BrightEconomy' strategy development

NRB Community Survey

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



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



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

Tourism Rotorua Travel and Information

Overall aim of the activity

Your first contact for information and booking requirements on things you can see and do around Rotorua and the rest of New Zealand.

This year's highlights and achievements included

- 950,000 people visited the Tourism Centre.
- The Travel Office had commercial dealings with 265 individual suppliers in Rotorua.

Activity purpose – how and why we provide the service

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

The office is active in information provision and also offers a comprehensive domestic travel reservation service available to local residents and visitors. Commercial returns are earned through commissions on sightseeing and travel sales.

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

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 ended 30 June:	2005	2005	2004
(thousands)	Actual	Budget	Last Year
Operating Expenditure	1,477	1,255	1,143
Revenue	1,277	889	1,002
Net Costs	200	366	141

Capital Expenditure

For the year ending 30 June:	2005	2005	2004
(thousands)	Actual	Budget	Last Year
Growth			
Building Upgrade	118	-	
Renewals			
General	22	48	
Total Capital	140	48	7

Where did funding come from

	2005	2005
	Actual	Budget
Cost of Service		
Interest	3%	1%
Charges	83%	70%
General rates (residual)	14%	29%
Capital Expenditure		
Corporate funding	100%	100%

Performance for 2005

Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
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.

INFRASTRUCTURAL GROUP

Contribution to Outcomes

Page	Activities within this Group	Community Outcomes							
		A safe and caring community	A community that respects its environment	A healthy community	A prosperous community	A community with excellent facilities and services	A community that values its living Maori culture	A learning community	A "happening" community
111	Airport				✓	✓			
113	Engineering Support	✓	✓			✓			
115	Land Drainage	✓	✓						
117	Landfill	✓	✓	✓	✓	✓			
118	Refuse Collection	✓	✓	✓					
120	Roading	✓	✓			✓		✓	✓
124	Road Safety	✓		✓					
126	Rural Fire	✓							
127	State Highway Administration	✓				✓			
128	Waste Management		✓						
131	Wastewater	✓	✓		✓	✓			
135	Water	✓	✓	✓		✓			

Overview of Group

Activities included in this group provide many of the traditional key services associated with councils such as water, sewerage, roads and refuse collection. In this area Council owns and manages many large and complex assets on behalf of the community.

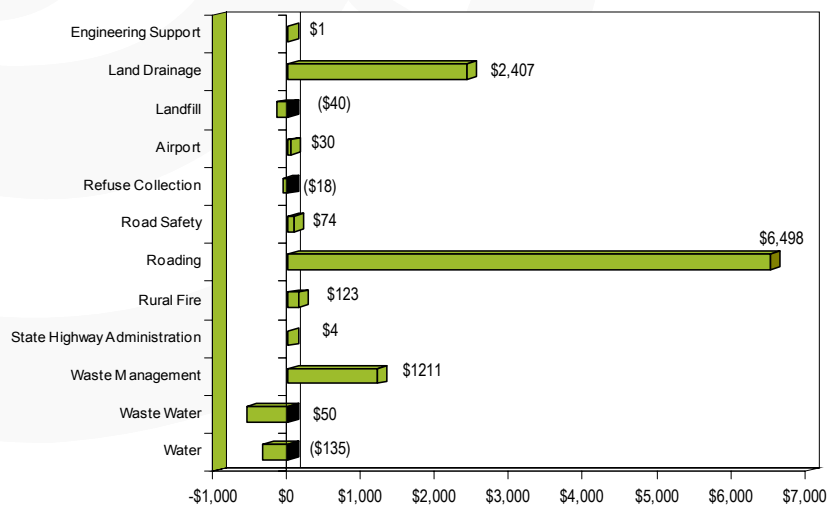
Significant Negative Effects:

Land Drainage

Negative environmental effects generated from this activity include stormwater reticulation impacting on the quality of the lakes.

How the Money is Used

INFRASTRUCTURAL Net Cost of Service (thousands)



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 the social and economic benefits to the community shareholder.

This Year's Highlights and Achievements Included

- Airport assets transferred to Rotorua District Council

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. Council is therefore 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 ended 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Operating Expenditure	30	836	0
Revenue	0	922	0
Net Costs	30	(86)	0

Capital Expenditure

For the year ending 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
New For Improved Service			
Airport	19,630	21,663	-
Total Capital	19,630	21,663	0

Where did funding come from

	2005 Actual	2005 Budget
Cost of Service		
RRAL Licence and lease	N/A	90%
General rates (residual)	N/A	10%
Charges (over time)	100%	-
Capital Expenditure		
Operating surplus (over time)	100%	-
Corporate funding	-	100%

Variance from Ten Year Plan

COST OF SERVICE: Lower than budget by \$116,000. The transfer of infrastructural airport assets from Rotorua Regional Airport to Rotorua District Council was budgeted to take place at the beginning of the financial year. Government approval took longer than expected resulting in the transfer taking place on the last day of the financial year. As ownership did not transfer until the end of the year the revenue and expenditure has been incorporated in the Rotorua Regional Airport Ltd accounts rather than the Rotorua District Council airport activity.

CAPITAL EXPENDITURE: Lower than budget by \$2,033,000. This, plus an additional \$1,974,000, is required to complete the stage I upgrade in 2006.

FUNDING SOURCES: The reason for the change in funding is that the airport actively changed to a self-funding account subsequent to the Ten Year Plan

Performance for 2005

Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
Asset ownership	Establishment of Working Group and transfer of assets from RRAL to Council.	Transfer completed by 01.10.04.	Completed by 01.07.05.
Asset management	Prepare and maintain an Asset Management Plan.	Updated or renewed at 30.06.05	Achieved – updated by 30.06.05.
	Annual maintenance undertaken.	In accordance with Asset Management Plan	Ongoing.
Capital improvements	The capital expenditure completed in line with programme.	Terminal, aprons, security, carparking, roading	Ongoing.
Airport designation	Necessary designation and changes to District Plan to provide for runway extension.		N/A
Business relationship with RRAL	Establish and maintain licences and leases with RRAL in order to operate a successful business.	Licences and leases agreed with RRAL by 01.10.04 and reviewed 30.06.05	Achieved by 30.06.05.
	Indemnities and insurance.	By 01.10.04 and reviewed 30.06.05	Achieved.
	CCA audit undertaken.	Successfully completed each year	Achieved.
	RRAL Draft SOI received by due date.	Before 01.03.05	Achieved.
	Council responses to Draft SOI.	Before 01.04.05	Achieved.
	Adopted SOI received by due date.	Before 30.05.05	Achieved.

Engineering Support

Overall aim of the activity

To provide support both to 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 in 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)
 - 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

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 ended 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Operating Expenditure	204	83	84
Revenue	204	83	84
Net Costs	0-	0	0

Capital Expenditure

For the year ending 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Renewals			
General	70	138	
Total Capital	70	138	53

Performance for 2005

Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
Strategic Policy	<p>Policy documents produced to agreed format and content:</p> <ul style="list-style-type: none"> – 2004 : Policy on Risk implemented in accordance with agreed programme. – 2004 : Bylaws updated for utilities. 	100% compliance	Achieved.
Monitoring relevant policy from local or central government	<p>Significant policy is noted and a submission document is sent. No relevant submissions are missed.</p> <ul style="list-style-type: none"> – EBOP Water and Land Management Plan. – EBOP Regional Land Transport Strategy 	100% compliance	Achieved.
Asset Management Plans	<p>Asset Management Plans are updated or reviewed annually to ensure quality.</p> <ul style="list-style-type: none"> – Overview Parks and Reserves – Overview buildings (Museum, Library) – Overview miscellaneous – Stormwater – Wastewater – Water Supply – Roading 	All updated or reviewed at 30.06.05.	Achieved – all reviewed at 30.06.05.
Emergency Plans	Engineering Emergency Plans are updated or reviewed by 30 June each year.	30.06.05.	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.
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 – 99%
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.
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, the district's lakes, and the district's rivers.

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 ended 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Operating Expenditure	2,496	2,655	2,524
Revenue	89	105	86
Net Costs	2,407	2,550	2,438

Capital Expenditure

For the year ending 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Renewals			
Stormwater - Renewals	549	604	
New For Improved Service			
Stormwater - Upgrades	454	550	
Total Capital	1,003	1,154	450

Where did funding come from

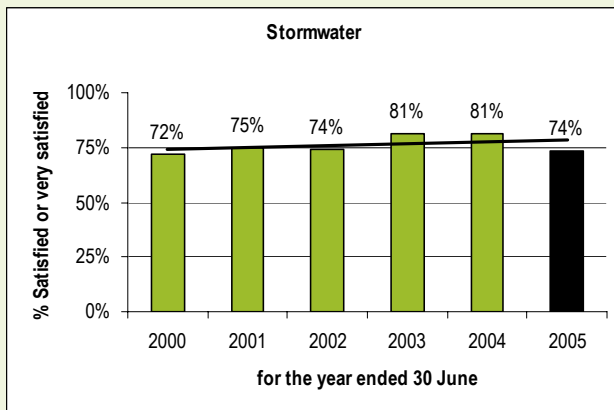
	2005 Actual	2005 Budget
Cost of Service		
Financial contributions	4%	4%
General rates (residual)	96%	96%
Capital Expenditure		
Corporate funding	100%	100%

Performance for 2005

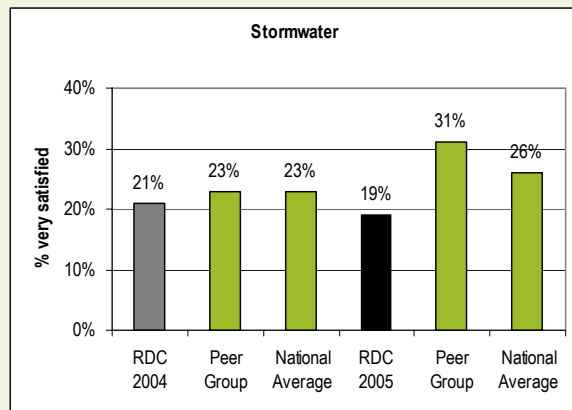
Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
Maintaining existing drainage systems.	Manage the land drainage activity within operating budget.	Within budget.	Achieved.
	Respond to blockages within 24 hours of notification.	95%	Achieved – 100%.
Upgrading of the urban drainage system.	Complete upgrading in compliance with Building Act and council policy requirements.	Pohutukawa Drive	Investigation/design complete.
Renewing of the urban drainage system.	Replace components of the drainage system to ensure the design function is maintained.	Ariariterangi St Area	Delayed until coordination with other services.

NRB Community Survey

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



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



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

Landfill

Overall aim of the activity

Providing a proper disposal of wastes in a modern, well engineered and controlled landfill.

This year's highlights and achievements included

- Completion of Stage III of current cell expansion

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 area, and operated and constructed to national standards which results in no discharge to the environment.

A prosperous community

- By being operated on a contract basis.

A community that respects its environment

- By the proper management of the site.
- By taking a precautionary approach to ensure minimum environmental harm.

A community with excellent facilities and services

- By providing clean efficient transfer stations for rural communities.

A healthy community

- By minimising risks to human health and safety from wastes.

Cost of Service

For the year ended 30 June:	2005	2005	2004
(thousands)	Actual	Budget	Last Year
Operating Expenditure	1,397	910	1,577
Revenue	1,555	1,700	1,617
Net Costs	(158)	(790)	(40)

Capital Expenditure

For the year ending 30 June:	2005	2005	2004
(thousands)	Actual	Budget	Last Year
Renewals			
Landfill Development	49	60	
Total Capital	49	60	483

Where did funding come from

	2005	2005
	Actual	Budget
Cost of Service		
Charges (over time)	100%	100%
Capital Expenditure		
Corporate funding (over time)	100%	100%

Variance from Ten Year Plan

COST OF SERVICE: Decrease of \$632,000. Main reason is depreciation increase on budget of \$383,000 which brings depreciation more into line with the year before. Increase in green waste processing costs of \$153,000, which helps provide more space for the future. Also \$94,000 less revenue earned from both internal/external resources

Performance for 2005

Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
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%.
	Ensure the landfill management contractor achieves his performance targets for compaction (based on annual average).	1.3 t/m ³	Achieved.
	Ensure compliance with all consent conditions.	100% compliance	Achieved 100%.

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 provide 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 ended 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Operating Expenditure	1,547	1,546	1,586
Revenue	1,617	1,561	1,604
Net Costs	(70)	(15)	(18)

Where did funding come from

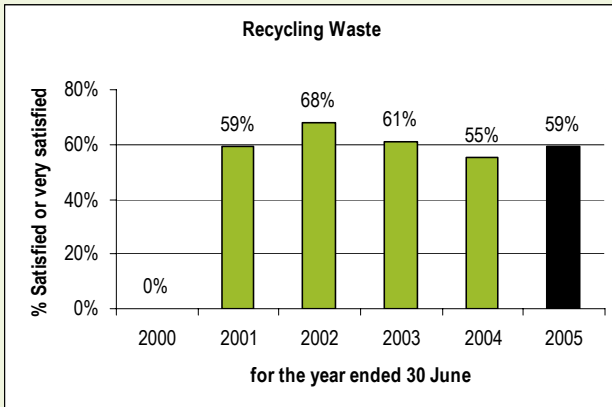
	2005 Actual	2005 Budget
Cost of Service		
Charges	15%	13%
Targeted UAC (over time)	85%	87%
General rates (residual)	0%	0%
Capital Expenditure		
Corporate funding (over time)	100%	100%

Performance for 2005

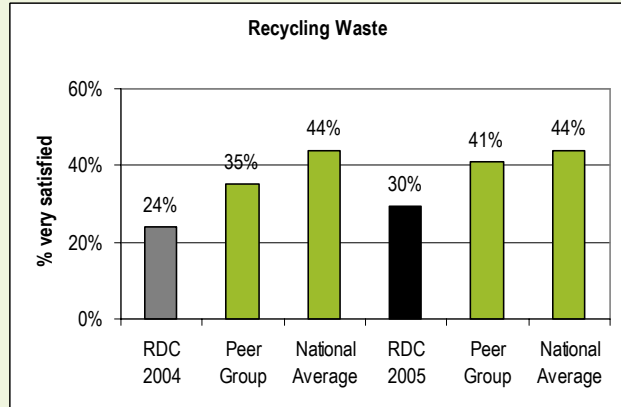
Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
Provision of a refuse collection service.	Collect refuse from specified area on each day by 4.30pm.	99% compliance	Achieved 100%
	Ensure any non-delivery of bags is resolved in the urban area.	3 days	Not achieved – of 363 requests, all but one met deadline.
	Ensure any non-delivery of bags is resolved in the rural areas.	5 days	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 satisfied and very satisfied with this service over the last 6 years.



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

Roading

Overall aim of the activity

To plan, develop and maintain an integrated, safe, responsive and sustainable land transport network for the movement of vehicles, goods and people throughout the district.

This year's highlights and achievements included

- Restoration of July 2004 flood damage.
- Tryon Street upgrade
- Eurera Street upgrade

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, wastewater 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 improvement works, such as extension of seal in the rural area and the provision of kerbing, channelling and footpath construction in urban and rural areas.

The roading activity will not be inconsistent with the Regional Land Transport Strategy in order to achieve an integrated regional transport network across all modes.

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

For the year ended 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Operating Expenditure	11,130	11,306	11,280
Revenue	4,632	4,381	4,608
Net Costs	6,498	6,925	6,672

Capital Expenditure

For the year ending 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Renewals			
Minor Safety Projects - Subsidised	584	547	
Rehabilitation Renewals- Subsidised	958	790	
Road Reseals - Subsidised	1,824	1,781	
Urban Street Light Renewals - Subsidised	146	150	
General	577	573	
New For Improved Service			
Bus Shelters	-	52	
Urban Undergrounding	36	180	
Urban Street Improvements	557	483	
Great West Road	68	65	
Tryon Street Area Upgrade	612	200	
Rural Street Improvements	477	352	
Rural Seal Extension	861	840	
Seal Widening	218	300	
Minor Safety Improvements	31	31	
Maori Road and unformed road lines	157	-	
Land Acquisition	55	48	
Road Reconstructions	40	70	
Total Capital	7,201	6,462	6,751

Where did funding come from

Subsidised Roothing	2005 Actual	2005 Budget
Cost of Service		
Subsidies	45%	44%
General rates (residual)	55%	56%
Capital Expenditure		
Subsidies	55%	49%
Corporate funding	45%	51%
Works General & Unsubsidised Roothing		
	2005 Actual	2005 Budget
Cost of Service		
Recoverable	1%	0%
Petrol tax	11%	10%
General rates (residual) net of subsidies	88%	90%
Capital Expenditure		
Corporate funding	100%	100%

Variance from Ten Year Plan

CAPITAL EXPENDITURE: \$739,000 more than budget. \$412,000 of the capital expenditure increase is due to Tyron Street upgrade being of a larger scope than originally estimated. \$168,000 due to rehabilitation renewals being more expensive than last year's prices.

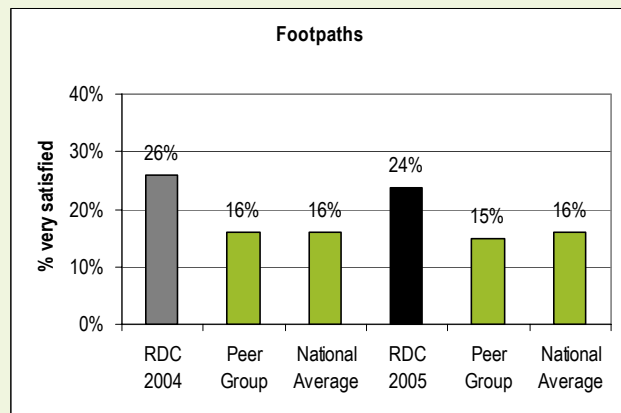
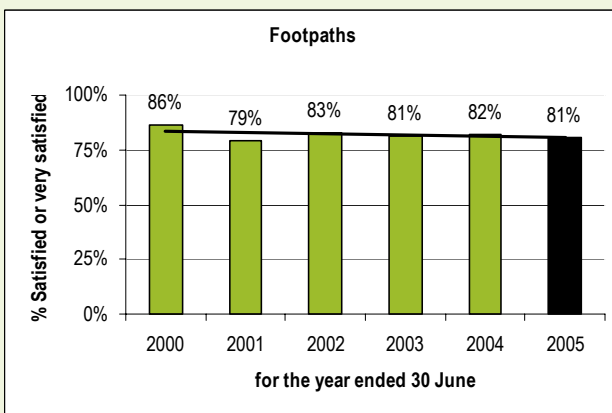
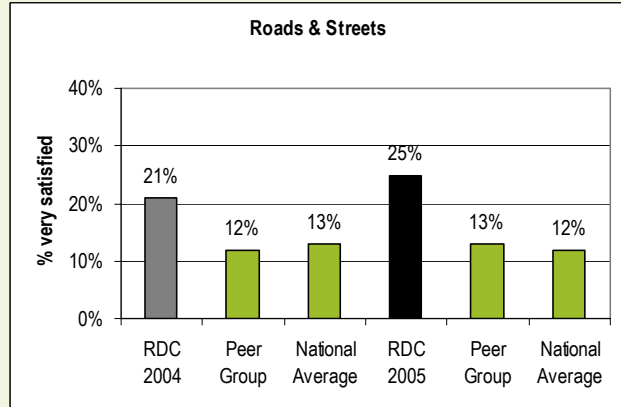
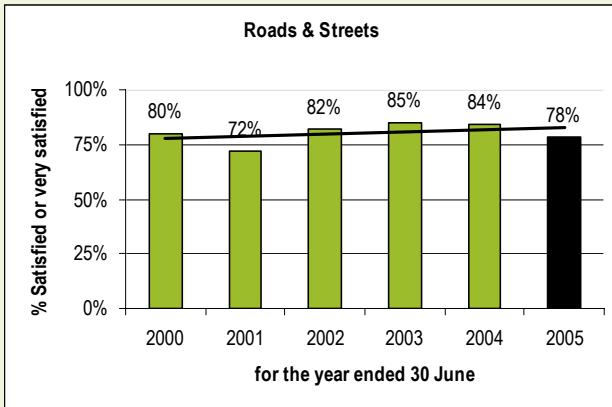
Performance for 2005

Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
Enhancement and expansion of the roading and footpath network.	Complete the rural seal extension programme within Council's policy and budget.	7km	Complete – 6.9km.
		Mauku 0.5	
		Dudley 0-2 2.0	
		Bryce 1.3-4.3 3.0	
		Alamein 1.4	
		6.9	
	Carry out a programme of urban street improvements.	Caledonia St Frank St Neil Rd Block 19	Complete.
	Provide footpaths to all urban streets.	Seddon Street	Complete.
Carry out upgrades of rural communities.		Tarawera Stage 3	Resource consent confirmed.
		Mamaku	Complete.
Complete Maori roadlines programme and Marae entranceways programme.		Matahaera Road.	Complete.
		Marae entranceways within budget.	Achieved.
Carry out upgrades for urban areas.		Tryon St Stage 2	Complete.
Carry out the programme of rural road widening.		Kaharoa Rd.	Complete.

Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
Maintenance of the roading asset to acceptable standards.	Undertake general maintenance, reseals and shape correction in urban and rural areas in accordance with Transfund and Council maintenance standards.	81.6km of resealing and second coat seals 4.3km of sealed pavement rehabilitation	Not achieved – 70.5 km. Not achieved – 3.51 km.
	Undertake a specified inspection programme.	100%	Achieved – 100%.
	Maintain all bridges to Transfund standards.	100%	Achieved – 100%.
Capital improvement programme for the roading asset.	Minor safety improvements in accordance with Transfund and council policy.	Hodgkins St Traffic Control	Taken out by Council resolution and replaced with Sunset Road.
		Lytton/ Robertson Intersection	Complete.
		Rerewhakaaitu Rd Sight Distance	Complete.
		Dansey Rd Curve Realignment 6.1km to 6.4km	Complete.
		Fenton/ Amohau St Right Turn Bay	Complete.
		Dansey Rd Sight Benching 8.2km to 8.5km, and 9.2km	Complete.
		Dansey Rd Vertical Curve 9.0km	Complete.
		Oturoa Rd Sight Distance	Complete.
		Sunset/ Edmund Road Intersection	Complete.
		Within budget.	Not achieved.
Manage the contract for the provision of passenger transport services in Rotorua.	Subject to 40% TNZ funding, to maintain existing passenger transport shelters for the Rotorua District.	100% provision as appropriate	Achieved – 100%.
	Subject to 40% TNZ 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 satisfied and very satisfied with these services over the last 6 years. There is a trend line which helps show the general direction of service satisfaction over time.

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

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

- Review of Cycleway Policy in draft.
- Safer Routes – 5 trial sites were set-up throughout the country, including Rotorua. Rotorua is the only site which has progressed the project to physical works.
- The 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 Cars.

Council is currently reviewing its cycleway policy in this activity area. This will be completed in 2004/05 to set the framework for future cycling needs and give direction to encourage greater use and provide integration with other transport modes.

Council has a draft District Road Safety Strategy. This outlines the key issues in terms of road safety in the district, who will be involved, and how. This involves community groups, government agencies and regional authorities.

Each year specific land transport safety resources in the District will be agreed between the NZ Police, Land Transport Safety Authority (LTSA) and Council, for delivery at the local level.

These resources are identified in the following outputs:

NZ Police

For all roads in the district, both highway and local roads:

- Speed control
- Drinking or drugged driver control
- Restraint device control
- Visible road safety enforcement

Network-wide road policing:

- Commercial vehicle investigation and road user charges
- Crash attendance and investigation
- Traffic management

General road policing support:

- Police community services
- School road safety education
- Resolutions

LTSA

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

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

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 ended 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Operating Expenditure	174	167	186
Revenue	100	100	125
Net Costs	74	67	61

Where did funding come from

	2005 Actual	2005 Budget
Cost of Service		
Revenue (LTSA)	57%	47%
General rates (residual)	43%	53%
Capital Expenditure		
Corporate funding	100%	100%

Performance for 2005

Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
Preparation, management and delivery of an annual Road Safety Programme for Rotorua.	Liaise and negotiate annually with LTSA and Police for land transport safety resources.	100% compliance.	Complete
Contribution to Regional Road Safety issues.	Attend Regional Road Safety group meetings and deliver regional projects.	100% compliance.	Complete
Facilitation of community road safety initiatives and development.	Respond in a timely manner with advice, support or resources to all contacts.	100% compliance.	Complete
Ensuring road safety programmes meet with District Road Safety Strategy.	Report to Works Committee and Drivewise on a regular meeting basis.	100% compliance.	Complete
To equal or better crash rates of other similar districts.	Number of crashes per 100M Vehicle Kilometres Travelled in LTSA Annual Road Safety Report.	Within 15% or below peer group average 100% compliance	RDC is at peer group average 100% Compliance



Rural Fire

Overall aim of the activity

Working in partnership with the rural communities to provide protection for people, property and the environment from the hazards of fire and other emergencies.

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 ended 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Operating Expenditure	163	121	142
Revenue	27	6	19
Net Costs	136	115	123

Capital Expenditure

For the year ending 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
New For Improved Service			
Okareka Fire Truck	4	21	
Total Capital	4	21	38

Where did funding come from

	2005 Actual	2005 Budget
Cost of Service		
Fees & charges	17%	4%
General rates (residual)	83%	96%
Capital Expenditure		
Corporate funding	100%	100%

Performance for 2005

Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
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 2005.	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

State Highway Administration

Overall aim of the activity

To plan, develop and maintain the district state highway network, 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

- SH5 Gasline Curves Realignment Project – (\$3M) investigation and design complete
- Old Taupo Road 4-laning complete
- Tauranga Direct Road Corridor Development Strategy is out for consultation. This road has also been transferred to Transit NZ (SH36), during 04/05

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 integration, development and promotion of Rotorua projects and maintenance needs locally on both highway and local road networks. 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 ended 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Operating Expenditure	119	100	129
Revenue	115	98	110
Net Costs	4	2	19

Where did funding come from

	2005 Actual	2005 Budget
Cost of Service		
Fees & charges	97%	98%
General rates (residual)	3%	2%
Capital Expenditure		
Corporate funding	100%	100%

Performance for 2005

Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
Undertake and oversee network maintenance on delegated highways within the district.	Meet Transit NZ/Transfund standards criteria and guidelines for SH5, 30, 30A, 33, 38.	100% compliance	Complete
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 Land Transport Programme budgets and Council policy subject to TNZ Board approval.	National Land Transport Programme complete.	Complete
	Report to Works Committee	100% compliance.	Complete
Monitoring and evaluation of all consultants and maintenance contractors engaged on the network via performance monitoring systems.	Meet requirements of Transit, Transfund and Council policy including contractual obligations.	100% compliance.	Complete

Waste Management

Overall aim of the activity

To provide a litter free environment within the District.

This year's highlights and achievements included

- Expansion of in-town recycling centre
- Continued growth in recycling operation

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 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 ended 30 June:	2005	2005	2004
(thousands)	Actual	Budget	Last Year
Operating Expenditure	1,256	1,306	1,268
Revenue	51	60	57
Net Costs	1,205	1,246	1,211

Capital Expenditure

For the year ending 30 June:	2005	2005	2004
(thousands)	Actual	Budget	Last Year
Rural Transfer Station	5	240	-
Total Capital	5	240	0

Where did funding come from

	2005	2005
	Actual	Budget
Cost of Service		
Recovery)	4%	5%
General rates (residual)	96%	95%
Capital Expenditure		
Corporate funding	100%	100%

Variance from Ten Year Plan

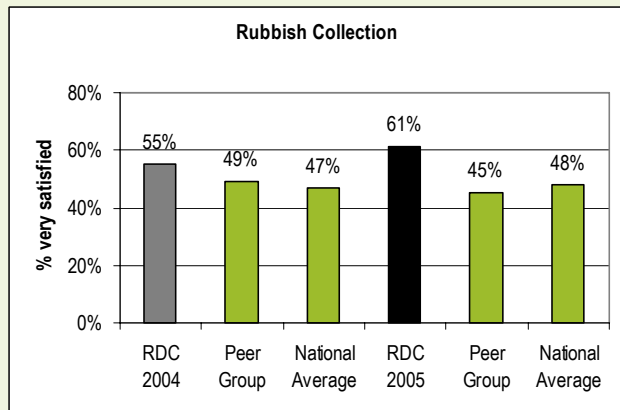
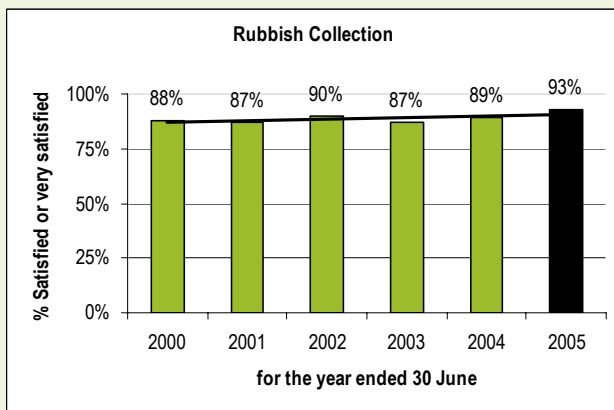
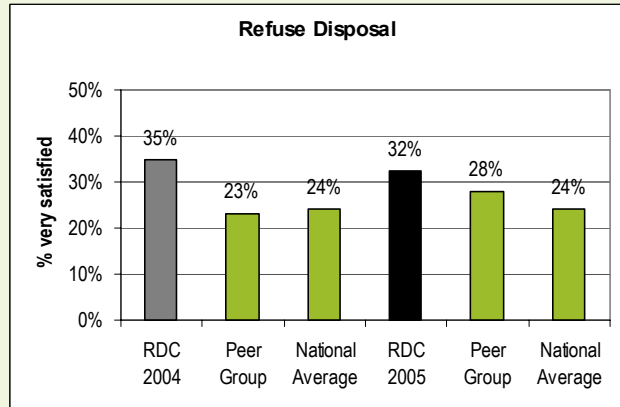
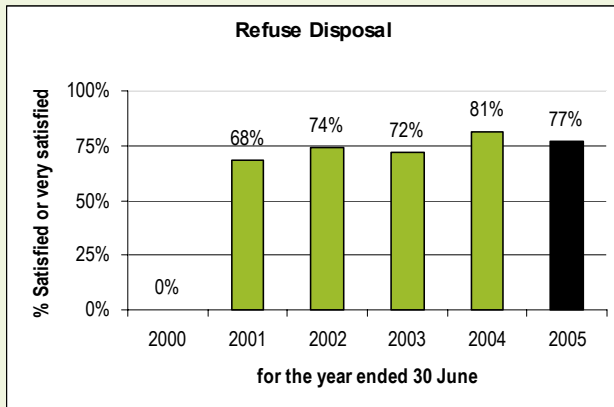
CAPITAL EXPENDITURE: The reduction in capital expenditure is due to the deferral of the transfer station project Rotoma/Rotoiti.

Performance for 2005

Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
Management of solid wastes within the district.	Service all urban litter bins daily.	100% compliance	Achieved 100%.
	Service all litter bins within rural areas at least twice weekly and every day from mid-December to mid-February.	100% compliance	Achieved 100%.
	Respond to all litter complaints within two hours of receipt in the Rotorua Basin and four hours outside of this area.	99% compliance	97% - Most response times fail by less than 1 hour.
	Meet national waste targets as per the Ministry for the Environment's Waste Strategy.	As applicable per NZ Waste Strategy.	100% compliant.
Management of hazardous waste.	Provide storage facilities and dispose of hazardous wastes, with no preventable incident.	100% compliance	Achieved 100%.
Management of inner city and landfill recycling facilities.	Operate inner city and landfill recycling facilities to achieve target volumes.	1,500 tonnes p.a.	Achieved – 2,945.985 tonnes.

NRB Community Survey

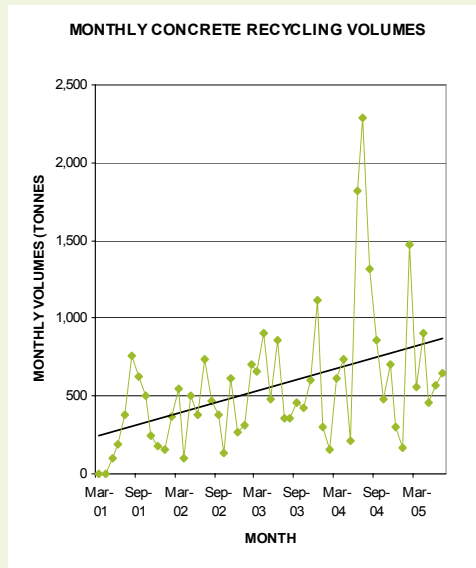
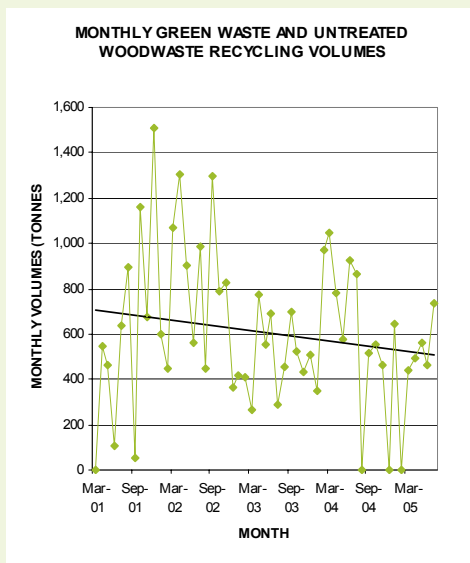
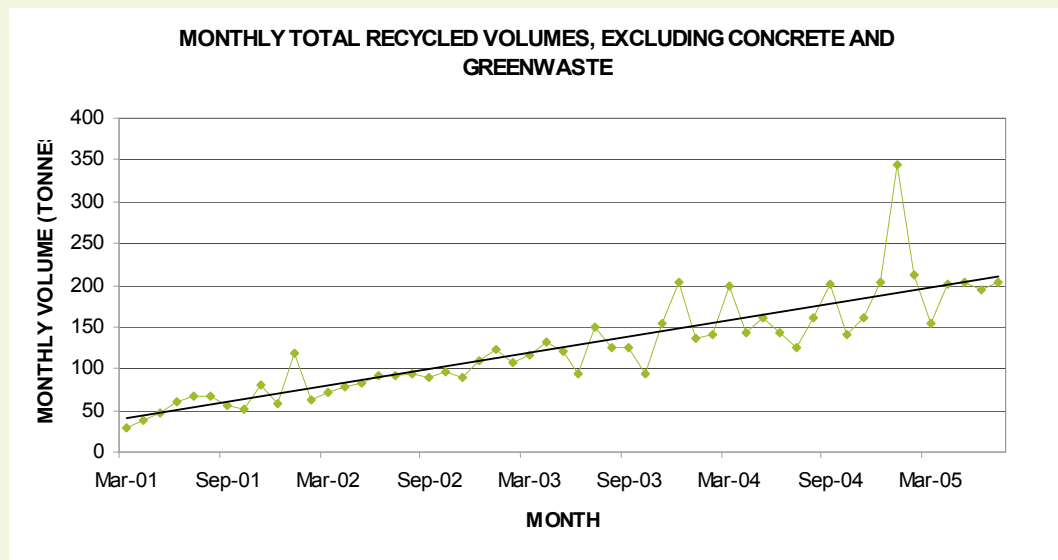
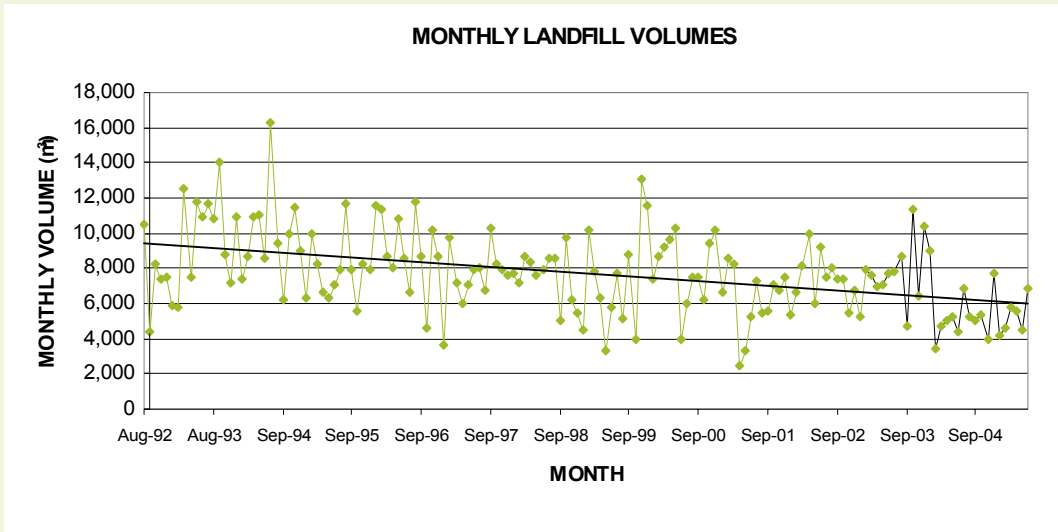
The four graphs below have been prepared from the annual Communitrack Survey conducted by National Research Bureau Ltd (NRB) Public Perception and Interpretations of Council Services and Representation Report.



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

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

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

- **New Laboratory** – This was opened in August 2004. It has been a significant improvement on the old laboratory, notably in the areas of workspace, workflow and accessing vehicle (for fieldwork).
- **Lakes Project** – The laboratory has had involvement in this over the last year. Notable projects have been:
 - Sampling and testing Geothermal water from Hells Gate to assess Nitrogen and Phosphorus mass to Lake Rotorua which feeds into Lake Rotoiti.
 - Zeolite trial to examine its capability to remove ammonia from the geothermal water generated by Hells Gate.
 - Onsite effluent treatment trial based at the Wastewater Treatment Plant. These are stand alone effluent treatment plants designed by commercial company's to service individual households. This is to verify their effectiveness and will be certified by Environment Bay of Plenty. The laboratory is performing the testing for this trial.
- **IANZ (International Accreditation NZ)** – The laboratory maintained its accreditation for chemical, microbiological and drinking water. The routine assessment was carried out December 2004.
- Completed Treatment Plant Bardenpho upgrade
- Commenced construction of Mourea/Okawa Bay sewerage scheme and the Eastern pipeline project.

Activity purpose – how and why we provide the service

The services under the Wastewater 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 wastewater 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 Waste Water Treatment Plant.

The laboratory provides services to other areas of Council's operation including Parks and Reserves, the Aquatic Centre, Water Supply and Trade Wastes.

The laboratory also provides a cost recovery service to outside customers and a scientific advisory service to all clients.

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 ended 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Operating Expenditure	8,172	8,454	7,617
Revenue	8,725	11,525	7,566
Net Costs	(553)	(3,071)	51

Capital Expenditure

For the year ending 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Renewals			
Land Treatment Renewals	129	253	
Pump Station Renewals	170	555	
Sewer Renewals	125	807	
Treatment Plant Renewals	804	1,033	
General	29	38	
New For Growth			
Wastewater Treatment Plant Upgrade	313	416	
New For Lakes Water Quality			
Eastern Trunk line	48	3,988	
Share Waster Treatment Plant Upgrade	1,528	1,415	
Brunswick/Rotokawa Sewerage	31	360	
Okawa Bay Sewerage	5	603	
Mourea Wastewater Okere/Otaramarae Sewerage	2,656	649	
Gisborne Pt (Hinehopu) Sewerage	17	-	
Okareka Sewerage	-	19	
hare of Overheads on Sewerage schemes	40	631	
169	169		
New For Improved Service			
Reticulation Extension (Rotorua Basin Wastewater)	52	137	
Total Capital	6,116	11,073	2,662

Where did funding come from

Wastewater Urban Basin	2005 Actual	2005 Budget
Trade waste charges	100%	100%
Cost of Service - treatment plant and network loan servicing charges		
Fees & charges	4%	4%
Targeted rate based on closets	96%	96%
Capital Expenditure		
Targeted rate based on closets (over time)	100%	100%

Wastewater Eastern & Lakeside

	2005 Actual	2005 Budget
Investigations		
General rates	100%	100%
Cost of Service		
Targeted rate based on closets (over time)	100%	100%
Capital Expenditure		
Lump sum or uniform annual charge		

Variance from Ten Year Plan

COST OF SERVICE: Revenue is less than budget by \$2,800,000. The majority of this is due to less grants received as the capital projects have been delayed until next year.

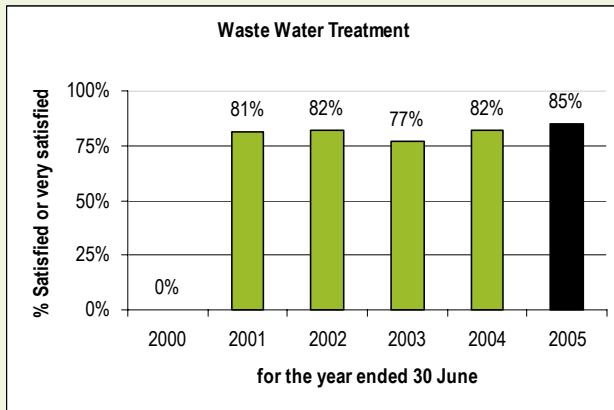
CAPITAL EXPENDITURE: Lower than budget by \$4,957,000. Mainly due to water quality projects (\$3,649,000) now being completed next year and the balance due to a number of wastewater projects also deferred until next year.

Performance for 2005

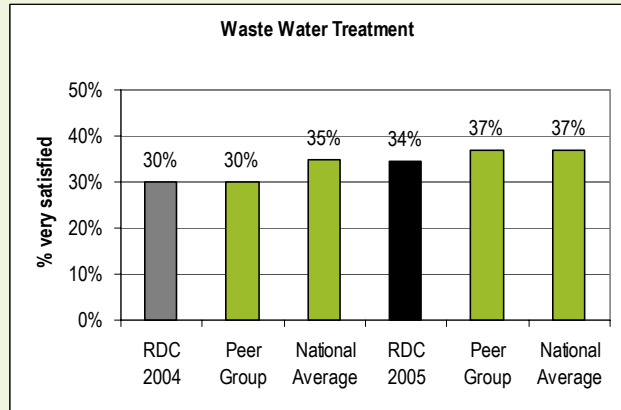
Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
Maintenance of the continuous operation of the wastewater reticulation system at present and into the future.	Process applications for new connections within 5 working days and notify applicants.	98% processed within 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.
Ensuring the 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%. Rating maintained or exceeded.	Achieved. Very good results as commented on by IANZ.
	Maintain IANZ registration.	Registration maintained.	Achieved.
Undertaking analysis of samples in the laboratory.	Samples analysed and reported within the time period specified by the clients.	95% compliance.	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 satisfied and very satisfied with this service over the last 6 years



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

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

- Assessment of water and sanitary services completed and adopted
- Water services bylaw adopted
- Ngongotaha/Central link pipeline completed
- Reporoa/Mihi upgrade work completed

Activity purpose – how and why we provide the service

The Water Activity services are provided because the community expects Council to make provision for a safe supply of water to communities for drinking and, where appropriate, firefighting, 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 ended 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Operating Expenditure	4,520	4,743	4,277
Revenue	4,857	4,596	4,412
Net Costs	(337)	147	(135)

Capital Expenditure

For the year ending 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Renewals			
Urban - Renewal Works	705	889	
General	70	295	
New For Growth & improved services			
Urban - Reticulation Upgrade	437	1,226	
Reporoa-Capital Improvements	177	178	
Total Capital	1,389	2,591	4,323

Where did funding come from

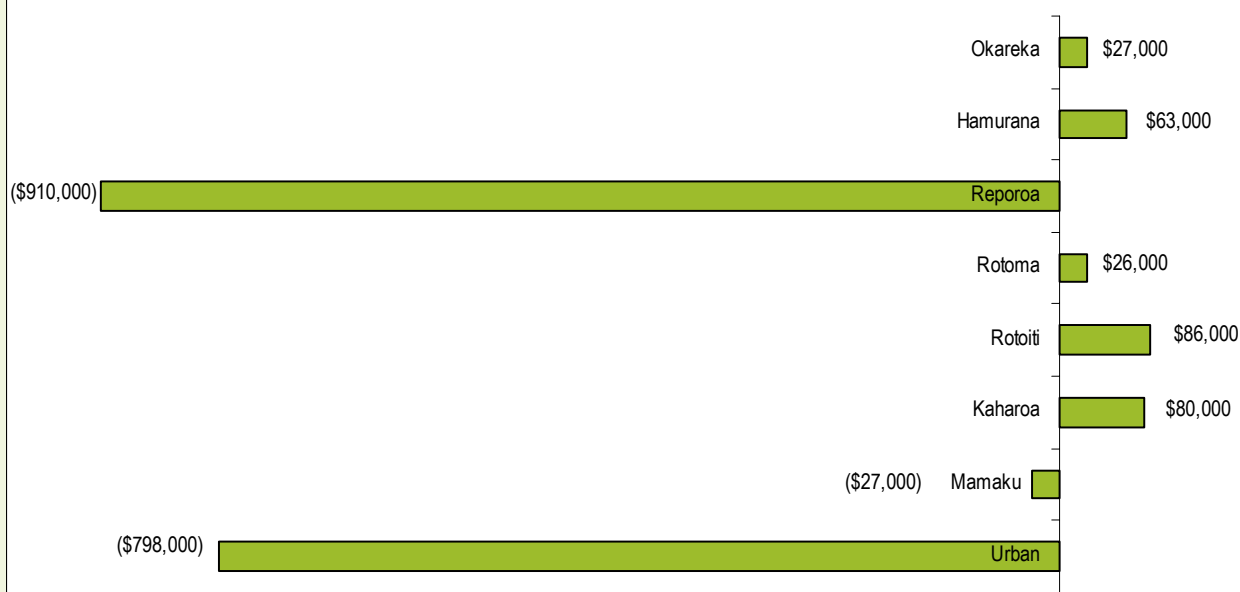
Urban - Operating	2005 Actual	2005 Budget
Targeted rates/water by meter		
Fees & charges	1%	1%
Targeted rates	99%	99%
Rural Residential Capital		
	2005 Actual	2005 Budget
Capital Expenditure		
Capital contributions (per property)	N/A	\$2,500
General rates (residual)	100%	100%
Rural Residential operating		
	2005 Actual	2005 Budget
Cost of Service		
Targeted rates	100%	100%
Rural Farming Capital		
	2005 Actual	2005 Budget
Capital Expenditure		
Targeted rates	100%	100%
Rural Farming Operating		
	2005 Actual	2005 Budget
Cost of Service		
Metered & charged by quantity consumed, with a minimum charge.		

Variance from Ten Year Plan

CAPITAL EXPENDITURE: down by \$1,202,000 mainly due to a number of projects now to be completed in 2006

WATER

Self-Funding Account Balances As at 30 June 2005



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

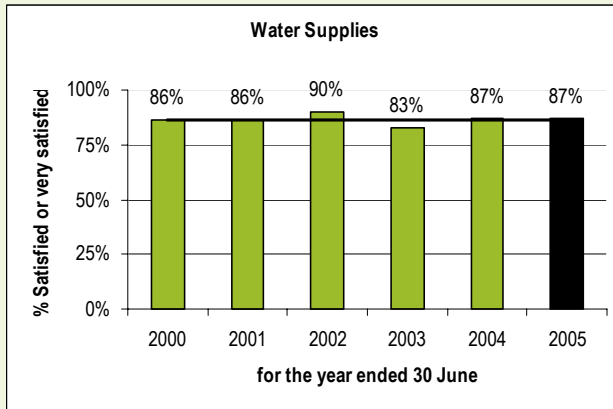
Performance for 2005

Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
Ensuring that all supplies have sufficient water at the source, and within the system to provide appropriate levels of service to the 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 – 99.4%
	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 – 96.7%
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.	Not achieved – minor contamination event recorded at Mihi Spring.
	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.

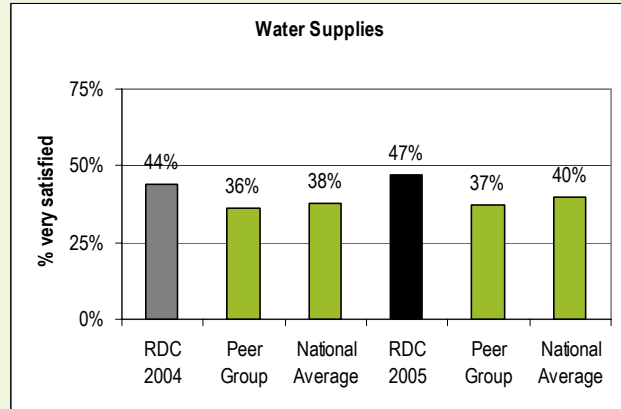
Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
	Time taken for applications for new water connections to be processed, and the result sent to the applicant.	95% processed within 5 working days	Achieved – 96.5%

NRB Community Survey

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



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

Contribution to Outcomes

	A safe and caring community	A community that respects its environment	A healthy community	A prosperous community	A community with excellent facilities and services	A community that values its living Maori culture	A learning community	A "happening" community
Business Unit Castlecorp	✓	✓			✓			✓

Overview of Group

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

- water
- wastewater
- refuse
- land drainage
- parks 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

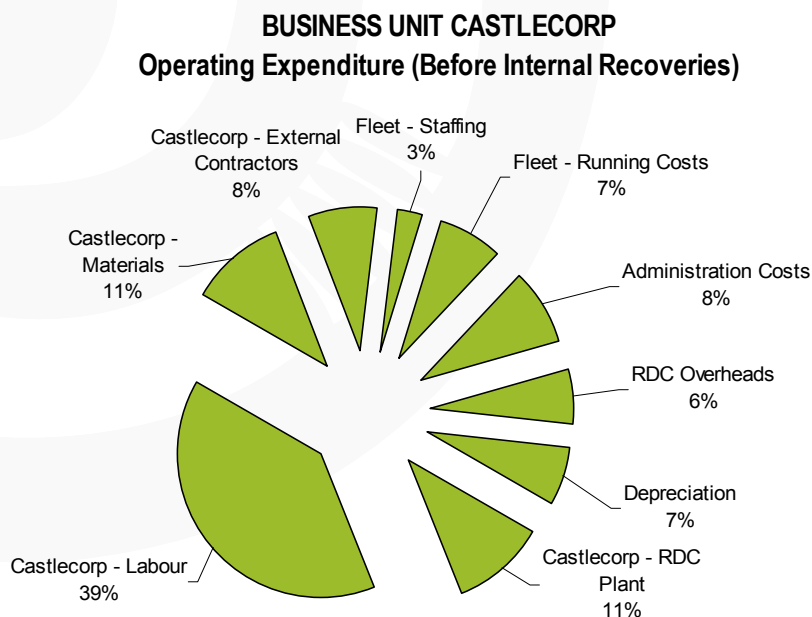
Council representing 25% of the RDC workforce and 20% of the annual expenditure.

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.

The logo features:

- a stylised mirror of a letter "R".
- cogs of a wheel in motion, representing the work ethic.
- fronds of a ponga, representing the environmental aspects of our role.
- turrets of a castle, linking the "keep" and "Castle" theme

How the Money is Used



Business Unit Castlecorp

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

- A particularly favourable external audit by Telarc has recommended continuation of our registration of the ISO 9001: 2000 standards, with only three compliance conditions requiring action, and an overall excellent audit report noting that there were "no particular areas of concern", and "the management system was found to be working effectively" and "compared with the last assessment the company has made a number of improvements to the system based around staff participation and empowerment".
- Capitalising on our branding using our new image, we have taken unique opportunities to reinforce to the public our place within the Rotorua District Council structure, and the community by placing a successful entrant into the wearable arts competition as well as gaining second prize in the Christmas Parade.
- Following a resignation within our administration section, roles were clarified and responsibilities redistributed to maximise efficiencies, and enable the employment of a Business Analyst who will bring higher specialised financial advice to the Castlecorp administration team.
- We have continued to tailor our services to more closely reflect customer needs by establishing a water services quick response unit. This new initiative is a smarter way of working by designing a specialist quick response vehicle with one staff member to attend to smaller issues, leaving larger multifunctional water trucks to attend to larger problems and more complicated works.

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
- 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 ended 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Operating Expenditure	234	188	213
Revenue	190	188	254
Net Costs	44	-	(41)

Capital Expenditure

For the year ending 30 June: (thousands)	2005 Actual	2005 Budget	2004 Last Year
Renewals			
Fleet & Plant Purchases	829	899	
General	31	36	
Total Capital	860	935	531

Performance for 2004

Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
Provision of efficient and quality services to RDC in accordance with sound commercial standards and principles.	Meet the standards of service contracted as per contract.	Contract standards 100% met. No demerit points incurred by year end.	Achieved. No demerit points.
	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.

Key Result Areas	Performance Measures	Performance Target 2005	Achievement as at 30.6.05
	Operate within budget (plus 2% or minus 1% of turnover).	Within budget plus 2% or minus 1% of turnover.	Achieved – 0.1% loss recorded.
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 – 82 accidents recorded, however time off statistics are one of the lowest ever 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.
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.
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.
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.
	Respond to all complaints of non-delivery of refuse bags within the urban area.	3 days	Not achieved – of 363 requests, all but one met deadline.
	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.
Provision of vehicles and plant to meet the planned needs of Council.	Review all policies relating to fleet and plant annually.	Completed by 31.03.05.	Not achieved – target to be removed as policy review is Corporate Services function.
	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.

ROTORUA REGIONAL AIRPORT LTD 2004/2005

Development background

RRAL was privatised by the Crown in 1998, through the sale of the Crown's 50% shareholding in the company to Central Avion Holdings Limited (CAHL). In 2001, Council voted \$4.5 million for further development of the Airport. However, CAHL was unwilling to make a similar financial commitment and, in July 2002, RDC purchased the CAHL shareholding for \$3.3 million (plus a special dividend of \$560,000). The move to 100% ownership permitted Council to proceed with the Stage I runway extension.

The airport has a runway length of 1,622 metres, following the 200 metre Stage I runway extension that was completed in March 2003 at a cost of \$3.3 million. The extension was funded via a loan from Council. At the same time a \$5 development levy, payable by all departing passengers, was introduced.

The airport has direct flights to Auckland, Wellington and Christchurch (with onward connections to Queenstown). Commercial air service operators using the Airport include Air New Zealand (and its subsidiaries), and Qantas. Air New Zealand substituted its daily jet service on the Christchurch-Rotorua route in June 2002 with turbo-prop services using the ATR 72, which has a capacity for 66 passengers. However, Air New Zealand's daily jet service was subsequently reintroduced for the period between 1 December 2003 and 30 April 2004 (following completion of the runway extension), and Qantas has also introduced a similar jet service with effect from 1 April 2004.

The Company has produced three Statements of Intent (2001, 2002 and 2003), a 20 year Airport Master Plan (released in June 2003) and held a shareholder workshop with the board on 18 February 2004. Notwithstanding this, the optimum future strategy for the company is evolving and significant recent developments in the operating environment (in terms of increased demand for domestic jet services and district planning issues potentially affecting the airport surrounds), have resulted in fundamental amendments to the Airport Master Plan in terms of the scale, design and the phasing of proposed redevelopment of Rotorua Airport.

Over the last 30 months, RRAL has undertaken a major strategic planning exercise centred around securing domestic jet services, developing the capability to operate Trans Tasman services (at least the capability), and upgrading the airport terminal and associated airport infrastructure consistent with these objectives, with a 20 year planning horizon.

This financial year has seen the commencement of a complete redevelopment of Rotorua Regional Airport. At the time of writing the development programme is well underway with the apron strengthening and expansion project complete, the internal carparking and roading works 80% complete, the departures terminal upgrade complete and the

arrivals carousel complex installation in progress. These improvements have been welcomed by airport users and the facility will soon set the benchmark for regional airports in New Zealand.

On the 30th of June 2005 RRAL transferred the infrastructural assets to Rotorua District Council (for reasons outlined below). The company now owns a long term lease on the assets, and retains control over them in order to maximise the profit of airport operations.

Governance

Some changes have been made to the governance of the company during the 2004 – 2005 financial year. Partway through the year the RRAL Board, Neil Oppatt the board chairman along with directors Bob Martin, Ray Cook and Bill Kingi welcomed Councillor Mike McVicker as a Director of the company. Former CEO Bob Wynn left the company in March 2004 after four years service and Matt Clarke was formally appointed as his replacement on the 1st of July 2004.

2004/05 Results

Statement of Financial Performance

For the year ended 30 June:	2005	2004	2003
(thousands)			
Revenue	2,128	2,251	2,348
Operating expenditure	2,631	2,045	2,207
Net operating surplus	(503)	206	141
Taxation	0	69	54
Net surplus	(503)	137	87

Statement of Financial Position

For the year ended 30 June:	2005	2004	2003
(thousands)			
Current assets	4,352	913	833
Current liabilities	3,477	1,848	2,010
Working capital	875	(935)	(1,177)
Fixed assets	239	9,568	8,672
	1,114	8,633	7,495
Financed by:			
Equity	1,114	4,203	4,067
Debt	0	4,429	3,429
	1,114	8,632	7,496

Financial Forecasts & Performance Targets

Year ending 30 June:	Budget 2005 (\$000's)	Actual 2005 (000's)
Total Revenue	1,485	2,128
Total Costs	1,195	2,631
Surplus/deficit before tax	290	(503)
Provision for tax	96	0
Surplus/deficit after tax	194	(503)
Total liabilities	1,398	3,477
Total assets	1,435	4,591
Total shareholders funds	37	1,114
Net profit after tax to average shareholders funds	7%	(19)%
Shareholders funds to total assets	3:97	20:80

Forecast to Actual variance

RRAL has performed remarkably well against budgets this financial year. Before interest (paid to RDC) and the loss on sale from the asset transfer (also an internal transaction) the company surplus was \$838,000. The omission of these expenses from the budget was due to the timing of the transfer of infrastructure assets from RRAL to RDC. Ministry of Internal Affairs approvals caused significant delays to the asset transfer process. Airport revenue continues to grow and is expected to return to levels experienced prior to the Origin Pacific collapse in 2004.

The transfer of infrastructure assets and land from RRAL to RDC took place at the end of the 2005 financial year. It was initially envisioned that this would occur at the beginning of the financial year.

Key issues Going Forward

Council approved a Draft "Statement of Intent" (SOI) from the Board of Directors of "Rotorua Regional Airport Ltd" (RRAL) in May 2005. The Draft SOI effectively proposed a number of key strategic questions for Council.

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

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

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

The main reasons for transferring ownership were:

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

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

This change in structure has been approved by Council after using the Special Consultative Process of the Local government Act 2002 and was implemented on 30 June 2005.

Conclusion

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

FINANCIAL STATEMENTS

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Purpose of Financial Statements

Statement of Financial Performance

This statement discloses the net surplus or deficit and the components of the net surplus (deficit), arising from activities or events during the year that are significant for the assessment of both past and future financial performance.

Performance by Council Activity

Activities have been grouped into major activities of Council. This statement shows a summary of the revenue/expenditure and net cost of service for each activity.

Net cost of service is the net cost of expenditure less revenue. A positive net cost of service indicates that the expenditure exceeded revenue and is an operational cost to the ratepayer. A negative net cost of service is those activities where revenue exceeded expenditure.

Statement of Movement in Equity

This financial statement contributes to the objectives of general purpose financial reporting by combining information, about net surplus (deficit) with other aspects of Council's financial performance in order to give a degree of measure of comprehensive income.

Statement of Financial Position

Information about the economic resources controlled by Council and its capacity to modify those resources, is useful in assessing Council's ability to generate cash and/or provide services in the future. Information about the financing structure is useful in assessing future borrowing needs, and how future surpluses and cashflows may be distributed among those with an interest in the Council. The information is also useful in assessing how successful the council is likely to be in raising further finance.

Statement of Cashflow

This statement reflects Council's cash receipts and cash payments during the year and provides useful information about Council's activities in generating cash through operations to:

- repay debt; or
- re-invest to maintain or expand operating capacity.

Statement of Accounting Policies

The accounting policies adopted by Council can have a significant impact on the financial and service performance, financial position and cashflows that are reported in its financial reports. Therefore, for a proper appreciation of those reports, users need to be aware of:

- a) the measurement system underlying the preparation of the financial reports; and
- b) the accounting policies followed in respect of individual items in the financial reports, especially where there are acceptable alternatives for dealing with any such items; and
- c) any changes in the measurement system, assumptions or particular accounting policies.

Notes to the Financial Statements

These provide further detail to the summary performance in compliance with accounting standards.

STATEMENT OF FINANCIAL PERFORMANCE

		Council 2005 Actual	Council 2005 Annual Plan	Council 2004 Last Year	Group 2005 Actual	Group 2005 Annual Plan	Group 2004 Actual
	for the year ended 30 June: (thousands)						
Operating Revenue							
General Rates Income							
General Rates		36,998	36,658	35,391	36,998	36,658	35,391
Less Rates paid by council/group		(619)	(737)	(699)	(651)	(737)	(726)
Total Rates Income		36,379	35,921	34,692	36,347	35,921	34,665
Revenue by Significant Activity							
Community Leadership		2,788	1,416	1,920	2,143	1,416	1,678
Social & Cultural		8,524	12,995	10,039	8,524	12,995	10,039
Environmental Services		5,090	4,623	4,261	5,090	4,623	4,261
Economy		2,112	1,449	1,480	2,109	1,449	1,470
Infrastructural		21,795	25,137	20,425	25,351	26,222	22,577
Business Unit Castlecorp		190	188	254	190	188	254
Assets Vested in Council		2,530	1,650	745	2,530	1,650	745
Total Activity Revenue		43,029	47,458	39,124	45,937	48,543	41,024
Total Operating Revenue	Note 1	79,408	83,379	73,816	82,284	84,464	75,689
Operating Expenditure							
Community Leadership		5,360	5,110	5,316	5,360	5,110	5,316
Social & Cultural		22,539	24,187	20,803	22,539	24,187	20,803
Environmental Services		7,409	7,809	7,031	7,409	7,809	7,031
Economy		4,229	3,721	3,226	4,229	3,721	3,226
Infrastructural		31,208	32,227	30,670	36,583	33,312	32,508
Business Unit Castlecorp		234	188	213	234	188	213
Rates, Doubtful Debts & Write-offs		815	1,000	668	815	1,000	668
Less Internal Charges within Expenditure		(796)	(861)	(837)	(796)	(861)	(837)
Total Operating Expenditure	Note 2	70,998	73,381	67,090	76,373	74,466	68,928
Operating Adjustments							
Plus Other Adjustments - Revenue	Note 3	423	-	514	1,123	-	514
Less Other Adjustments - Expenditure	Note 3	6,145	-	-	4,336	-	-
Surplus before Taxation		2,688	9,998	7,240	2,698	9,998	7,275
Taxation	Note 4	23	96	(18)	(27)	96	51
Net Surplus after Taxation		2,665	9,902	7,258	2,725	9,902	7,224

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

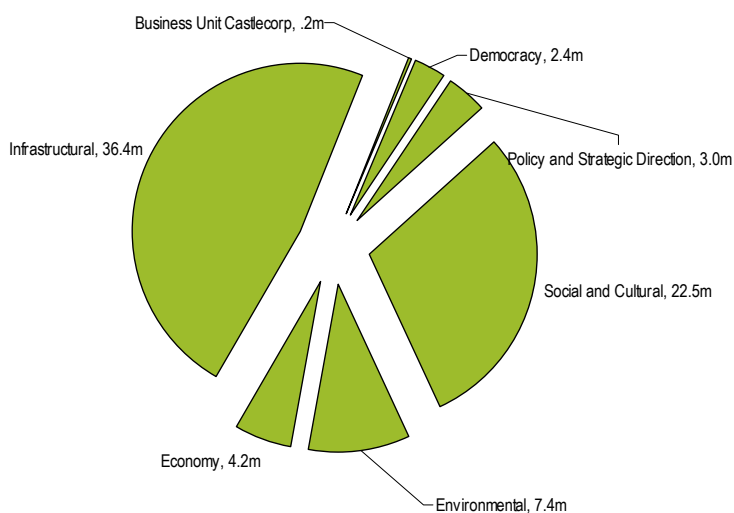
PERFORMANCE BY COUNCIL ACTIVITY

for the year ended 30 June: (thousands)	Expenditure			Revenue			Net Cost Of Service		
	2005 Actual	2005 Budget	2004 Actual	2005 Actual	2005 Budget	2004 Last Year	2005 Actual	2005 Budget	2004 Last Year
Rates									
General Rates		-	-	36,998	36,658	35,391	(36,998)	(36,658)	(35,391)
Rate Write-offs	815	1,000	668				815	1,000	668
Internal Rates	(619)	(737)	(699)	(619)	(737)	(699)	-	-	-
	196	263	(31)	36,379	35,921	34,692	(36,183)	(35,658)	(34,723)
Community Leadership									
Democracy	2,396	2,420	2,162	82	80	-	2,314	2,340	2,162
Policy & Support Services	2,790	2,468	2,979	2,706	1,336	1,920	84	1,132	1,059
Kaupapa Maori	174	222	175	-	-	-	174	222	175
	5,360	5,110	5,316	2,788	1,416	1,920	2,572	3,694	3,396
Social And Cultural									
Aquatic Facilities	2,314	2,253	2,114	917	1,014	886	1,397	1,239	1,228
Cemeteries/Crematorium	316	330	300	175	148	160	141	182	140
Central Business District Operations	1,333	1,372	1,248	29	8	7	1,304	1,364	1,241
Civil Defence Emergency Management	247	244	187	10	20	15	237	224	172
Community Assistance	576	1,182	559	45	164	45	531	1,018	514
Community Halls	246	243	228	16	16	14	230	227	214
Community Policy & Resources	831	836	789	91	-	23	740	836	766
Event Venues	3,144	3,520	2,438	3,307	8,589	5,917	(163)	(5,069)	(3,479)
Pensioner Housing	619	653	612	495	505	476	124	148	136
Public Gardens/General Reserves	7,440	7,837	7,130	2,002	1,157	1,219	5,438	6,680	5,911
Public Library	2,999	3,170	3,022	318	320	326	2,681	2,850	2,696
Rotorua Museum of Art and History	2,474	2,547	2,176	1,119	1,054	951	1,355	1,493	1,225
	22,539	24,187	20,803	8,524	12,995	10,039	14,015	11,192	10,764
Environmental									
Animal Control	720	723	640	443	410	385	277	313	255
Building Control	1,111	1,138	1,109	955	796	812	156	342	297
Environmental Planning	2,561	2,865	2,519	291	257	226	2,270	2,608	2,293
Inspection	1,693	1,693	1,490	662	659	708	1,031	1,034	782
Parking Enforcement	1,324	1,390	1,273	2,739	2,501	2,130	(1,415)	(1,111)	(857)
	7,409	7,809	7,031	5,090	4,623	4,261	2,319	3,186	2,770
Economy									
Economic Development	667	640	423	168	100	8	499	540	415
Tourism Rotorua Marketing	2,085	1,826	1,660	667	460	470	1,418	1,366	1,190
Tourism Rotorua Travel & Information	1,477	1,255	1,143	1,277	889	1,002	200	366	141
	4,229	3,721	3,226	2,112	1,449	1,480	2,117	2,272	1,746
Infrastructural									
Engineering Support	204	83	84	204	83	84	-	-	-
Land Drainage	2,496	2,655	2,524	89	105	86	2,407	2,550	2,438
Landfill	1,397	910	1,577	1,555	1,700	1,617	(158)	(790)	(40)
Airport	30	836	-	-	922	-	30	(86)	-
Refuse Collection	1,547	1,546	1,586	1,617	1,561	1,604	(70)	(15)	(18)
Road Safety	174	167	186	100	100	125	74	67	61
Roading	11,130	11,306	11,280	4,632	4,381	4,608	6,498	6,925	6,672
Rural Fire	163	121	142	27	6	19	136	115	123
State Highway Administration	119	100	129	115	98	110	4	2	19
Waste Management	1,256	1,306	1,268	51	60	57	1,205	1,246	1,211
Waste Water	8,172	8,454	7,617	8,725	11,525	7,566	(553)	(3,071)	51
Water	4,520	4,743	4,277	4,857	4,596	4,412	(337)	147	(135)
	31,208	32,227	30,670	21,972	25,137	20,288	9,236	7,090	10,382

PERFORMANCE BY COUNCIL ACTIVITY (CONT'D)

for the year ended 30 June: (thousands)	Expenditure			Revenue			Net Cost Of Service		
	2005 Actual	2005 Budget	2004 Actual	2005 Actual	2005 Budget	2004 Last Year	2005 Actual	2005 Budget	2004 Last Year
Business Unit Castlecorp									
Castlecorp	234	188	213	190	188	254	44	-	(41)
	234	188	213	190	188	254	44	-	(41)
Other									
Assets Vested in Council	-	-	-	2,530	1,650	745	(2,530)	(1,650)	(745)
Other Non Operational Income	-	-	-	423	-	514	(423)	-	(514)
Other Non Operational Expenditure	6,145	-	-	-	-	-	6,145	-	-
Airport Income	-	-	-	-	-	137	-	-	(137)
Internal Profit within Costs	(177)	(124)	(138)	(177)	-	-	-	(124)	(138)
Taxation	23	96	(18)	-	-	-	23	96	(18)
	5,991	(28)	(156)	2,776	1,650	1,396	3,215	(1,678)	(1,552)
Total Per Statement Financial Performance									
	77,166	73,477	67,072	79,831	83,379	74,330	(2,665)	(9,902)	(7,258)

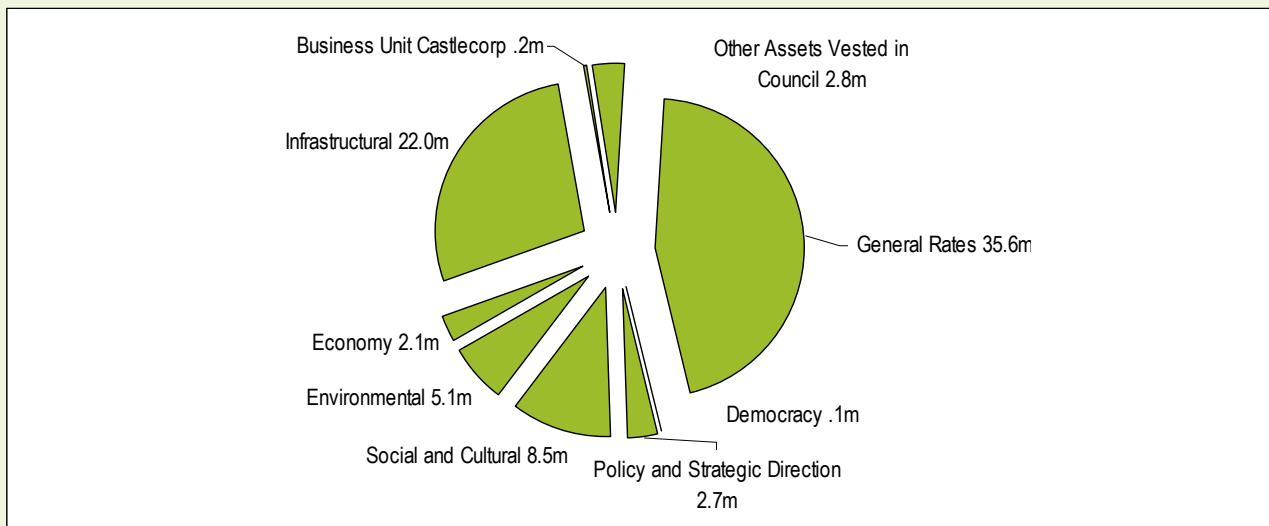
OPERATING EXPENDITURE BY SIGNIFICANT ACTIVITY Total of \$76,155,000 (Net of rate, write-offs and other adjustments)



STATEMENT OF MOVEMENT IN EQUITY

for the year ended 30 June:	Council 2005	Council 2005 Annual Plan	Council 2004 Last Year	Group 2005 Actual	Group 2005 Annual Plan	Group 2004 Last Year
(thousands)	Actual					
Opening Equity	542,811	541,867	536,568	543,455	541,905	537,246
Decrease in Asset Revaluation reserve	Note 15 (423)		(1,015)	(1,123)		(1,015)
Net Surplus for the Period	2,665	9,902	7,258	2,725	9,902	7,224
Total Recognised Revenue & Expenses for the Period	2,242	9,902	6,243	1,602	9,902	6,209
Closing Equity	545,053	551,769	542,811	545,057	551,807	543,455

OPERATING REVENUE BY SIGNIFICANT ACTIVITY Total of \$79,016,000 (Net of rate, write-offs and other adjustments)



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

STATEMENT OF FINANCIAL POSITION

	As at 30 June 2005 (thousands)	Council 2005 Actual	Council 2005 Annual Plan	Council 2004 Last Year	Group 2005 Actual	Group 2005 Annual Plan	Group 2004 Last Year
Current Assets							
Cash at Bank	Note 5	1,080	5,070	907	5,040	5,797	1,341
Current Investments	Note 6	21,244	1,880	18,082	21,244	1,880	18,082
Inventories	Note 8	1,125	1,263	1,112	1,125	1,263	1,112
Receivables	Note 9	11,500	6,748	13,131	10,880	7,248	8,896
Prepayments		385	212	217	424	212	249
Provision for taxation		-	-	18	226	-	18
Capital Projects under Construction	Note 10	15,591	6,551	12,116	15,591	6,551	12,309
Properties Intended for Resale	Note 10	55	-	661	55	-	661
Total Current Assets		50,980	21,724	46,244	54,585	22,951	42,668
Less Current Liabilities							
Payables		16,989	9,626	9,906	17,716	9,774	10,383
Accruals	Note 11	5,127	4,548	5,492	7,130	4,548	5,553
Current Portion of Term Liabilities	Note 13	29,416	9,211	7,501	29,416	9,211	8,751
Total Current Liabilities		51,532	23,385	22,899	54,262	23,533	24,687
Working Capital		(552)	(1,661)	23,345	323	(582)	17,981
Non-Current Assets							
Investments	Note 6	1,888	896	6,411	778	896	850
Goodwill On Consolidation	Note 7	-	-	-	-	-	602
Properties Intended for Resale	Note 10	792	1,173	1,638	792	1,173	1,638
Deferred Taxation	Note 4	-	-	-	6	36	6
Fixed Assets	Note 10	580,397	622,445	558,338	580,630	622,618	569,299
Total Non-Current Assets		583,077	624,514	566,387	582,206	624,723	572,395
Less Non-Current Liabilities							
Long Term Debt	Note 13	36,051	69,542	45,467	36,051	70,792	45,467
Long Term Provisions	Note 12	1,421	1,542	1,454	1,421	1,542	1,454
Total Non-Current Liabilities		37,472	71,084	46,921	37,472	72,334	46,921
Total Net Assets		545,053	551,769	542,811	545,057	551,807	543,455
Represented By:							
Ratepayers Equity							
Accumulated Funds	Note 15	375,596	391,639	358,083	375,600	391,685	358,027
Self-funding Reserves	Note 15	(15,728)	(25,119)	(3,668)	(15,728)	(25,119)	(3,668)
Council Created Reserves	Note 15	46	41	36	46	41	36
Restricted Reserves	Note 15	1,653	308	885	1,653	300	885
Sinking Fund Reserves	Note 13	1,031	999	4,589	1,031	999	4,589
Airport Reserves	Note 15	-	8	8	-	8	8
Asset Revaluation Reserve	Note 15	182,455	183,893	182,878	182,455	183,893	183,578
Total Ratepayers Equity		545,053	551,769	542,811	545,057	551,807	543,455

Mayor

Kevin Winters

Chief Executive

P. J. G. G. G.

Date 13 September 2005

Date 13 September 2005

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

STATEMENT OF CASHFLOW

	Council 2005 Actual	Council 2005 Annual Plan	Council 2004 Last Year	Group 2005 Actual	Group 2005 Annual Plan	Group 2004 Last Year
for the year ended 30 June: (thousands)						
Cash flows from Operating Activities						
Cash was provided from:						
Rates	46,822	47,248	44,472	46,790	47,248	44,448
General Revenue	28,344	32,651	25,890	30,345	34,006	27,947
Interest on Investments	1,405	607	1,217	766	627	988
Dividends	16	290	-	16	-	-
	76,587	80,796	71,579	77,917	81,881	73,383
Cash was applied to:						
Payments to Employees & Councillors	23,344	24,368	22,361	23,683	24,486	22,646
Other Payments	24,629	28,137	23,274	25,309	29,074	24,608
Taxation Payments	5	96	-	(15)	96	10
Net Movement in Agencies	(657)	-	(844)	(657)	-	(844)
Interest on Public Debt	3,325	4,598	3,347	3,389	4,683	3,425
Net Goods and Services Tax Paid	1,616	-	683	(589)	-	632
	52,262	57,199	48,821	51,120	58,339	50,477
				-		-
Net Cash Flows From Operating Activities	Note 18	24,325	23,597	22,758	26,797	23,542
Cash flows from Investing Activities						
Cash was provided from:						
Proceeds from Sale of Fixed Assets	3,066	737	228	3,049	767	228
Proceeds from Sale of Investments	2,989	-	-	350	-	-
Net Movement in Investment	(6,820)	(3,072)	(3,033)	(6,820)	(3,039)	(3,033)
Release of Sinking Funds	4,128	4,124	317	4,128	4,124	317
Collections on Advances	15,520	11,596	1,058	20	1,541	1,058
	18,883	13,385	(1,430)	727	3,393	(1,430)
Cash was applied to:						
Purchase of Fixed Assets	43,644	65,796	26,033	34,891	56,592	27,061
Loan Advances made	11,320	5	1,460	249	5	460
Sinking Fund Contributions	570	538	732	570	538	732
	55,534	66,339	28,225	35,710	57,135	28,253
Net Cash From Investing Activities		(36,651)	(52,954)	(29,655)	(34,983)	(53,742)
Cash flows from Financing Activities						
Cash was provided from:						
Loans Raised	20,000	33,286	15,500	20,636	33,286	15,500
Cash was applied to:						
Repayment of Public Debt	7,501	7,501	9,010	8,751	7,501	9,010
	7,501	7,501	9,010	8,751	7,501	9,010
Net Cash From Financing Activities		12,499	25,785	6,490	11,885	25,785
Net Increase (Decrease) in Cash		173	(3,572)	(407)	3,699	(4,415)
Opening Cash Brought Forward		907	8,642	1,314	1,341	10,212
Closing Cash Carried Forward	Note 5	1,080	5,070	907	5,040	5,797

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.

Donated Services Recognition

The council benefits from the voluntary services of many Rotorua citizens in the delivery of its activities and services. Due to the difficulty in determining the value of these donated services with sufficient reliability, donated services are not recognised in these financial statements.

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 2002. Quotable Value New Zealand Ltd has certified that these valuations are appropriate for financial reporting purposes.

Asset additions since 1 July 2002 are valued at historic cost. The fair value of Land and Buildings is reviewed at three yearly intervals.

Infrastructural Assets (roading network, bridges, drains, water and sewerage reticulation systems) have been valued by Council's engineers at replacement cost. An estimate for accumulated depreciation has then been deducted to give a depreciated replacement value as at 1 July 2002. Road reserves have been valued on an average of the district's land value adjusted for restrictions on the land and its existing use. The basis of these in-house valuations have been certified as correct by an independent registered valuer. All capital expenditure on these assets since 1 July 2002 has been capitalised at historic cost. The value of all of Council's infrastructural assets will be revised at three yearly intervals.

The library collection was valued at estimated depreciated replacement cost as at 1 July 2002 as estimated by Council's library staff. The basis of these in-house valuations have been certified as correct by an independent registered valuer. All library purchases since 1 July 2002 have been capitalised at historical cost. The value of the library collection is revised at three yearly intervals.

The collections of the Rotorua Museum of Art & History are valued at current market value as at 30 June 1992 by Gow, Landsford Fine Art Valuers and Peter Webb Galleries Limited, Estate & Fine Art Auctioneers & Valuers. Any additions since then have been capitalised at historic cost.

Vested infrastructural assets have been valued based on the actual quantities of infrastructural components vested at the current "in the ground" cost of providing identical services. All other revenue is recognised when it is due and receivable.

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.
- Roothing, 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	5 to 50
Wastewater Reticulation	
Manholes	70 to 100
Treatment Plant	10 to 100
Pump Stations	10 to 50
Pipes	70
Water Reticulation	
Pipes	45 to 90
Motors/Pumps	20 to 25
Reservoirs and other	
Water-Retaining Structures	60 to 80
Meters	15 to 100
Parks	
Street and Outdoor Furniture	1 to 20
Street Signals	15
Fencing and Related Structures	40
Playgrounds	25 to 30
Jetties and Related Structures	15 to 30
Irrigation Pipes and Sprinklers	6 to 50
Park roads, paths	10 to 100
Kerbs	100
Bridges	50 to 100
Top surface (seal)	8 to 20
Pavement (basecourse)	25 to 80
Drainage	100
Shoulders/Feathers	25 to 80
Culverts	100
Footpaths (concrete)	100
Footpaths (bitumen)	10 to 40
Stormwater systems	
Pipes	70 to 100
Manholes, Cesspits	70 to 100
Service connections and outlets	70 to 100
Airport	
Runways, Taxiways and Aprons	50

Runway Reseal

12.5

Employee Entitlements

A provision is made in respect of the council's liability for annual leave, long service leave, and retirement gratuities.

Wages and salaries, annual leave and other entitlements that are expected to be settled within twelve months of reporting date are measured at nominal values on actual entitlement basis at current rate of pay.

Entitlements that are payable beyond twelve months, such as long service leave, resigning and retiring leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- the present value of the estimated future cash flows. A discount rate of 6.75% (2003/2004 5.5%), and an inflation factor of 2.8% (2003/2004 2.5%) were used. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

Financial Instruments

All financial instrument arrangements, except guarantees, have been included in the Statement of Financial Position using the concepts of accrual accounting. They have been included at their fair value. These instruments include bank accounts, accounts receivable and payable, cash investments, equity investments and long term debt. Revenue and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

Landfill Post-closure Costs

The council, as operator of the Rotorua Landfill, has a legal obligation to apply for resource consents when the landfill, or landfill stages, 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 2005

Note 1: Revenue by Category

	Council 2005 \$000's	Council 2004 \$000's	Group 2005 \$000's	Group 2004 \$000's
Rates Made Up Of				
General Rates	37,389	35,810	37,357	35,810
Refuse Rates	1,379	1,360	1,379	1,360
Sewerage Rates	7,136	6,899	7,136	6,899
Water Rates	2,349	2,256	2,349	2,256
Less Rates Remissions (last year in expenditure)	(391)	(419)	(391)	(419)
Less Rates Paid by Council	(619)	(699)	(619)	(699)
Total Rates	47,243	45,207	47,211	45,207
Other Revenue				
Airport	-	137	2,122	2,078
Dividend	16	-	16	-
Interest- Bank	512	848	518	848
Interest-Advances	646	4	1	4
Interest-Sinking Funds	193	313	193	313
Other Revenue	29,776	27,268	29,633	27,200
Profit on Disposal	1,022	39	2,590	39
Total Other Revenue	32,165	28,609	35,073	30,482
	79,408	73,816	82,284	75,689

Note 2: Operating Expenditure by Category

	Council 2005 \$000's	Council 2004 \$000's	Group 2005 \$000's	Group 2004 \$000's
Operating Expenditure Includes:				
Airport	-	-	1,746	1,277
Assets Written Off / Loss on Disposal	671	1,061	4,335	1,061
Audit fees Re Annual Audit	78	76	86	83
Audit fees Re Other Services	-	-	-	-
Bad Debt Write-offs	621	564	621	605
Change in Doubtful Debt Provision	389	50	391	52
Change in Rates Refund Provision	(95)	13	(95)	13
Councillor Remuneration (includes Mileage)	516	534	516	534
Depreciation	15,293	15,156	15,359	15,494
Directors' Fees	-	-	41	39
Insurance Premiums	758	725	807	775
Loan Interest	3,126	3,502	3,179	3,586
Other Expenditure	49,274	45,167	49,020	45,167
Rent & Leasing Costs	300	242	300	242
Severance Payments#	67	-	67	-
	70,998	67,090	76,373	68,928

Payments of \$39,000, \$17,600 and \$10,000 were made to three employees by the Rotorua District Council to 30 June 2005, per Section (1)(19), Schedule 10 of the Local Government Act 2002

Notes to the Financial Statements (cont'd)

Note 3: Other Adjustments

	Council 2005 \$000's	Council 2004 \$000's	Group 2005 \$000's	Group 2004 \$000's
Revenue Includes:				
Asset Revaluation	423	514	1,123	514
Total Other Adjustments Revenue	423	514	1,123	514
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 2005 \$000's	Council 2004 \$000's	Group 2005 \$000's	Group 2004 \$000's
Total operating surplus/(deficit) before taxation	2,688	7,240	2,698	7,275
Prima facie tax (credit)/expense at 33%	887	2,389	890	2,401
Add/(deduct) tax effect of:				
Permanent differences	(991)	(2,407)	(1,044)	(2,350)
Tax loss not recognised	69	-	69	-
Prior year adjustment	58	-	58	-
Tax (credit)/expense	23	(18)	(27)	51
Tax (credit) expense consists of:				
Current Tax	23	(18)	(27)	21
Deferred Tax	-	-	-	30
Tax (credit)/expense	23	(18)	(27)	51
Movement in Deferred Taxation				
Opening balance	-	-	6	52
Correction from previous year	-	-	-	(16)
Deferred Tax on Current year's timing differences	-	-	-	(30)
Total Deferred Taxation provision	-	-	6	6
Imputation Taxation Credits				
Balance at beginning of year				
Acquired as part of the Rotorua Regional Airport Ltd	-	-	185	179
Plus taxation paid during the year	-	-	16	-
RWT credits received	-	-	9	6
			210	185
Less				
Imputation credits attached to dividends paid	-	-	-	-
Imputation credits lost from changes in shareholding	-	-	-	-
Balance at end of year	-	-	210	185

Council has unrecognised tax losses of \$454,593 with a tax effect of \$150,016

Notes to the Financial Statements (cont'd)

Note 5: Cash at Bank

	Council 2005 \$000's	Council 2004 \$000's	Group 2005 \$000's	Group 2004 \$000's
Cash	12	19	12	19
Bank Current Accounts	1,068	888	5,028	1,322
	1,080	907	5,040	1,341

Note 6: Investments

	Council 2005 \$000's	Council 2004 \$000's	Group 2005 \$000's	Group 2004 \$000's
(a) Current Investments				
Term Deposits				
General Funds	20,244	13,493	20,244	13,502
Sinking Funds *	1,000	4,589	1,000	4,580
Local Authority Stock Sinking Funds*	-	-	-	-
Total current investments	21,244	18,082	21,244	18,082
(b) Non-current Investments				
Advances	688	537	690	537
Term Deposits				
Sinking Funds *	-	-	-	-
Shares				
Rotorua Regional Airport Limited	1,000	1,112	1,112	5,561
NZ Local Govt Insurance Corporation Ltd	87,953	200,997	88	88
Fonterra Co-operative Group Ltd	-	-	225	225
Total non-current investments	1,888	6,411	778	850
	23,132	24,493	22,022	18,932
(c) Maturities (Current and Non-Current Investments)				
Maturity Terms	Council 2005 \$000's	Council 2004 \$000's	Group 2005 \$000's	Group 2004 \$000's
Within 12 Months	21,244	18,082	21,246	18,082
One to Two Years	99	87	99	87
Two to Three Years	90	86	90	86
Three to Four Years	83	77	83	77
Four to Five Years	84	70	84	70
Five Years and Over	332	217	332	217
	21,932	18,619	21,934	18,619
Shares Held	1,200	5,874	88	313
	23,132	24,493	22,022	18,932

Notes to the Financial Statements (cont'd)

(d) Interest Rates on Investments

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

	Council 2005 %	Council 2004 %	Group 2005 %	Group 2004 %
Within 12 Months	6.76	6.34	6.76	6.34
One to Two Years	0.31	0.31	0.31	0.31
Two to Three Years	0.38	0.36	0.38	0.36
Three to Four Years	0.00	0.44	0.00	0.44
Four to Five Years	0.00	0.00	0.00	0.00
Five Years and Over	0.00	0.00	0.00	0.00
	6.53	6.16	6.16	6.16

Note 7: Goodwill on Acquisition

	Council 2005 \$000's	Council 2004 \$000's	Group 2005 \$000's	Group 2004 \$000's
Opening balance	-	-	602	647
Goodwill on acquisition	-	-	-	(11)
Less goodwill amortised	-	-	(602)	(34)
Closing Balance of goodwill	-	-	-	602

Note 8: Inventories

	Council 2005 \$000's	Council 2004 \$000's	Group 2005 \$000's	Group 2004 \$000's
Inventories for Own Use	913	917	913	917
Inventories for Resale	212	195	212	195
Total Inventories	1,125	1,112	1,125	1,112

Note 9: Receivables

	Council 2005 \$000's	Council 2004 \$000's	Group 2005 \$000's	Group 2004 \$000's
Rates Debtors	2,108	2,347	2,108	2,347
General Debtors	7,446	5,499	6,791	5,608
Current Portion - Other Advances	130	77	130	77
Subsidiary Advance Rotorua Regional Airport Ltd*	-	4,429	-	-
GST Receivable	3,008	1,560	3,047	1,650
	12,692	13,912	12,076	9,682
Less: Provision for Doubtful Debts	(1,192)	(781)	(1,196)	(786)
Total Sundry Debtors	11,500	13,131	10,880	8,896

* The advance will be repaid when the transfer of assets occurs in October 2004.

Notes to the Financial Statements (cont'd)

Note 10: Fixed Assets

Classification	Depreciation		At Cost	At Valuation	Accum Depn	NBV	Cost/Val	Accum Depn	NBV
	2005	2004	2005	2005	2005	2005	2004	2004	2004
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Art Collections	3	3	3	5,717	12	5,708	5,716	9	5,707
Bridges	230	230	-	12,428	619	11,809	13,674	460	13,214
Buildings	2,096	1,955	8,013	65,787	5,935	67,865	66,618	3,885	62,733
City Focus	19	19	-	499	148	351	499	129	370
Computer Equipment	793	745	5,242	-	4,132	1,110	4,823	3,729	1,094
Computer Software	604	366	4,500	-	2,905	1,595	4,226	3,045	1,181
Database	36	31	301	-	142	159	264	106	158
Environmental	-	-	-	2	1	1	2	1	1
Footpaths	296	291	468	18,049	856	17,661	18,160	561	17,599
Furniture & Fittings	235	255	4,663	-	3,787	876	4,583	3,573	1,010
General Works Assets	27	27	-	422	124	298	422	97	325
Land	-	-	138	26,156	-	26,294	19,375	-	19,375
Land Restricted*	-	-	4,577	65,143	-	69,720	72,805	-	72,805
Landfill	558	658	-	3,404	1,552	1,852	3,404	994	2,410
Library Collection	433	490	414	3,449	1,414	2,449	3,514	1,040	2,474
Motor Vehicles	670	722	7,019	-	3,827	3,192	6,787	3,586	3,201
Office Equipment	131	173	1,673	-	1,361	312	1,691	1,430	261
Parking Infrastructural Assets	68	63	2,029	934	205	2,758	934	137	797
Parks, Roads, Paths, Playgrounds, Utilities	693	681	563	14,480	2,034	13,009	14,486	1,354	13,132
Plant & Machinery	351	328	5,987	-	3,650	2,337	5,193	3,335	1,858
Roading assets excluding Land	2,947	2,951	8,218	138,781	8,410	138,589	143,515	5,834	137,681
Roads & Road Reserves Land	-	-	55	19,876	-	19,931	19,544	-	19,544
Runway, Taxiway, Apron	-	-	8,149	-	-	8,149	-	-	-
Stormwater Drainage	1,088	1,083	2,014	58,861	3,245	57,630	59,014	2,157	56,857
Street Lighting, Signs, Signals	268	260	197	5,173	841	4,529	5,194	578	4,616
Waste Management (Bin Sites)	10	6	5	654	19	640	654	10	644
Wastewater Reticulation	1,463	1,460	4,034	57,955	4,411	57,578	58,048	2,944	55,104
Wastewater Treatment Plant	1,048	1,131	4,198	31,798	3,250	32,746	33,650	2,297	31,353
Waterworks Pipes, Meters	1,226	1,228	1,678	49,701	3,692	47,687	49,722	2,473	47,249
Less Projects Under Construction#	-	-	-	-	-	(15,591)	-	-	(12,116)
	15,293	15,156	74,138	579,269	56,572	581,244	616,517	43,764	560,637
Less Properties intended for Sale:									
Long Term Sales						792			1,638
Short Term Sales						55			661
Total Council Fixed Assets			74,138	579,269	56,572	580,397	616,517	43,764	558,338
Plus Airport Assets									
Land	-	-	-	-	-	-	3,069	-	3,069
Runway, Taxiway, Apron	-	82	-	-	-	-	4,402	532	3,870
Runway Seal	-	191	-	-	-	-	2,387	590	1,797
Buildings	36	26	-	36	36	-	1,749	325	1,424
Buildings Chattels	1	1	-	10	1	9	10	1	9
Furniture and Fittings	3	3	-	84	31	53	44	30	14
Plant and Equipment	18	16	-	233	72	161	179	57	122
Carpark	-	4	-	-	-	-	314	53	261
Roading	-	8	-	-	-	-	387	72	315
Security Fencing	-	1	-	-	-	-	80	16	64
Computer Equipment	6	6	-	30	20	10	30	14	16
	64	338	-	393	160	233	12,651	1,690	10,961
Total Group Fixed Assets	15,293	15,494	74,138	579,662	56,732	580,630	629,168	45,454	569,299

(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 transferred to current assets include (see next page)

Notes to the Financial Statements (cont'd)

Capital Work under Construction by Category	Council 2005 \$000's	Council 2004	Group 2005 \$000's	Group 2004 \$000's
Buildings	2,687	631	2,687	631
Computer Software	4	668	4	668
Land	242	275	242	275
Landfill	2	2	2	2
Park	47	31	47	31
Plant	13	11	13	11
Street Lighting, Signs, Signals	34	-	34	-
Roading Assets	2,084	1,610	2,084	1,610
Stormwater	486	412	486	412
Water	6,118	5,818	6,118	5,818
Waste Management	15	10	15	10
Wastewater Reticulation	3,799	734	3,799	734
Waste Water Treatment Plan	60	1,914	60	1,914
	15,591	12,116	15,591	12,116

Note 11: Accruals

	Council 2005 \$000's	Council 2004 \$000's	Group 2005 \$000's	Group 2004 \$000's
The Accrued Expenses figure is made up of:				
Employee Entitlements	2,430	2,220	2,440	2,246
Accrued Interest	1,124	1,323	1,124	1,323
Provision of Refund of Rates (Note 18)	256	353	256	353
Other Accrued Liabilities & Income in Advance	1,317	1,596	3,310	1,631
Total Accrued Expenses	5,127	5,492	7,130	5,553

Note 12: Provisions

	Council 2005 \$000's	Council 2004 \$000's	Group 2005 \$000's	Group 2004 \$000's
Landfill Post-closure Costs				
Opening Balance	600	600	600	600
Amount utilised	(135)	(40)	(135)	(40)
Effect of discounting	135	40	135	40
Closing Balance	600	600	600	600
Current Provision	60	60	60	60
Non-current provision	540	540	540	540
Long Term Payroll Provisions	881	914	881	914
Total Long Term Provisions	1,421	1,454	1,421	1,454

Notes to the Financial Statements (cont'd)

Note 13: Public Debt

	Council 2005 \$000's	Council 2004 \$000's	Group 2005 \$000's	Group 2004 \$000's
(a) Current				
Secured loans and debentures	29,416	7,501	29,416	8,751
Unsecured liabilities	-	-	-	-
	29,416	7,501	29,416	8,751
(b) Non-current				
Secured loans and debentures	35,846	45,262	35,846	45,262
Unsecured liabilities	205	205	205	205
	36,051	45,467	36,051	45,467
Total Public Debt	65,467	52,968	65,467	54,218

(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 2005 \$000's	Council 2004 \$000's	Group 2005 \$000's	Group 2004 \$000's
Within One Year	29,416	7,501	29,416	8,751
One to Two Years	10,409	9,416	10,409	9,416
Two to Three Years	9,007	10,409	9,007	10,409
Three to Four Years	12,507	9,007	12,507	9,007
Four to Five Years	4,008	12,507	4,008	12,507
Five years and over	120	4,128	120	4,128
	65,467	52,968	65,467	54,218

(f) Interest Rates

The weighted average effective interest rates on borrowings are:

	Council 2005 %	Council 2004 %	Council 2005 %	Group 2004 %
Within One Year	7.01	8.97	8.72	8.72
One to Two Years	6.63	6.61	6.63	6.61
Two to Three Years	6.86	6.63	6.86	6.63
Three to Four Years	6.40	6.86	6.40	6.86
Four to Five Years	6.65	6.40	6.65	6.40
Five years and over	4.00	6.58	4.00	6.58
Overall weighted average	6.79	6.94	6.95	6.95

Notes to the Financial Statements (cont'd)

(g) Sinking Funds held by Rotorua District Council

	Council 2005 \$000's	Council 2004 \$000's	Group 2005 \$000's	Group 2004 \$000's
Opening Balance	4,589	4,174	4,589	4,174
Contributions	377	419	377	419
Interest Received	193	313	193	313
Withdrawals	(4,128)	(317)	(4,128)	(317)
Closing Balance	1,031	4,589	1,031	4,589

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) Council purchased the Airport assets of RRAL on 30 June 2005 for \$18,813,190. RRAL returned capital to Council on 30 June 2005 of \$2,639,000.
- ii) Outstanding loans owing from RRAL to the Council as at 30 June 2005 total \$Nil (\$4,428,915 2003/04). Interest rates range between 7% to 7.5% (7% - 7.5% 2003/04) being total interest of \$645,254 (\$242,748 2003/04).
- iii) Rates of \$32,452 (\$25,851 2003/04) and water charges of \$3,201 (\$2,674 2003/04) have been received from RRAL.
- iv) Council received a net dividend from the Airport Company of \$Nil (\$Nil 2003/04).
- v) The Council received \$139,565 (\$60,000 2003/04) for engineering and project management services in relation to the runway extension
- vi) Other payments received from the airport include \$Nil (\$10,000 2003/04) for development levy marketing, \$108 (\$9,085 2003/04) for maintenance services and \$560 (\$1,661 2003/04) for permits and tender evaluation
- vii) Airport Debtor as at 30 June 2005 \$746,986 (\$72,780 2003/04).
- viii) Councillors McVicar and Martin are Directors of RRAL.
- viv) Council purchased \$1,118 (\$2,007 2003/04) worth of goods from Koolen's Bakehouse, owned by Councillor Sturt.
- x) Council purchased \$5,264 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, 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 2005 \$000's	Council 2004 \$000's	Group 2005 \$000's	Group 2004 \$000's
(a) Accumulated Funds				
Opening Balance	358,083	349,047	358,027	349,025
Net Surplus	2,665	7,258	2,725	7,224
Change due to airport	-	-	-	-
	360,748	356,305	360,752	356,249
<i>Transfers to:</i>				
Council Created Reserves	11	11	11	11
Restricted Reserves	1,131	516	1,131	516
Self Funding Reserves	6,361	1,023	6,361	1,023
Airport Reserve	-	-	-	-
Payments to Sinking Fund	570	732	570	732
	8,073	2,282	8,073	2,282
<i>Transfers from:</i>				
Council Created Reserves	1	14	1	14
Restricted Reserves	363	536	363	536
Self Funding Reserves	18,421	3,193	18,421	3,193
Sinking Funds Uplifted	4,128	317	4,128	317
Airport Reserve	8	-	8	-
	22,921	4,060	22,921	4,060
Closing Balance	375,596	358,083	375,600	358,027

(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 01.07.04 \$000's	Invested During Year \$000's	Withdrawn During The Year \$000's	Interest Earned to 30.06.05 \$000's	Closing Balance 30.06.05 \$000's
Pensioner Housing	228		90	11	149
Events Centre	-	4,000		317	4,317
Airport	-		14,451	(28)	(14,479)
Wastewater	(1,001)	1,270		(25)	244
Eastern Trunk Line	(435)		3,805	(162)	(4,402)
Rural Waste Water	(200)		48	(16)	(264)
Landfill	(740)	708		(27)	(59)
Water	(1,667)	346	27	(105)	(1,453)
Refuse Collection	147	60		12	219
Total Self Funding Reserves	(3,668)	6,384	18,421	(23)	(15,728)

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 01.07.04 \$000's	Invested During Year \$000's	Withdrawn During The Year \$000's	Interest Earned to 30.06.05 \$000's	Closing Balance 30.06.05 \$000's
Reporoa Domain	10	6	1	1	16
Waikite Domain	26	2	-	2	30
Total Council Created Reserves	36	8	1	3	46

(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 01.07.04 \$000's	Invested During Year \$000's	Withdrawn During The Year \$000's	Interest Earned to 30.06.05 \$000's	Closing Balance 30.06.05 \$000's
Reserves Development	63	1,004	305	25	787
Hillary Commission Reserve	7	-	-	1	8
Creative NZ Reserve	4	44	40	-	8
Library Bequest	300	-	18	18	300
Property Development	511	7	-	32	550
Total Restricted Reserves	885	1,055	363	76	1,653

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 01.07.04 \$000's	Sales w/o \$000's	Closing Balance 30.06.05 \$000's	Group Opening Balance 01.07.04 \$000's	Revalued Property Sales w/o \$000's	Closing Balance 30.06.05 \$000's
Consists of:						
Airport Assets	-		-	700	(700)	-
Buildings	13,779	652	14,431	13,779	652	14,431
City Focus	4		4	4	-	4
Footpaths	7,700	(52)	7,648	7,700	(52)	7,648
General	45		45	45	-	45
Land	35,110	52	35,162	35,110	52	35,162
Library	319	372	691	319	372	691
Parking	182	(26)	156	182	(26)	156
Parks and Reserves Assets	3,118	277	3,395	3,118	277	3,395
Roading	65,309	(1,617)	63,692	65,309	(1,617)	63,692
Stormwater	26,919		26,919	26,919	-	26,919
Street Items	2,871	(56)	2,815	2,871	(56)	2,815
Waste Management	96		96	96	-	96
Waste Water Reticulation	8,120	(7)	8,113	8,120	(7)	8,113
Water Works	19,306	(18)	19,288	19,306	(18)	19,288
Total Asset Revaluation Reserve	182,878	(423)	182,455	183,578	(1,123)	182,455

(f) Share of Airport Reserve

This is Rotorua District Council's share of post-acquisition reserves of our associate company, Rotorua Regional Airport Ltd

	Council 2005 \$000's	Council 2004 \$000's	Group 2005 \$000's	Group 2004 \$000's
Opening Balance	8	8	8	8
Transfers to:	-	-	-	-
Transfers from:	8	-	8	-
Closing Balance	-	8	-	8

Note 16: Financial Instruments

Council is risk averse and seeks to minimise exposure from its treasury activities. Council provides risk management for interest rates and the concentration of credit risk. Council has established a Treasury Management Policy, specifying what transactions can be entered into. The policy does not allow any transactions that are speculative in nature to be entered into.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could particularly impact on the cost of borrowing or the return from an investment.

Note 6 provides information on investment interest rates and maturity profile.

Note 13 provides information on term loan interest rates and maturity profile.

Council's current policy enables it to hedge up to 100% of its interest rate risk within the next one year period.

Council can hold up to 30% of total debt with a floating rate.

Council finances its public debt by fixed rate stock at interest rates between 2.5% and 7.24% (2003/2004 between 2.5% and 16%) with maximum due date of 2027.

As at 30 June 2005 Council does not have any interest rate risk management instruments in place.

Currency Risk

Currency Risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Council has no exposure to currency risk, all financial instruments are in New Zealand dollars.

Notes to the Financial Statements (cont'd)

Credit Risk

Credit Risk is the risk that a third party will default on its obligation to the council causing the council to incur a loss.

Financial instruments which potentially subject the council to credit risk consist of bank balances, accounts receivable, rates, all investments and sports club and other guarantees.

Council places its cash and short term deposits with high credit quality financial institutions and limits the amount of credit exposure to any one institution.

Accordingly the council does not require any collateral or security to support the financial instruments with organisations it deals with. 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	Fair	Carrying	Fair
	Amount 2005 \$000's	Value 2005 \$000's	Amount 2004 \$000's	Value 2004 \$000's
Cash at Bank	1,080	1,080	907	907
Rates and Other Receivables	12,604	12,604	13,131	13,131
Investments Short Term	21,244	21,244	18,082	18,082
Investments Long Term	1,888	1,888	6,411	6,411
Total Financial Assets	36,816	36,816	38,531	38,531
Accounts Payable	18,093	18,093	9,906	9,906
Public Debt	65,467	65,467	52,968	52,662
Total Financial Liabilities	83,560	83,560	62,874	62,568
Guarantees	212	212	235	235
Total of Statement of Financial Position Items	212	212	235	235
Group	Carrying	Fair	Carrying	Fair
	Amount 2005 \$000's	Value 2005 \$000's	Amount 2004 \$000's	Value 2004 \$000's
Cash at Bank	5,040	5,040	1,341	1,341
Rates and Other Receivables	11,984	11,984	8,896	8,896
Investments Short Term	21,244	21,244	18,082	18,082
Investments Long Term	778	778	850	850
Total Financial Assets	39,046	39,046	29,169	29,169
Accounts Payable	18,073	18,073	10,383	10,383
Public Debt	65,467	65,467	54,218	53,875
Total Financial Liabilities	83,540	83,540	64,601	64,258
Guarantees	212	212	235	235
Total of Statement of Financial Position Items	212	212	235	235

Notes to the Financial Statements (cont'd)

The following methods and assumptions are used to estimate the fair value of each class of financial instrument for which it is practical to estimate that value.

Cash and Short Term Bank Deposits, Local Body Stock, Rates and Other Receivables, Creditors and Sundry Liabilities:
The fair value of these items is considered to be equivalent to their carrying amount because of their short maturity.

Investments:

Where it is not practical to estimate fair values as there are no quoted market prices for these or similar investments these have been shown at cost.

Liabilities:

The fair value is estimated discounted cash flows at current market interest rates available to the council for debt of similar maturities.

Guarantees:

The fair value is estimated at the liability remaining as at balance date under the guarantees.

Note 17a: Chief Executive's Remuneration

The Chief Executive of 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 2005 was \$216,217 (\$201,233 2003/04)

	Council 2005 \$	Council 2004 \$	Group 2005 \$	Group 2004 \$
Chief Executive's Remuneration				
Salary Chief Executive	188,661	173,134	188,661	173,134
Vehicle Chief Executive (incl FBT)	17,861	18,943	17,861	18,943
	206,522	192,077	206,522	192,077
Other Benefits				
Professional Association Fees Chief Executive	300	300	300	300
Telephone and Sundries Chief Executive	200	200	200	200
Superannuation	9,195	8,656	9,195	8,656
	9,695	9,156	9,695	9,156
Total Remuneration	216,217	201,233	216,217	201,233

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 was \$515,652 (2004 \$533,978)

The monetary remuneration consists of honoraria and meeting allowances, and is determined by Council resolution, under the Local Government (Local Authorities Salaries and Allowances) Determination 2004. Professional Indemnity and Trustee Liability insurance is also provided to the councillors against any potential legal litigation which may occur while undertaking Council business.

In accordance with council policy, meeting fees can only be received where a councillor has attended at least 75% of a meeting's duration for which he or she is entitled to payment.

Note: there are numerous other meetings and functions attended by councillors for which they are not entitled to receive a meeting fee.

	Honoraria	Meeting Allowances	TOTAL	TOTAL
	2005	2005	2005	2004
	\$	\$		\$
Councillors' Remuneration				
Hall G W	23,525	-	23,525	86,605
Barry P	6,713	4,141	10,854	43,600
Campbell C	4,955	2,420	7,375	31,205
Dean K	4,955	2,420	7,375	26,588
Lee C O	19,613	12,100	31,713	34,776
Martin R W *	19,613	14,262	33,875	37,999
Maxwell T H	30,149	17,820	47,969	45,307
Oppatt N F *	6,413	2,200	8,613	35,814
Searancke G P	24,071	17,144	41,215	40,752
Sturt C W	22,613	15,620	38,233	35,214
Waaka M T R	22,613	18,427	41,040	39,410
Wepa J G	19,613	15,390	35,003	34,952
Winters K (Mayor)	65,537	2,800	68,337	41,756
Gould M	14,658	9,020	23,678	-
Judd R	14,658	9,680	24,338	-
Kenny G	14,658	11,155	25,813	-
McVicker M	14,658	9,240	23,898	-
Te Kowhai C	14,658	8,140	22,798	-
	343,673	171,979	515,652	533,978

* Cr Martin, Cr Oppatt and Cr McVicker also earned directors' fees as directors of the Rotorua Regional Airport Ltd.

During the 2004/05 year the Remuneration Authority made additional interim and final determinations for elected members' remunerations to accommodate the triennial elections and change of Council. Due to the complexity of the determinations and the dates of these determinations not aligning with standard Council pay periods there are instances of small under and over payments for some elected members for the financial year.

Where appropriate back payments and/or recovery of overpaid amounts will be made in the 2005/06 year to ensure the Remuneration Authority's determinations for elected members' remuneration are complied with.

Notes to the Financial Statements (cont'd)

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

	Council 2005 \$000's	Council 2004 \$000's	Group 2005 \$000's	Group 2004 \$000's
Net surplus/(deficit) for the year	2,665	7,258	2,725	7,224
Add/(deduct) non-cash items				
Decrease in Term Gratuities & Long Service Leave	33	75	33	75
Depreciation	15,293	15,176	15,357	15,514
Change in Revaluation Reserve	(423)	(514)	(1,123)	(514)
Provision for Doubtful Debts	389	147	389	147
Airport Income/change in equity	1,801	(137)	-	-
Profit on Disposal	(1,022)	(39)	(2,589)	(39)
Loss on Disposal	5,007	1,061	8,672	1,061
Goodwill	-	-	602	-
Assets vested or recognised for the first time by Council	(2,530)	(745)	(2,530)	(745)
Total non-cash items	18,548	15,024	18,811	15,499
Add/(deduct) movement in working capital				
Increase in Accrued Payroll	210	(159)	226	(158)
Decrease in Accrued Interest Payable	(199)	(155)	(199)	(157)
Increase in Inventories	(13)	(141)	(13)	(141)
Decrease in Rates Debtors	239	317	239	317
Increase in General Debtors	(1,947)	(208)	(2,777)	(252)
Taxation	18	-	50	29
Deferred Taxation	-	-	-	-
Increase in GST Receivable	(1,448)	831	(3,631)	889
Increase in Prepayments	(168)	(25)	(153)	(25)
Increase in Creditors	7,083	(780)	7,694	(750)
Decrease in Other Accrued Liabilities	(376)	(535)	(364)	(697)
Total working capital movements	3,399	(855)	1,072	(945)
Add/(deduct) investing items included in working capital	(287)	1,331	4,189	1,128
Total investing activities	(287)	1,331	4,189	1,128
Net Cash inflow from operating activities	24,325	22,758	26,797	22,906

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 2005 \$000's	Council 2004 \$000's	Group 2005 \$000's	Group 2004 \$000's
Guarantees				
Guarantees to community and sporting groups	212	235	212	235
Performance bond BNZ on behalf of Tourism Rotorua	163	163	163	163
Council is currently facing three legal claims. Council does not accept the validity of all these claims and is in the process of resolving them through normal legal channels. In the event of any liability being placed upon Council, Council's Indemnity Policy will cover the liability. Council has also been notified of three Watertight Homes Resolution mediation claims against it. Council is unable to quantify any possible liability at this stage.	700	780	700	780
Total Contingent Liabilities	1,075	1,178	1,075	1,178

Note 20: Commitments

	Council 2005 \$000's	Council 2004 \$000's	Group 2005 \$000's	Group 2004 \$000's
Non-cancellable operating lease commitments:				
Not later than one year	144	136	144	136
Later than one year and not later than two years	144	136	144	136
Later than two years and not later than five years	417	407	417	407
Later than five years	384	464	384	464
Total non-cancellable operating lease commitments	1,089	1,143	1,089	1,143
Council is committed to the following Capital Contracts.				
Recreation and Community Services	7,812	1,587	7,812	1,587
Works and Engineering Services	16,708	9,717	16,708	9,717
Support Services	-	273	-	273
Airport	2,346		2,346	2,326
Total Capital Contracts	26,866	11,577	26,866	13,903
Total commitments	27,955	12,720	27,955	15,046

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 Roothing Activity.

Note 22: Agency Relationships

The following are agency relationships where Council is involved in administering expenditure and revenue on behalf of other organisations.

These agency transactions have not been included in Council's current year operating results. Council has, however, included in its Statement of Cashflow the net movement in agency debtors and creditors, and included within the Statement of Financial Position the Council's asset or liability in relation to the agencies.

Notes to the Financial Statements (cont'd)

Petrol Tax

The Bay of Plenty Local Authority Petrol Tax Distribution for the year ended 30 June 2005:	2005 \$000's	Percentage	2004 \$000's	Percentage
Kawerau District Council	63	2.4%	64	2.5%
Opotiki District Council	73	2.8%	71	2.8%
Rotorua District Council	659	25.3%	664	26.0%
Taupo District Council	355	13.6%	347	13.6%
Tauranga City Council	813	31.2%	769	30.0%
Western BOP District Council	402	15.4%	390	15.3%
Whakatane District Council	244	9.3%	247	9.8%
Total Tax Distributable to Councils	2,609	100.0%	2,552	100.0%

State Highways Administration

	2005 \$000's	2004 \$000's
Expenditure on State Highways Roading Network (Reimbursed from Land Transport New Zealand & Whakatane District Council)	8,264	7,607

Regional Council Rates

Rates were collected on behalf of the following Regional Authorities:	2005 \$000's	2004 \$000's
Waikato Regional Council	385	358
Bay of Plenty Regional Council	1,203	1,153
	1,588	1,511

Rotorua Safer Community

	2005 \$000's	2004 \$000's
Operational Grants		
Opening Funds Available	166	79
Grants & Contributions Received	19	93
Less Expenditure	(30)	(6)
Closing Funds Available	155	166
Discretionary Funding		
Opening Funds Available	25	29
Grants Received		-
Less Expenditure	(8)	(4)
Closing Funds Available	17	25
Total Funds Available	172	191

Note 23: Events After Balance Date

No significant events that require adjustment have occurred between balance date and the signing of the financial statements. Following the purchase of infrastructural assets from Rotorua Regional Airport Limited (RRAL) on 30 June 2005, Council granted a lease of the infrastructural assets to RRAL in the new financial year. RRAL continues to be the operator of the airport.

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 in note 14.

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

Compliance

1. The council and management of the Rotorua District Council confirm that all the statutory requirements of 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 2005 fairly reflect the financial position and operations of the Rotorua District Council.

Responsibility

2. The council and management of the Rotorua District Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.
3. The council and management of the Rotorua District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

Kevin Winters

Mayor

Chief Executive

DIRECTORY

COUNCIL HEADQUARTERS

Rotorua District Council
1061 Haupapa Street
Private Bag 3029
Rotorua
Phone: 07 348 4199
Fax: 07 350 0184
Email: mail@rdc.govt.nz
Website: www.rdc.govt.nz

AUDITORS

M. Taris
Audit New Zealand
Tauranga
On behalf of the Auditor General

BANKERS

Bank of New Zealand
Cnr Fenton and Hinemoa Streets
Rotorua

SOLICITORS

Davys Burton
1109 Fenton Street
Rotorua

INSURERS

Civic Assurance
PO Box 5521
Wellington

SATELLITE OPERATIONS:

AQUATIC CENTRE

Tarewa Place
Phone: 07 348 8833
Fax: 07 349 1785

CASTLECORP

Vaughan Road
Phone: 07 345 6889
Fax: 07 345 7053
Email: castlecorp@rdc.govt.nz

CITY FOCUS

City Centre
Phone: 07 350 0186
Fax: 07 346 3954
Website: www.rotoruaNZ.com

ECONOMIC DEVELOPMENT

Council Headquarters
1061 Haupapa Street
Phone: 07 348 4199
Fax: 07 350 0182
Email: Business.Development@rdc.govt.nz
Website: www.rotorua-business.com

EVENT VENUES

Convention Centre
Fenton Street
Phone: 07 349 5141
Fax: 07 349 5142
Email: event.venues@rdc.govt.nz
Website: www.eventvenues.co.nz

LIBRARY

Haupapa Street
Phone: 07 348 4177
Fax: 07 348 9686
Email: Library@rdc.govt.nz
Website: www.rotorualibrary.govt.nz

MUSEUM OF ART & HISTORY, TE WHARE TAONGA O TE ARAWA

Government Gardens
Phone: 07 349 4350
Fax: 07 349 2819
Email: rotoruumuseum@rdc.govt.nz
Website: www.rotoruumuseum.co.nz

TOURISM ROTORUA TRAVEL OFFICE

Fenton Street
Phone: 07 348 5179
Fax: 07 348 6044
Email: tourism.rotorua@rdc.govt.nz
Website: www.rotoruaNZ.com

DESTINATION

ROTORUA

ROTORUA DISTRICT
COUNCIL

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