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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.

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

COUNCIL LOGO



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

The concept of the Destination Rotorua brand has developed from the established tourism marketing brand: "ROTORUA - feel the spirit – Manaakitanga".

Greetings to the people of Rotorua.

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

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

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

This report describes the excellent community we reside in and the work that your council has done to help make this community a vibrant one.

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

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

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

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

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

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

HOW TO READ THIS REPORT

This Annual Report presents an account of Rotorua District Council's performance in the year from 1 July 2006 to 30 June 2007. It is a key document for the council, as not only does it outline what we committed to do in the year, it describes how we delivered on that – pinpointing our accountability to ratepayers. The report is in three parts.

Overview – this includes:

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

Statements of Service Performance

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

Financial Statements

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

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

Where the Annual Report Fits In

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

Annual Plan and LTCCP (Ten Year Plan)

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

Annual Report

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

Ten Year Plan and Annual Report Publication Reporting Calendar

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

Ten Year Plan for 2006-16	Adopted 26 June 2006
Annual Plan 2007/08	Adopted 27 June 2007
Annual Report 2006/07	Adopted 5 October 2007

MESSAGE FROM HIS WORSHIP THE MAYOR



Tena koutou katoa

The 2006/07 year has been a very successful one for Rotorua District Council and I am pleased to again have the privilege of introducing the year's Annual Report.

It has been a year with many challenges; not the least of which has been the seemingly ever

increasing need to provide a range of compliance services for our government, endeavouring to achieve our community's aspirations, growing the local economy - and securing the funding to carry it all out.

I am pleased to report that for several years now we have had amongst the lowest rates increases of all councils in the country. In round figures, rates cover around 60% of the cost of the services we provide, with about 40% coming from other areas such as funding partnerships and user pays fees. Our council is very conscious of the limitations our ratepayers have to pay rates which is why we are always looking to identify alternative funding sources.

Our new Energy Events Centre is a wonderful example of successful funding partnerships. In March we celebrated the grand opening of this much anticipated multi-purpose events complex. This project has been a huge success which ever way you look at. We built a \$28m facility and yet we contributed less than 25% of the cost from rates - thanks to the generosity and foresight of the Rotorua Energy Charitable Trust and our other community minded funding partners. Today the Energy Events Centre is attracting an array of conferences, exhibitions and other events, and giving the local economy a real boost. There is no doubt this has been a bold project for a community of this size, and it is already proving to have been an astute and visionary decision.

The high priority we are giving to work on restoring the water quality of our lakes, and partnerships with Maori, are more examples of successful collaborative effort. The Rotorua Lakes Strategy Group is a significant partnership addressing this environmental issue. We are already seeing results from our work and the three partners - Te Arawa Lakes Trust, Environment Bay of Plenty and Rotorua District Council - earlier this year signed an historic memorandum of understanding with the Crown acknowledging that this is a national issue. Our expectation is that the government's role will include providing some significant funding for our nearly \$100 million programme to improve lakes water quality.

A superb result for Rotorua, and yet another example of partnerships achieving great things for our city, has been in the area of crime prevention. Having a safe and caring society is our community's top priority as identified in our 'Bright Future' Community Outcomes programme. We are very pleased with the way crime has been trending down in our city in the last couple of years and clearly our programmes in partnership with

other agencies are producing real results. Again the contribution from the Rotorua Energy Charitable Trust is invaluable and I also commend the outstanding work of our dedicated local Police team and other agencies with whom we work very closely.

Earlier in the year the council commissioned independent research organisation NRB (National Research Bureau) to survey our residents and see what their perceptions were of the council. I'm pleased to report that we got a big tick from the overwhelming majority. Some 87% of residents were satisfied with the performance of the mayor and councillors, and 88% satisfied with staff performance. These results are higher than the ratings most councils in New Zealand received from their own residents. A number of our services were singled out for even higher praise with 99% of those surveyed satisfied with sewerage services, and 94% with landscaping and beautification, and with rubbish collection. Also highly rated were parks and reserves (89%), events and tourism promotion (87%), library (85%), sports fields (84%), roads (84%), footpaths (81%), noise control (80%) and storm water drainage (80%). Thank you for the confidence you have shown in your council.

This report concludes the three year term of this council and of course local government elections are taking place in October this year. I want to place on record my personal thanks to Deputy Mayor Trevor Maxwell and to councillors for the hard work and commitment they have given to council work during this term. The community has been well served by its elected representatives.

I also pass on my thanks and extend my gratitude to our chief executive Peter Guerin and his managers and staff. The partnership between elected members and the 'operations' side of the council is a vital one and the many successes this document reports on would not have been possible without the innovation, dedication and determination of our talented and professional staff.

I take this opportunity to also extend my very personal thanks to my wife, and Rotorua's Mayoress, Sue, and to my family, for their support, encouragement and understanding.

Finally, I want to express my appreciation to the people of Rotorua for your belief in the future of this wonderful community, your contributions to making Rotorua a better place, and the support you have given to my fellow councillors and me during this three year term in office. Rotorua is in good shape thanks to you all.

Ma te mahi tahi ka tutuki – working together we will succeed.

A handwritten signature in black ink that reads "Kevin Winters". The signature is written in a cursive, slightly slanted style.

Kevin Winters
Mayor

5 YEAR FINANCIAL SUMMARY

Statement of Financial Performance (Council)

For the year ended 30 June:

	2007	2006	2005	2004	2003
\$ in thousands					
General rates	41,095	38,328	36,379	34,692	34,395
Targeted rates	15,305	14,108	13,332	12,767	11,140
Other services	31,499	43,061	29,697	26,357	20,996
Non operating adjustments	2,178	8,916	423	514	16,389
Total Revenue	90,077	104,034	79,831	74,330	82,920
Operating expenditure	86,551	80,888	70,998	67,090	62,541
Non operating expenditure	40	0	6,145	0	2,781
Taxation	0	5	23	(18)	164
Total expenditure	86,591	80,893	77,166	67,072	65,486
Net surplus	3,486	23,141	2,665	7,258	17,434

Statement of Financial Position (Council)

For the year ended 30 June:

	2007	2006	2005	2004	2003
\$ in thousands					
Current assets	15,046	21,403	50,980	46,244	35,555
Current liabilities	23,004	22,070	51,532	22,899	22,779
Working capital	(7,958)	(667)	(552)	23,345	12,776
Investments	2,092	1,794	1,888	6,411	6,675
Fixed assets	847,543	798,779	581,189	559,976	556,154
	841,677	799,906	582,525	589,732	575,605
Financed by:					
Rate payers equity	771,895	756,001	375,597	358,084	349,047
Debt	74,852	61,042	36,051	45,467	37,468
Other term liabilities	2,405	2,603	1,421	1,454	1,569
Reserves	(7,475)	(19,740)	169,456	184,727	187,521
	841,677	799,906	582,525	589,732	575,605

Note that comparative figures relating to 2005 and prior years are based on previous generally accepted accounting practice (pre NZ IFRS).

Revenue

Other services revenue is down on the previous year by \$12.5 million, mainly due to reduced grants for capital projects. Rates continue to be a significant portion of Council revenue (approximately 63%) and it is likely to remain so for the immediate future.

Expenditure

Operating expenditure is up by \$5.7 million (7.1%) on last year. The activities with reasonably significant increases in operating expenditure include: Central Business District Operations, Event Venues, Public Gardens and Reserves, and Airport. Part of the increase in operating expenditure results from additional depreciation and increased loan interest, otherwise most of the operating expenditure increase is in line with inflation.

Working Capital

Working capital is reduced by a further \$5.1 million when compared to the previous year. The main reasons for this were: cash was reduced by \$3.8 million, receivables was \$2.5 million less, and the current portion of Council's public debt increased by \$7.8 million. Despite Council having a negative working capital figure, Council was still in a sound financial position, as the first rates instalment invoices were to be sent out within six weeks and also Council had made arrangements for short term borrowing facilities to cover any cashflow deficits.

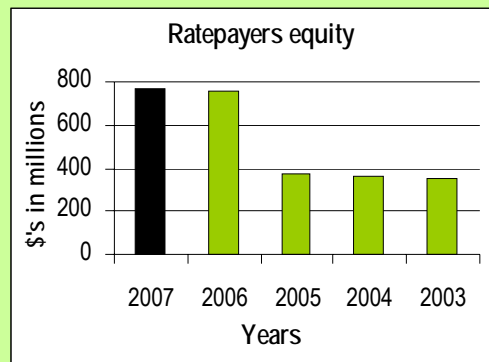
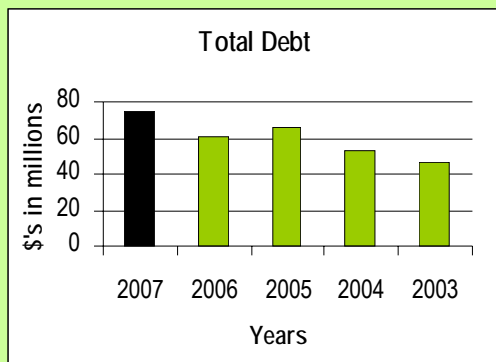
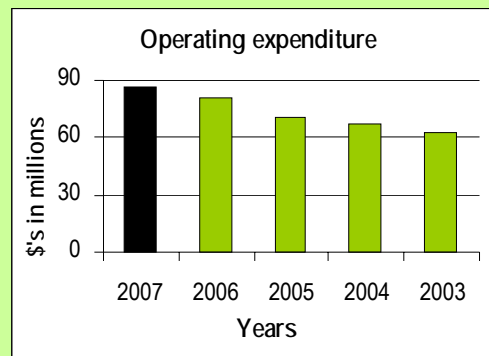
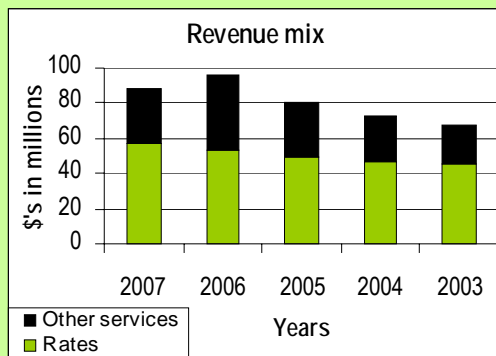
Fixed Assets

The value of Council's plant, property and equipment increased by \$48.2 million. The significant items of capital expenditure for the year included:

- Energy Events Centre (completion)
- Eastern sewerage schemes
- Roding
- Airport development

Public Debt

Council's public debt increased by \$13.8 million to \$74.9 million. However, the Ten Year Plan had anticipated that Council borrowing would be \$105.1 million by 30 June 2007. Council is still well within the borrowing limits as listed in the Borrowing Policy. The reason that total borrowing is less than the amount anticipated in the budget is because there have been delays in a number of projects such as the extension of the airport runway and the eastern sewerage schemes. These projects have been carried forward to 2007/08, and it is expected that the actual public debt will be close to the budgeted figure at 30 June 2008.



REPORT OF THE AUDITOR-GENERAL

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

AUDIT REPORT

TO THE READERS OF ROTORUA DISTRICT COUNCIL AND GROUP'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2007

The Auditor-General is the auditor of Rotorua District Council (the District Council) and group. The Auditor-General has appointed me, B H Halford, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. The audit covers the District Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council and group for the year ended 30 June 2007, including the financial statements.

Unqualified Opinion

In our opinion:

- The financial statements of the District Council and group on pages 54 to 209:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect :
 - the District Council and group's financial position as at 30 June 2007; and
 - the results of operations and cash flows for the year ended on that date.
- The service provision information of the District Council and group on pages 54 to 162 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 5 October 2007, 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, performance information 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, performance information 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, performance information 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, performance information and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, performance information 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 2007. They must also fairly reflect the results of operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of Schedule 10 and including that information in the annual report. The Council's responsibilities arise from Section 98 and Schedule 10 of the Local Government Act 2002.

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

Independence

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

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



B H Halford
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

CHIEF EXECUTIVE'S REPORT

Introduction

This is the first report back to the Rotorua community since the 2006-2016 Ten Year Plan adopted was in June 2006. This 2007 Annual Report provides commentary, both financial and non-financial on progress being made toward targets in Ten Year Plan.

It has been a big year with good progress made on all projects and policies. Service levels have been maintained and in some cases increased, and Council's financial affairs have continued to be managed prudently. The balance of this overview provides a short commentary on some of the major aspects of the year.

Major emphasis for 2006/07 from Ten Year Plan

Major strategic issues being addressed by Council:

- Enhanced community safety
- Improving lake water quality
- Sustainable management of growth
- Quality urban design
- Provision of recreational services
- Management land transport needs
- Reviewing funding systems
- Maintenance and development of Te Arawa relationships.

Some Key Achievements for the Year

- Commissioning of the Energy Events Centre with subsequent bookings far exceeding initial projections.
- Continued development of Council's wastewater strategy and wastewater schemes for lakeshore settlements.
- Progress on research and preliminary planning to commence review of the District Plan including structure plans for the east, north-west and south of the district, and Rotorua basin landscape assessment
- Development Contributions policy approved and subsequent remission policy for land use development
- Lake restoration planning and development well advanced
- Electoral systems review and the establishment of a Lakes Community Board
- Financial support from other agencies and organisations.
- Rotorua Museum Centennial Trust, securing donations of \$4.7 million from Rotorua Trust and \$750,000 from BayTrust.
- Rotorua BrightEconomy Advisory Board initiatives including nine point framework recognising role of farming, forestry and wood processing and tourism - and focus on six new opportunity areas where Rotorua has advantages: local energy generation, immigration and

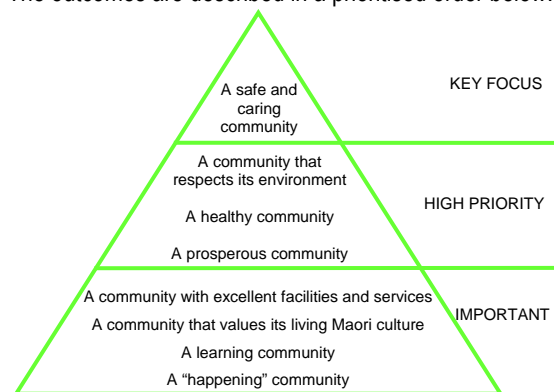
lifestyle investment, water, bio-materials, land use optimisation and research and development.

- Increase in Australian visitor nights spent in Rotorua's commercial accommodation.
- Castlecorp's review of efficiency has seen the purchase of a smaller refuse compactor.
- Advancement of SH36 projects including Mangorewa Gorge project and one lane bridges, and Fairy Springs 4 laning project to design.
- Northern starter runway extension completed in November 2006 and new jet departure/arrivals lounge, which includes Customs and MAF areas, constructed.

Community Outcomes

Community Outcomes identified in 2003 have become an important strategic driver for Council's actions, activities, and general strategic direction. Council is required to show how it proposes supporting community outcomes. The 2006-16 Ten Year Plan identifies the activities we have engaged in that, along with a performance framework, will show Council's contribution to the Community Outcomes.

The outcomes are described in a prioritised order below.



Monitoring Progress Towards Community Outcomes

In June 2007 Council approved the Rotorua Community Outcomes Data Analysis Report which presented information on various indicators that show progress towards the outcomes above. The report's purpose is to help inform decision-makers about community needs in the Rotorua District, to promote better co-ordination and application of community resources.

Key Results

Rotorua's progress indicators show that the district is progressing well on a number of fronts including:

- Falling crime rate and improving perceptions of community safety by residents.
- Low levels of unemployment.
- Reduced rates of school stand-downs and suspensions.
- Increased levels of educational attainment.
- Increased visitor numbers.
- Increased real median income, though still below the national average.
- Reduced rates of heart disease, though still above the national standardised rate.

Areas we are not doing well as a district include:

- Increased numbers of annual road traffic crashes and casualties due to poor observation, speeding, failure to give way and drink driving.
- Relatively high levels of reported criminal offending, despite improvements.
- Relatively high levels of waste to landfill per capita.
- Poor oral health
- Increasing numbers of early school leaver exemptions.
- Algal blooms on some lakes.
- A range of other health, learning, economic, safety and environmental outcomes.

One area not covered well in the report is the extent to which the Rotorua community values its living Māori culture, due to the challenge of measuring and monitoring cultural well-being.

To view the complete report refer to the web www.rdc.govt.nz.

Rotorua Partners Programme

A Partner Programme was established 3 years ago in order to assist in finding funding solutions for the Energy Events Centre. This programme has allowed philanthropic, community organisations and corporates to come together and assist in the development of community infrastructure that otherwise would not be affordable for our community. The Energy Events Centre is national 'best practice' for combining public and private funding in order to develop a facility that is of national significance, providing an opportunity for community use of a facility along with commercial opportunities. Partners are currently:

Foundation Partners

Rotorua Energy Charitable Trust (Rotorua Trust)
Pukeroa Oruawhata Trust
BayTrust
Red Stag
Southern Trust
Lion Foundation
Unison
RadioWorks
Wai Ora Spa

Corporate Partners

Daily Post
Damar Industries Limited
Opus International Limited
Sigma
Panasonic
Skellerup/HG Leach Co. Ltd
Downer EDI Works
First Sovereign Trust
NZ community Trust

Project Partners

Canmap Hawley
DavysBurton
Lockwood
Datacom
Materials Processing

The Rotorua Trust continues to be a major partner with Rotorua District Council in the provision of community facilities. The Trust has agreed to support Council's Centennial Museum Project and the council and the community are very grateful for their continued generous support. That thanks is also extended to the other Rotorua Partners.

Financial review

International Financial Reporting Standards (IFRS)

New Zealand has chosen to adopt International Financial Reporting Standards which will provide an improvement in financial statement comparison between countries, improve the quality of standards, particularly around the valuation of assets and the use of the fair value concept, attempt to reduce or eliminate the off balance sheet transactions, and provide a greater responsibility for looking at financial risk.

Following are the major changes to Council's accounting policy. For further details see the notes to the Financial Statements in this Annual Report.

- Recognition of income at the time it is due
- Valuation of Airport shareholding at cost
- Impairment of non-financial assets
- Capital projects under construction reclassified as property, plant and equipment
- Software classified as intangible assets
- Forestry Assets recognised
- Community Asset Development Fund loans expensed in the year they are given

The change in accounting policies as a result of adopting NZ IFRS has required the restatement of the previous 2006 Financial Statements in order to comply with IFRS. Note 2 in the Notes to the Financial Reports explains the changes made to comply with these reporting standards.

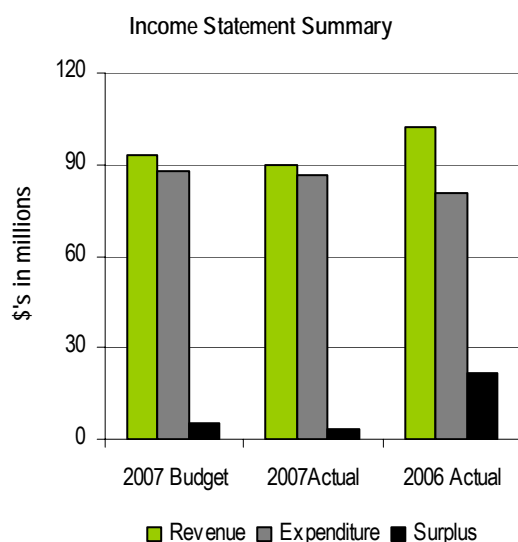
Statement of Financial Performance

For the year ended 30 June:	2007	2007			2006
\$ in thousands	Budget	Actual	Variance		Actual
General Rates	40,175	41,095	920	(F)	38,328
Other services	53,238	46,804	-4,256	(U)	56,790
Non operating adjustments	-	2,178	-		8,916
Total Revenue	93,413	90,077	-3,336	(U)	104,034
Operating expenditure	87,888	86,591	-1,297	(F)	80,888
Surplus before tax	5,525	3,486	-2,039	(F)	23,146
Taxation	-	-	-		5
Net surplus after tax	5,525	3,486	-2,039	(U)	23,141

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

(U) means an unfavourable variance

The graph below shows revenue, expenditure and surplus for the years ending 30 June 2007 and 2006, along with the budget for 2007.



Major variances – Revenue

	\$ in millions
Additional general rates	0.9 (F)
Additional vested assets	0.2 (F)
Additional (non operational) income	0.7 (F)
Additional grants for EEC	0.7 (F)
Grant for pensioner housing (HNZ)	0.3 (F)
Additional funding for security lighting	0.5 (F)
No grant for airport runway extension	3.0 (U)
Delayed MOH subsidy for wastewater	3.6 (U)
Total revenue variance	3.3 (U)

Major Variance – Expenditure

	\$ in millions
Planning projects c/f to 2007/08	0.6 (F)
Reduced Democracy (support) cost	0.2 (F)
Less interest expense	0.9 (F)
Lower wastewater costs (delays)	0.4 (F)
Reduced tourism (promotion and trade shows)	0.3 (F)
Increased landfill operating costs	0.2 (U)
Increased depreciation (revaluation)	0.9 (U)
Total expenditure variance	1.3 (F)

Reasons for surplus

Sometimes there is surprise that local government financial statements (not-for-profit organisation) include an operating surplus. To follow is a brief explanation as to why Council is required to budget for and achieve a surplus.

The expression “surplus” is the term used to describe the difference between operating revenue and the operating expenditure in the Income Statement. It should be noted that the Income Statement does not include any expenditure of a capital nature. That expenditure is recorded in the Balance Sheet.

Some of the revenue (for example rates revenue, grants and Land Transport NZ subsidies), is used to fund capital expenditure. The Land Transport NZ subsidy includes provision for a rural seal extension, which is capital expenditure. The cost of that rural seal extension is recorded in the balance sheet. However the funding or income to pay for that expenditure, coming from rates and Land Transport NZ subsidies, is recorded in the Income Statement.

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

Analysis of Surplus use

For the year ended 30 June 2007			
\$ in thousands	Budget	Actual	Var
Surplus for operations	5,525	3,486	-2,026 (U)
Add			
Depreciation	21,795	22,566	771 (F)
Vested assets	-1,692	-1,872	-180 (U)
Subsidiary adjustment	0	-2,631	-2,631 (U)
Cash (operating) for capital expenditure	25,628	21,549	-4,066 (U)
Add cash from other sources			
Loans	42,833	13,810	-29,023 (U)
Loan advances	-686	21	707 (F)
Reserves	1,248	12,057	10,809 (F)
Sinking funds		3	3 (F)
Energy events centre grant	-11,111	-3,000	8,111 (F)
Cash for capital expenditure	57,912	44,440	-13,459 (U)
Used for:			
Capital expenditure	57,912	44,440	-13,459 (U)

In summary, it can be seen that the reduced surplus as compared to the budget of \$2.026 million that included additional non-cash items of \$3.482 million, reduced the cash from operations to contribute to capital expenditure by \$4.066 million. The reasons for the surplus variance from operations are explained above.

The reduced capital expenditure programme this year, compared to the budget, means there has been a considerable reduction in the need to use debt. The lower debt requirement is some \$29 million. However it should be remembered that this favourable budget variance is largely a timing difference only i.e. the corresponding capital expenditure has simply been delayed and will now occur in 2007/08 or beyond.

The capital expenditure variance is mainly because of:

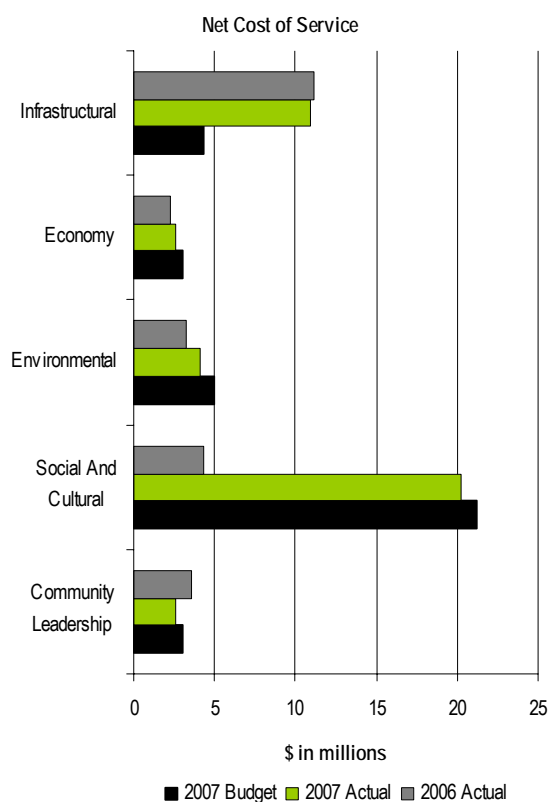
- the delay in commencing construction of urban and lake shore community waste water schemes,
- Rotorua Regional Airport developments
- urban water reticulation renewal.

Other expenditure that had an effect on funding included:

- timing and cost of the Energy Events Centre
- delay in acquisition of Westbrook parkland; and
- unbudgeted purchase of land for cemetery.

Net Cost of Surplus Summary

The graph below shows the actual net cost of service for each of the five groups of activities as compared to the budget for 2007 and, for comparative purposes, the 2006 actual net cost of service.



The statements below show the 2006/07 net cost of service for all activities council engaged in and variance to budget. There is some further analysis of the main explanations for each group of activities:

For the year ended 30 June:	2007	2007	Variance	
\$'s in thousand	Budget	Actual	to Bud	
Community Leadership				
Democracy	1,828	1,621	207	(F)
Policy & Support Services	864	762	102	(F)
Kaupapa Maori	293	213	80	(F)
	2,985	2,596	389	(F)
Social And Cultural				
Aquatic Facilities	1,352	1,446	(94)	(U)
Cemeteries/Crematorium	174	120	54	(F)
City Services	895	1,155	(260)	(U)
Civil Defence Emergency Management	302	266	36	(F)
Community Assistance	1,067	989	78	(F)
Community Halls	295	272	23	(F)
Community Policy & Resources	1,047	973	74	(F)
Event Venues	3,160	2,961	199	(F)
Pensioner Housing	288	170	118	(F)
Public Gardens/General Reserves	7,729	7,372	357	(F)
Public Library	3,160	2,885	275	(F)
Rotorua Museum of Art and History	1,692	1,626	66	(F)
	21,161	20,235	926	(F)

Environmental				
Animal Control	288	313	(25)	(U)
Building Control	460	465	(5)	(U)
Environmental Planning	3,581	2,943	638	(F)
Inspection	1,142	937	205	(F)
Parking Enforcement	(500)	(599)	99	(F)
	4,971	4,059	912	(F)
Economy				
Economic Development	917	748	169	(F)
Tourism Rotorua Marketing	1,792	1,745	47	(F)
Tourism Rotorua Travel & Information	300	81	219	(F)
	3,009	2,574	435	(F)
Infrastructural				
Engineering Support	(306)	(402)	96	(F)
Land Drainage	2,684	2,444	240	(F)
Landfill	129	83	46	(F)
Airport	(3,015)	1,357	(4,372)	(U)
Refuse Collection	17	(4)	21	(F)
Road Safety	82	76	6	(F)
Roading	7,722	7,390	332	(F)
Rural Fire	146	157	(11)	(U)
State Highway Administration	1	(9)	10	(F)
Waste Management	1,119	1,111	8	(F)
Waste Water	(4,306)	(1,947)	(2,359)	(U)
Water	73	677	(604)	(U)
	4,346	10,933	(6,587)	(U)
Business Unit Castlecorp				
Castlecorp	-	(165)	165	(F)
Total net costs before general rates	36,472	40,232	(3,760)	(U)

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

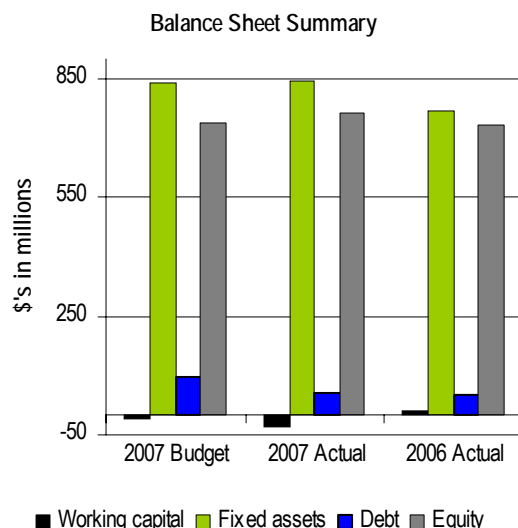
(U) means an unfavourable variance

Statement of Financial Position

For the year ended 30 June:	2007	2007			2006
\$ in thousands	Budget	Actual	Variance		Actual
Current assets	14,259	15,046	787	(F)	48,497
Current liabilities	22,814	46,221	23,407	(U)	37,389
Working capital	-8,555	-31,175	-22,620	(F)	11,108
Investments	5,481	4,235	-1,246	(F)	2,253
Plant, property and equipment	836,983	845,400	8,417	(F)	771,131
	833,909	818,460	-15,449	(F)	784,492
Financed by:					
Equity	736,306	764,420	28,114	(U)	735,125
Debt (term)	96,093	51,635	-44,458	(F)	47,022
Other term liabilities	1,510	2,405	895	(U)	2,345
	833,909	818,460	-15,449	(F)	784,492

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

(U) means an unfavourable variance



Strategic Issues

Community Safety

Community safety has been a high priority for Council since the Community Outcomes were identified in 2003. This saw a refocusing of council activity that already had a community safety perspective but which was not clearly identified. This has seen Council's contribution to road safety, swimming pool safety, visitor safety, building safety etc, identified in Council's planning processes.

During this year there has been an emphasis on:

- More promotion of community awareness around Civil Defence Emergency Management response capabilities of families.
- Infrastructure design through the use of Crime Prevention through Environmental Design (CPTED) and partnerships with other organisations. Special thanks must go to the Rotorua Trust for the financial support to extend the installation of CCTVs around the CBD and the new Energy Events Centre.
- A partnership with the Crime Prevention Unit of the Ministry of Justice through Project CARV curbing alcohol related violence.
- Expansion of Rueben the Road Safety Bear programme reaching more than 3000 children during the year and encouraging better road safety.
- Council's investment with Environment Bay of Plenty and Te Arawa Lakes Trust for improving lake water quality will have significant public health benefits and improve water safety.

Lakes Water Quality

The Rotorua Lakes Strategy Joint Committee (with membership from Rotorua District Council, Environment Bay of Plenty and Te Arawa Lakes Trust Board) met four times this year to deal with the strategic and high level policy issues that will contribute towards improving lake water quality.

During the year considerable effort was put into preparing lake action plans. Drafts Action Plans were prepared for Lake Rotoehu and jointly for Lakes Rotorua and Rotoiti. These action plans are developed through a public participation process that has extensive representation across a broad range of community groups and interests including farmers, lakeside residents, iwi groups, fisheries, foresters, lifestyle block owners and others that come together to confront the major issues. The plans outline the main economic implications, roles, responsibilities and strategies around nutrient treatment reductions and regulatory environment, and conclude with a review timetable.

Council, through the Rotorua Lakes Strategy Joint Committee, entered into a Memorandum of Understanding with the Crown last year. In part, this MoU acknowledged the need to work in partnership with the Crown in order to find sustainable solutions to lake restoration. During the year His Worship the Mayor, Kevin Winters, led a delegation to meet with the Minister of Health and Minister for the Environment to put the case for the Government to work with the Joint Committee to fund the restoration solutions estimated at \$200million. Approximately \$100million relates to lakeshore sewerage schemes, some of which have been constructed and others are on hold until we have a sense of the level of Government support. We will continue to advocate strongly and believe there is a high level of support from the ministers and the government. Since balance date we have continued to work strongly with officials from government ministries in order to put the case for funding support for the Rotorua lakes.

Council has used as much innovation as possible to keep the cost of the lakeshore sewerage schemes to a minimum. Some new technology from an Australian supplier has been adapted to allow the use of low pressure sewerage lines as opposed to gravity mains. This technology allows more affordable construction methods to be used and is less disruptive to the community during construction. The use of this technology has been developed through Council's in-house engineering design team - Hydrus. We believe that there is some intellectual property that is marketable beyond the needs for the Rotorua district and have had some limited success to date. Council's construction business unit – Castlecorp, will be involved in a pilot project to be commenced toward the end of the 2007 calendar year

Sustainable Management of Growth

For five years Council has been committed to ensuring sustainable economic growth of the district. This is not measured in population growth alone. More important measures are an increase in household income, property values, growth in existing business and new start-up business, etc. However it was pleasing to see some small population increase in the 2006 five year census for the Rotorua District

There has been considerable focus on economic development during the year with the Bright Economy Advisory Board playing an important role and taking special interest in:

- Bio materials

- Water
- Local energy
- Immigration and life style
- Research and development
- Optimum land use

Rotorua Regional Airport

It is almost five years since Council purchased the 50% shareholding held by a private sector owner, Central Avion Holdings Limited. Since then an enormous amount of work has gone into the design, development and long term planning for the Airport. However the Airport will not make its full contribution to our economy until it has trans-Tasman scheduled services that meet the needs of our local business sectors. One of the last planning hurdles required has been a change to the District Plan to both protect the Airport and the neighbours of the Airport. This matter is before the Environment Court at balance date and it is hoped that a mediated solution can be arrived at before the end of calendar 2007. This will then pave the way for the final phase of investment to complete the trans-Tasman goal.

It is hoped that the recently announced Regional Council proposal to invest in significant regional infrastructure will provide much of the funding for the next phase of development. The Ten year Plan anticipated in excess of \$15million from sources other than Council.

Rotorua Museum of Art and History – Te Whare Taongo O Te Arawa

Some members of the community have long had a vision of seeing the Rotorua Museum of Art and History building completed to fulfil the original architect's vision. This will include an extension wing to the north and a substantial increase in the building to the south. Since then the Rotorua Museum Centennial Trust has been established, chaired by Lyall Thurston, whose task it is to raise some \$19 million. Funding commenced with Council agreeing to include the project in the Ten Year Plan with \$4.5 million of initial support. Since then the trust has achieved considerable success.

The Museum building is nationally and internationally iconic, and the most photographed building in our country. To complete this iconic building will add greatly to the attractiveness of the building, provide much needed additional exhibition and display space to tell the stories of Rotorua and perhaps most importantly, become a home for the repatriation of Te Arawa Taonga.

This is a major community project and the joint Rotary Clubs of Rotorua are taking a big leadership role in both communicating the merit of the project and encouraging funding partners to support the Trust.

Quality Urban Design

As part of the District Plan review, Council will need to form a view as to whether it wants to be overtly involved in the urban design of our district. Urban design is not about design of

buildings, format of parks and the layout of streets. Urban design is more about the look and feel of our city and district. Taking an overt role in this area will require considerable leadership. If successful it will mean future generations can have a sense of wellbeing because of the physical shape and form of our city. These are important issues going forward and will be part of the District Plan community debate over the next two years.

Land Transport

A review of the Bay of Plenty Regional Land Transport Strategy (RLTS) was undertaken this year and adopted in June 2007. The 2007 RLTS provided an update on the first strategy which was prepared in response to population and business growth rates in the Western Bay of Plenty. That first RLTS provided a platform to engage with Central Government and a Joint Officials' Group meeting in 2005 saw an additional \$150million of Crown funding allocated towards land transport in the Bay of Plenty. On adopting the second RLTS there was still a gap between the various transport packages and proposals in the RLTS, and funding sources available. This funding gap has been the subject of considerable debate and since balance date, Bay of Plenty local authority chief executives have been working together to try and find funding solutions that can be recommended to the Regional Land Transport Committee. It is hoped that by early 2008 a total funding package can be completed that will allow investment in the roading network of the region in a way that ensures safe accessible networks meet in a sustainable way, allowing products, services and passengers to travel freely with other road users..

Funding System

For some time now there has been a view held by parts of the community and Council that a change in rating from a land value based system to a capital value system could improve the equity and efficiency of Council's rating system.

Council believes that it is a very important matter and one that should be commenced at the beginning of an electoral term. It will be making recommendations to the incoming Council after the triennial elections in October 2007.

Added to this is a recently completed Government Rating Inquiry that has some 90 recommendations to improve the rating systems of Local Government in New Zealand. These recommendations are around –

- The use of rating tools
- Non-rating funding mechanisms
- Alternative sources of funding
- Sustainability and affordability of rates
- The use of exemptions
- Decision-making, planning and accountability

This report will be referred to the incoming Council as additional material to support its decision-making around Council's overall rating system.

Development Contributions (DCs)

DCs are a funding tool that allows local government to relieve ratepayers of the costs associated with providing new infrastructure to meet the needs of development. Council went through a robust process that examined capital expenditure budgets for the next 10 years to determine what proportion of the expenditure related to:

- Renewal of assets
- increase in level of service
- growth.

A Rotorua Growth Model was also developed at the same time to gain a clear understanding of what the infrastructure needs might be over the next 25 years. This information was an important part of determining infrastructure costs and hence the DC quantum. In effect, Council is building infrastructure capacity for future development ahead of time so that there are no delays when developers require additional capacity from Council's infrastructure.

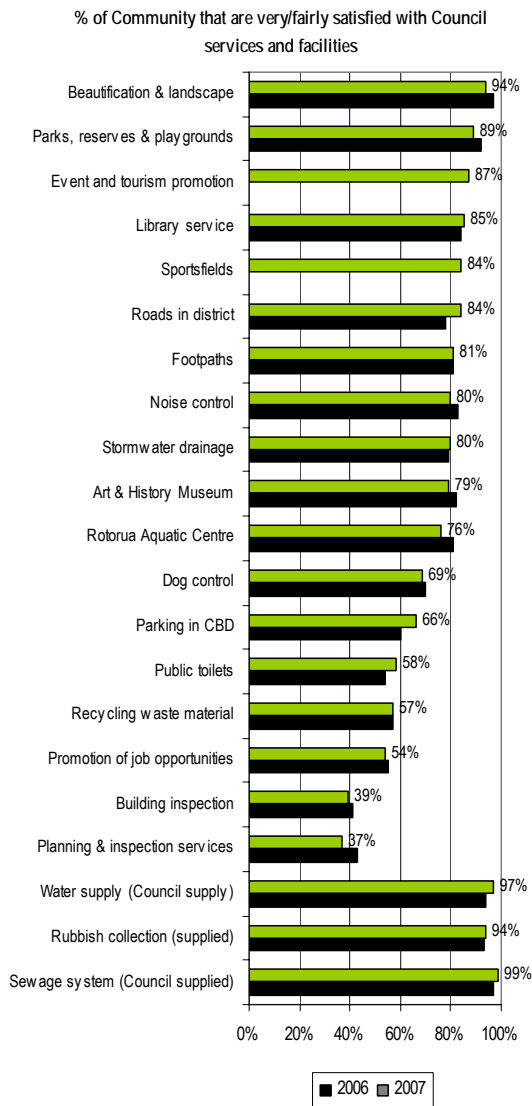
Soon after the DCs became effective (1 July 2006), a number of large local developers met to express their concerns that the DCs on commercial development would adversely effect Rotorua's growth to the extent that they were not prepared to invest further in the city. Council noted these concerns and agreed to remit DCs on land use consents, with the exception of water supplies and waste water schemes. Their exemption period expires on 30 September 2007. After that date Council will continue to monitor the effects of DCs on the district's growth. The DCs include provision for private developer agreements and will continue to receive and evaluate private developer agreement applications.

Te Arawa Relationship

Council recognises the importance of a strong working and collaborative relationship with Te Arawa Iwi and Hapu. It has achieved this through a number of organisational structures such as the Te Arawa Standing Committee. More latterly there has been a need to work at a Iwi/Hapu level. In 2006 a memorandum of understanding was entered into between Council and Tuhourangi. The purpose of the Memorandum was simplified to ensure there were robust communication channels in place with "no surprises".

NRB Community Satisfaction Survey

This year's NRB Community Satisfaction Survey continued to show high level of satisfaction with most Council's services, reinforcing the strategies and policies that sit behind the provision of all these services. Areas where Council's performance, according to the survey, has not developed to the level expected are being addressed in the coming year. Much of it will be centred around customer expectation survey methodologies and better matching those service expectations with levels of service provision.



Quality Assurance and Management

There are many third party agencies that review Council's systems, procedures and performance for best/good practice, or assessment against a given set of criteria. This year three new activities within Council's organisation were accredited with a particular quality assessment. These are:

Council Department	Quality Assurance
Aquatic Centre	Qualmark
Energy Events Centre	Qualmark
Building Control	IENZ

Staff

Staff numbers

Council employs over 520 fulltime equivalent (FTE) staff. Analysis of staff numbers shows they have increased 11% over the five years from 2002 to 2006. Many of these new positions were funded from external sources such as grants from government agencies, etc, rather than rates.

This year staff numbers increased by 20 FTE's and were for the following reasons:

Position	Funding source	Staff No.
Partners programme	Grant/rates	1
Energy events centre	Venue hire	4
Community safety	Grants	1
Museum	Admissions/rates	1
Tokorangi Forest information centre	Licences/rates	2
Consent planners	Consent fees	2
Engineering	Rent/rates	1
Information Technology	Overheads	3
Castlecorp	Contracts	5
Total increase in staff numbers		20

Staff Performance

Council takes part in an annual survey conducted by National Research Bureau and respondents are asked to rate the performance of staff. In 2006/07 69% rated Council staff performance as very/fairly good, which is relatively close to previous years and gives some assurance that in a service-based organisation most staff are meeting the expectations of users of services. However there is always room for improvement.

Customer Service

As noted, Council is a service-based organisation. Positive customer contact is critical to our ongoing success. In the 2007/08 year a comprehensive review of customer service, including the way services are provided, the method of delivery, customer reception within the Civic Centre, telephone systems, internet and survey methods, will be used to continue with service improvement.

Castlecorp

Castlecorp is a business unit of Council providing a maintenance service for water supplies, waste water services, refuse collection, curb-side refuse collection, parks and reserves maintenance and janitorial services. Until recently Castlecorp provided a limited capital construction service mainly around the replacement of the urban water supply reticulation. However more latterly there has been an increase in some of the capital projects and going forward into 2008 it is expected that Castlecorp will undertake a sewerage reticulation project using low pressure grinder pump sewerage systems. This is a pilot project and it is expected that there will be considerable learning that can be shared with the contracting industry for some of the bigger lakeshore sewerage scheme projects in later years.

Council's philosophy is that where there is a core service with a close customer interface, it is often more effective to use employees to provide the service as opposed to contractors. That philosophy is not held by all local authorities. In fact the trend up until recently was to contract out to the private sector virtually all of the services provided by Council. We has had a different view for some time which has, by and

large, allowed us to contain the cost of services and have high levels of customer satisfaction. However where there is considerable innovation and one-off expertise required Council will always go to the market through a competitive tendering process to attract the best suppliers of that service or construction capabilities.

I continue to be very impressed with all staff providing services to the community and ratepayers, and believe that we are able to, in many areas, match the productivity of the private sector.

Further information

By its very nature this annual report is but a snap shot of Council's operation for the past year, ending 30 June. Much has happened since then, such as:

- Meeting with the government about a funding partnership to assist with Rotorua lakes restoration.
- Further clarification on closing the gap on the Regional Land Transport Strategy funding

Should readers require more information or interpretation of the information in this annual report they are most welcome to contact me by phone on 07 3484199, or email to peter.guerin@rdc.govt.nz. Our web site www.rdc.govt.nz also has a wealth of reports and other information than may be of interest.

Finally, could I take this opportunity to thank staff for their very energetic and innovative support that has allowed Rotorua District Council to continue meeting the needs of the community in a financially sustainable way.



Peter Guerin
 Chief Executive



New corporate uniforms for front line staff at Rotorua District Council's Civic Centre were revealed during the year and well received by customers and staff

ROTORUA PARTNERS' PROGRAMME

More than \$20 million in philanthropic support has been confirmed from our Rotorua Partners, for the next few years.

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

It comprises three categories of partners:

Foundation Partner



Corporate Partner



Project Partner



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

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

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

What is the Rotorua Partners' Programme?

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

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

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

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

The Rotorua District has some significant community-wide projects going forward to a better future. Currently these include the Rotorua Regional Airport, the Rotorua Museum of Art & History Centennial Project, the Civic Theatre development, the Lakefront Project, Rotorua lakes and major events. It is through the Partners Programme that the scope and final achievement will be achieved.

What the Rotorua Partners' Programme is not

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

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

Inaugural Foundation Partners



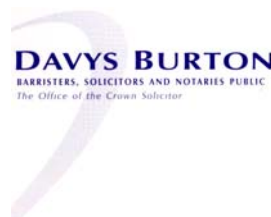
Foundation Partners



Corporate Partners



Project Partners



DEVELOPING MAORI CAPACITY TO CONTRIBUTE TO DECISION MAKING

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

The following structures and forums provided opportunities for greater involvement by Maori in Council's decision-making processes throughout the year.

Te Arawa Standing Committee (TASC)

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

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

Te Arawa Standing Committee Marae Hui

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

Marae meetings are open to all community organisations, the public, ratepayers and marae beneficiaries.

Te Pukenga Koeke O Te Arawa O Te Whare Taonga

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

Ngati Whakaue Gifted Lands Protocol

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

Iwi Consultative Group

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

Kauae Cemetery Committee

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

Pukaki Trust

The Pukaki Trust meets to ensure the safe-keeping, conservation and maintenance of Pukaki, located in the council Civic Centre galleria. The Trust met on 30 November 2006.

Waka Taua Trust

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

Ngati Rangiteaorere Kahikatea Trust Consultative Group

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

Council's Kaupapa Maori Unit

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

Mana Whenua Funding Policy

In 2005/06 Council reviewed its existing support of iwi management plans and developed a new Mana Whenua funding policy with objectives that are aimed at both supporting the intent of section 81 of the Local Government Act 2002 as well as promoting resource management objectives. This policy will be operative in September 2007 with promotions and advertising beginning in July 2007. The overall aim of the policy is to stimulate and/or encourage the sustainable development of unoccupied Maori land in the District. The intent is to investigate viable strategies; build capacity of Maori land owners and develop feasible joint projects that will benefit owners and the wider community.

Memorandum of Understanding

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

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

Tangata Whenua and Maori Communications and Consultation Guide

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

Rotorua Lakes Strategy Joint Committee

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

Lakes Restoration and Rehabilitation Programme

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

Energy Events Centre

The Energy Events Centre working party included a representative from Pukeroa Oruawhata to ensure Tangata Whenua values were 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.

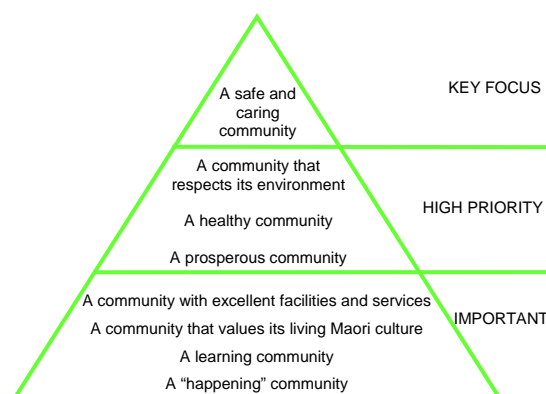
Rotorua District Council's contribution to promoting the community outcomes is described in the LTCCP (Ten Year Plan). It is a requirement of all LTCCPs to describe which community outcomes different council activities will contribute towards.

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 June 2007 Rotorua District Council (RDC) published the first Rotorua Community Outcomes report. The report presented information on a range of indicators which were selected to reflect the state of the high level outcomes above. The Rotorua Community Outcomes are not the sole responsibility of RDC. Many local and national organisations contribute to each one. The report collected data from these organisations and other sources, and reflects the current status of the district's eight community outcomes.

The report will help to inform decision makers about community needs in the Rotorua District, to promote better co-ordination and application of community resources.

A summary of the results follows.

Progress indicators from the report reveal that Rotorua is doing well on a number of fronts, including:

- Falling crime rate and improving perceptions of community safety by residents.
- Low levels of unemployment.
- Reduced rates of school stand-downs and suspensions.
- Increased levels of educational attainment.
- Increased visitor numbers.
- Increased real median income, though still below the national average.
- Reduced rates of heart disease, though still above the national standardised rate.

Areas where the district is not doing so well include:

- Increased numbers of annual road traffic crashes and casualties since 2000 due to issues such as poor observation, speeding, failure to give way and drink driving.
- Relatively high levels of reported criminal offending, despite improvements.
- Relatively high levels of waste to landfill per capita.
- Poor oral health, with an average of 2.23 decayed, missing and filled teeth for 12-year olds compared to 1.67 for the national average.
- Increasing numbers of early school leaver exemptions.
- Algal blooms on Lakes Rotoehu, Rotoiti, Rotorua and Okaro.

In addition to this monitoring, Council has also undertaken a significant 'Perceptions of Safety' survey during the year (as well as the NRB Satisfaction with Council Services Survey).

The Perceptions of Safety Survey is part of an ongoing monitoring tool for Rotorua District Council and provides residents with an opportunity to have their say on matters of personal safety, safety in neighbourhoods, and safety in public places such as the Central Business District (CBD).

The 2007 survey recorded a notable jump in the number of Rotorua residents feeling "very safe" or "safe" in the CBD during the daytime (90.7% of respondents feel this way in 2007, up from 81.2% in 2006).

These findings reflect the effective partnerships Council has with Police, Neighbourhood Support, Maori Wardens, and other organisations to reduce crime



When Rotorua District Council added its first fuel efficient hybrid vehicles to the council fleet, Honda New Zealand commemorated the occasion by donating \$4,550 from their Honda TreeFund to purchase 900 native trees for planting in the district
 [L-R: Honda operations manager Steve Freeman; Castlecorp general manager Mike Davies; Castlecorp business manager Mijo Katavic; Honda salesperson Adrian Moore; and RDC chief executive Peter Guerin]

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. According to the 2006 Census, Rotorua's usually resident population numbered 65,901. This is a change of 2.2 percent since 2001. Rotorua ranks 5th in size out of the 58 districts in New Zealand, and 16th in size out of New Zealand's 73 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 district statistics:

- The total area of the Rotorua District is 2,708 km².
- Based on the 2006 Census, the district's usually resident population stands at 65,901.
- According to the 2006 Census, the usually resident population of the main urban area stands at 53,766.
- 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. For the year ending May 2007 there was an average of 5,127 visitors per day staying in Rotorua commercial accommodation.
- There are 1,800 ha of reserves managed by Rotorua District Council.
- There are more than 1,000 km of local roads in the district, of which almost 70% are sealed.
- The gross capital valuation is almost \$10.3 billion and gross land valuation is around \$5.0 billion.
- Rotorua's GDP is estimated at \$2 billion per annum.

Rotorua's Early History

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

earliest Maori villages in Rotorua were located close to geothermal activity, including Ohinemutu and Whakarewarewa. Descendants of the original settlers have left their mark on modern-day Rotorua through song, dance, legends and place names.

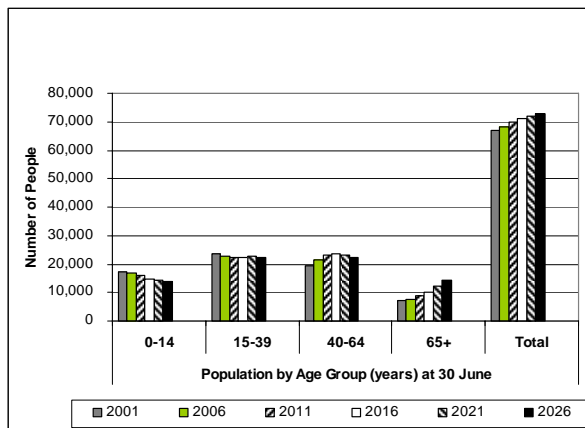
European settlers arrived in New Zealand throughout the 18th century. The subsequent development of the Rotorua area was driven by interest in the unique geothermal and cultural attractions of the area, coupled with the establishment of transport links, forestry and farming. The foundations of today's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

Rotorua's People

There are slightly more females than males in Rotorua, this is especially noticeable in some age groups. The 2006 census shows that males outnumber females among young children and youths but females predominate among adults from late 20s onwards. Based on the 2006 census 51% of Rotorua's population are female (33,897) and 49% male (32,004).

Including people of mixed ethnicity, the major ethnic groups in the Rotorua District are European (58%), Maori (34%), New Zealander (10%), Pacific Islands (4%) and Asian (4%). More than half of Rotorua's young people are of Maori descent. According to 2001 Census results, around 8,000 Rotorua residents are affiliated with the Arawa tribe that were the original settlers of the central Bay of Plenty area. In addition, many of Rotorua's Maori residents are affiliated with tribes from other parts of New Zealand. Rotorua's population profile is becoming much more multicultural than it has been in the past, including increases in residents from the Pacific Islands, Asian countries, and many other parts of the world. Rotorua's population profile is also relatively youthful but, like other parts of New Zealand, is gradually growing older. Official projections show that the district is expected to have only moderate residential population growth over the coming decade, with more rapid growth in the eastern suburbs, northern rural areas and eastern lakeside areas.

Population Projections by Age Group 2001 (Base)-2026 Rotorua District



Source: Statistics New Zealand Medium Population Projections, released February 2005.

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, Okakarū, 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. 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 2026

Introduction

Each year there are around 1,100 births in the Rotorua District and 1,000 deaths, so natural increase is around 0.1% per year.

The 2006 Census counted 65,901 residents in the Rotorua District. As well as overall population changes, the demographic profile of Rotorua is projected to change. In particular, the population profile is ageing, there is an increasing number of Maori residents, and also an increasing diversity of people belonging to Asian, Pacific Islands, and other ethnic groups.

Migrational churning is a distinctive feature of the Rotorua District and wider Bay of Plenty. The latest population projections assume that Rotorua will continue to have slightly more out-migration than in-migration each year, resulting in an expected population growth rate of around 0.3% per annum over the coming 20 year period (2006-2026), compared with a national growth rate of 0.7%. The Bay of Plenty as a whole is forecast to grow at 1.0% per annum over this period, due to an expected continuation in the rapid growth in the Tauranga (1.7%) and Western Bay of Plenty districts (1.6%).

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

Improving our knowledge

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

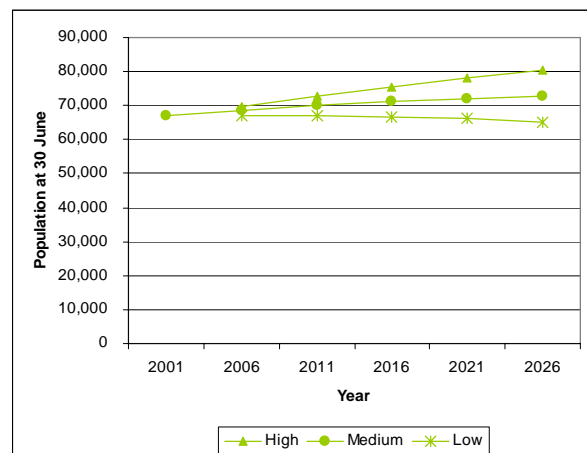
The work done was included in a growth model and also included assumptions around the type of growth, e.g. residents versus visitors and demographic make up. This information underpinned our projected services included in the 2006-16 LTCCP. It is crucial that our planning for services, infrastructure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

Rotorua District Population Change 1996 to 2006

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
2006 population	65,901

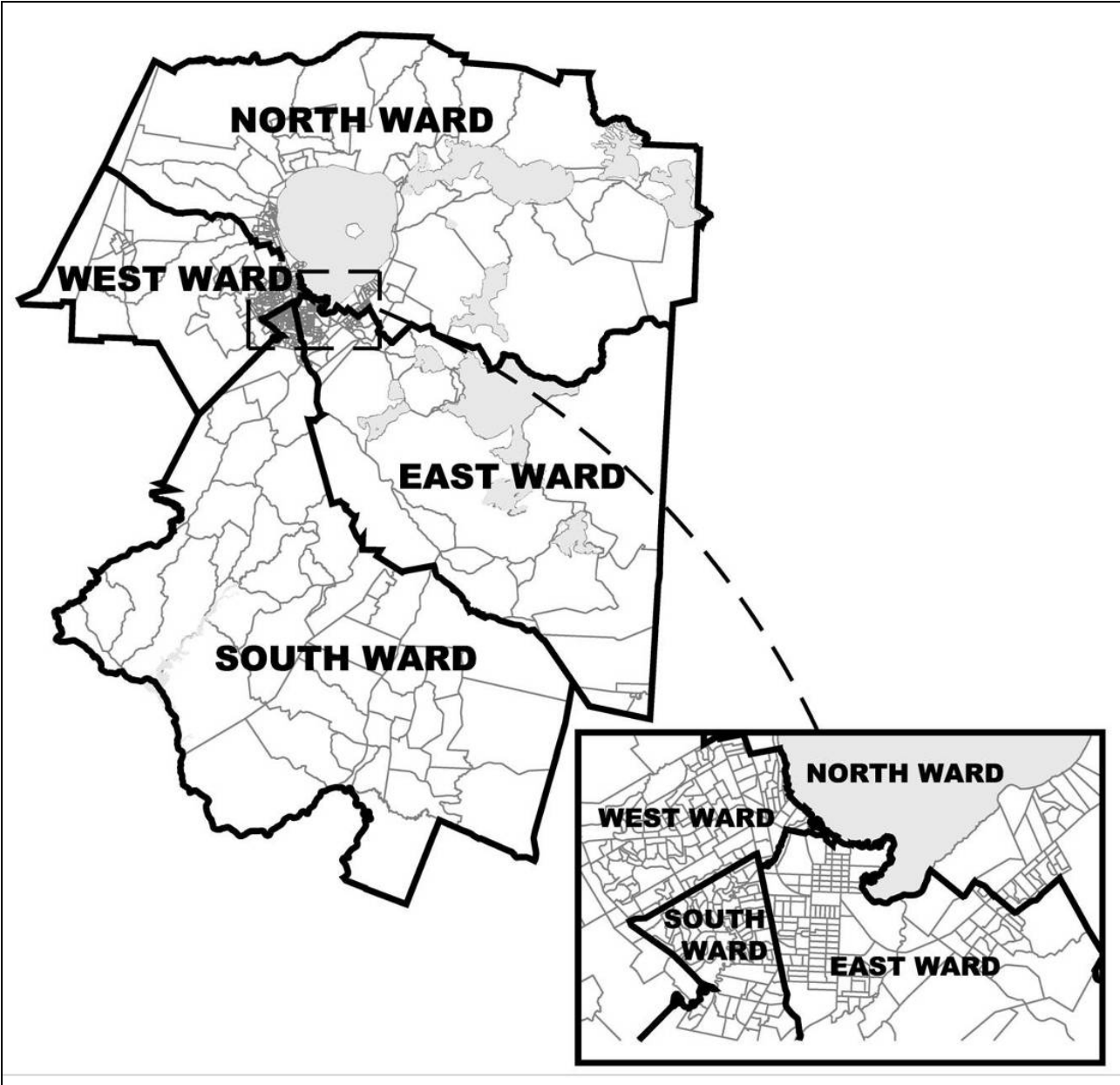
Due to data unavailability at the time of updating the report, the table could not be updated to reflect population changes up to 2006.

Population Projections 2001 (Base) - 2026 Rotorua District



Source: Statistics New Zealand Population Projections, released February 2005

Ward Boundaries Map



GOVERNANCE REPORT

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

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

Background

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

Role of Council

Council has the overall responsibility for:

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

These roles require stewardship of:

Operational policy and strategic direction, including:

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

Representation

Electoral System

The system of elected member representation was reviewed for the 2007 elections. There will be four wards with three members elected per ward:

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

There will also be a Rotorua Lakes Community Board with four members elected and two appointed by Council.

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

The next elections will be held in October 2007.

Meetings

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

The Mayor and Councillors

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

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

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

Elected Representatives as at 30 June 2007



His Worship the Mayor
Kevin Winters

North Ward Members



Cr Russell Judd



Cr Charles Sturt



Cr Bob Martin

South Ward Members



Cr Mike McVicker



Cr Glenys Searancke QSM

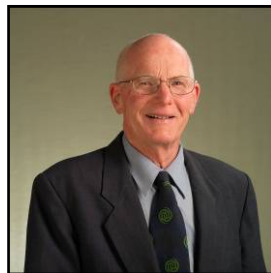


Cr Charles Te Kowhai

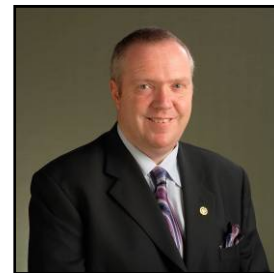
East Ward Members



Cr Maureen Waaka MNZM, JP



Cr Cliff Lee

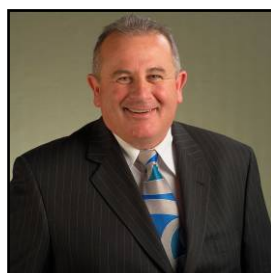


Cr Mark Gould JP

West Ward Members



Cr Trevor Maxwell MNZM

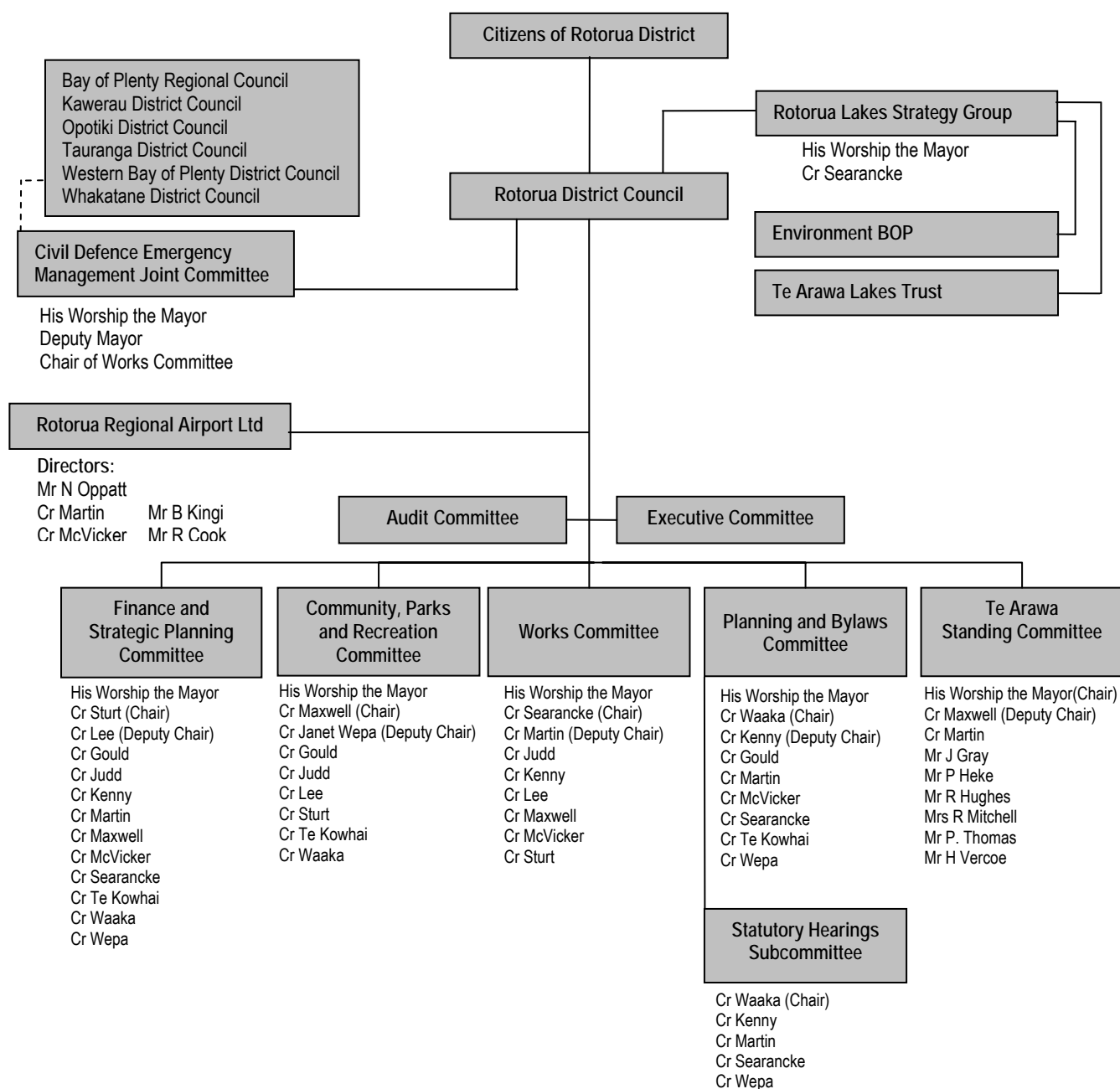


Cr Geoff Kenny



Cr Janet Wepa

Committee Structure



Committee Terms of Reference

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

- Te Arawa**
The Te Arawa Standing Committee was established in 1993 and is chaired by the Mayor at the request of Te Arawa at the time the committee was established. As part of the Rotorua District Council's decision making process Te Arawa Standing Committee has the responsibility to provide a Te Arawa perspective on all matters that affect Maori.
- Executive Committee**
Comprises His Worship the Mayor, the Deputy Mayor, chairpersons of Finance and Strategic Planning Committee, Planning and Bylaws Committee, Works Committee, Community Parks and Recreation Committee and Chief Executive. 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 Searancke are Council's representatives.
- Rotorua Regional Airport Ltd (RRAL)**
The airport is a vital infrastructural component of the Rotorua and wider Bay of Plenty/Southern Waikato Region's economy. The Airport is 100% owned by the Rotorua District Council through a company which manages and plans separately to Rotorua District Council through a board of directors. Members of the Board during the year were Cr B Martin, Cr M McVicker, Mr R Cook and Mr B Kingi, Cr N Oppatt.
- Civil Defence Emergency Management Joint Committee**
The six district councils in the Bay of Plenty region, together with the Bay of Plenty Regional Council, form this joint committee. The functions of the joint committee are to identify, assess and manage hazards and risks for the Bay of Plenty region.
- Audit Committee**
This committee comprises His Worship the Mayor, the chairperson and deputy chairperson of the Finance and Strategic Planning Committee and an "outside" appointee, Mr B. Lane. Its work includes internal/external audit matters. This committee meets as required
- Other Committees**
These are formed as subcommittees to deal with particular issues as required. They usually meet irregularly and are in existence for as long as required, sometimes being in a period of abeyance between active periods. The Mayor is an ex-officio member of all committees.

Te Arawa Committee

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



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

Councillor Meeting Attendance

The table below sets out the percentage attendance recorded by councillors at Council and standing committee meetings. These figures are taken from councillor attendances of meetings councillors are required to attend. If a councillor is not a member of a particular standing committee, they can still attend meetings of that committee but will not receive payment for such attendance. There are also subcommittee and other meetings that councillors will attend throughout the year.

Council and standing committee meetings attended for the year ended 30 June 2007

	Executive %	Te Arawa %	Works %	Community Parks and Recreation %	Planning and Bylaws %	Finance and Strategic Planning %	Council %	Overall %
	(4)	(8)	(8)	(8)	(8)	(20)	(16)	
GOULD				100	88	100	100	98
JUDD			100	100		100	100	100
KENNY			100		100	100	100	100
LEE			100	100		100	100	100
MARTIN		100	100		100	95	100	98
MAXWELL	100	88	100	88		85	94	92
MCVICKER			100		100	100	100	100
SEARANCKE	50		100		100	95	100	95
STURT	75		100	100		100	88	95
TE KOWHAI				88	100	85	88	88.5
WAAKA	75			100	100	95	94	95
WEPA				100	100	100	94	98

Overall % attendance for Council and standing committee meetings

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

Delegation

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

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

Support for Elected Members

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

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

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

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

first and foremost, elected members are advised by the community which they represent through many formal and informal processes.

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

Risk Management

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

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

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

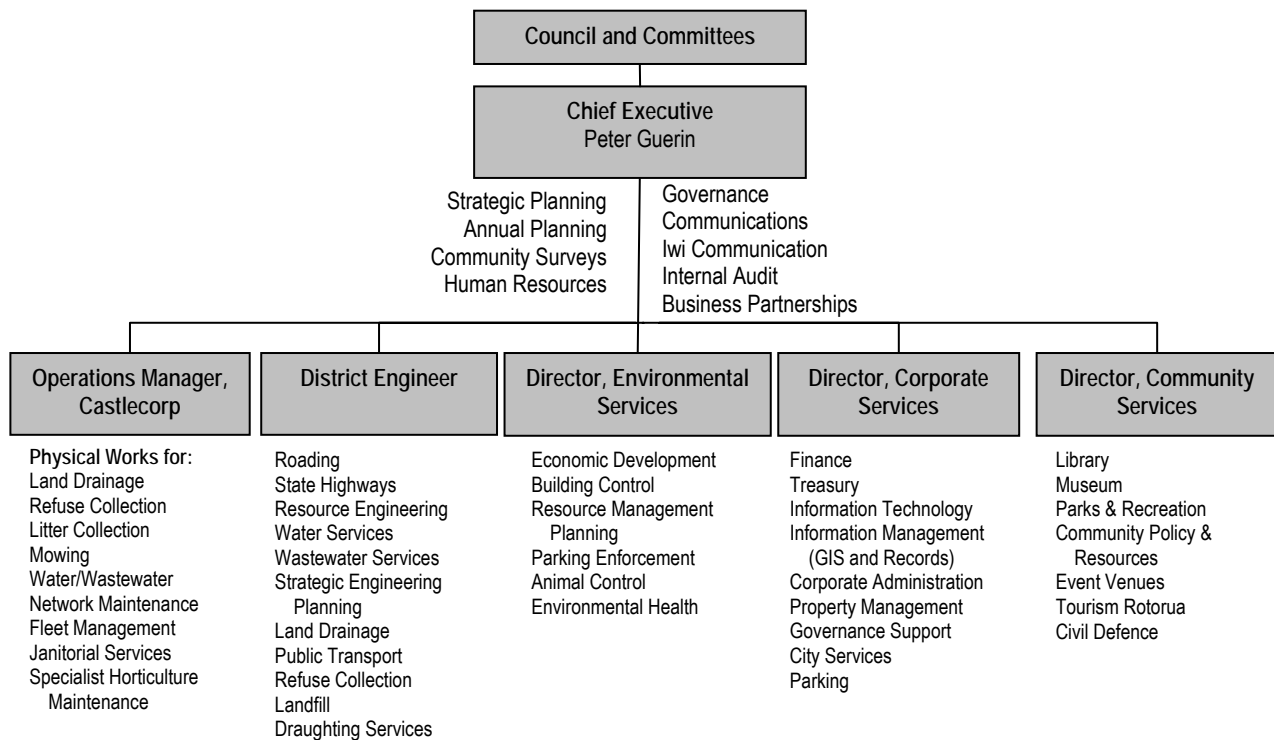
The management team regularly reviews the work of occupational health and safety subcommittees and also ensures appropriate staff are familiar with the SOLGM legal compliance project as it relates to their work area.

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

Emergency Management

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

Management Structure



STRATEGIC DIRECTION

Strategic Framework

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

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



Long Term Council Community Plan

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

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

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

Annual Plan

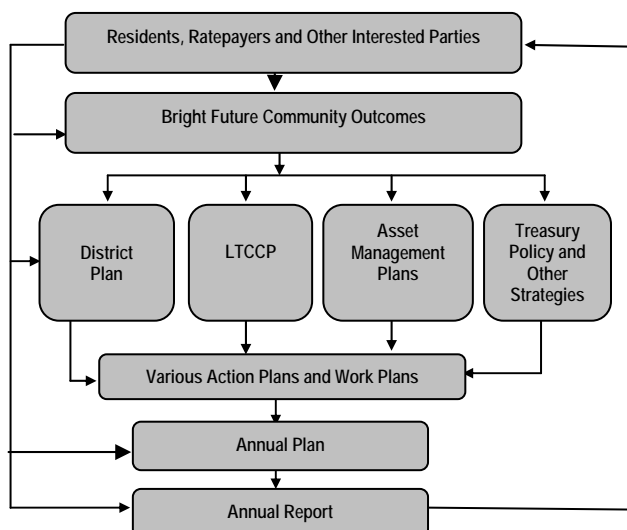
The Annual Plan is an action plan produced in the years that Council does not adopt a LTCCP, and sets out how Council has prioritised its goals on an annual basis.

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 2006/07. The report has an accountability and informative role. The relative importance of these roles may vary for different users. Accountability is the requirement for Council to account to ratepayers, residents and other interested parties for its performance over the last year. This requires financial reports that:

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

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



District Plan

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

Asset Management Plans

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

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. One of the consultative processes that were undertaken this year was for the Annual Plan.

Annual Plan 2007/2008

Council consulted with the community and subsequently adopted its Annual Plan on 27 June 2007. The 2007/2008 Annual Plan is a one year snapshot of the Ten Year Plan 2006-2016. It informs the community as to what projects and activities are intended for 2007/08 as well as the costs. Also included in the Annual Plan are the projected rates for 2007/08, which show an increase of 3.7% for the General Rate. Council is pleased to be able to keep the rate increase close to the level of inflation.

Other consultation and events during the year

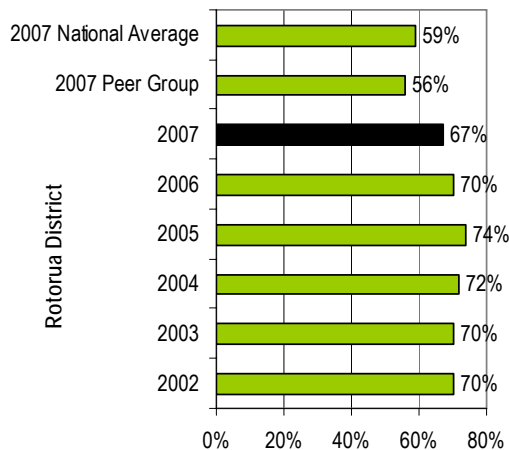
Council undertook a significant amount of consultation with the community during the 2006/07 year either as part of a special consultative process or where Council wanted an indication from the community as to what option was preferred. This consultation included:

- Sewerage reticulation (Eastern Schemes)
- Water supply (Awahou and Rotoiti)
- Livestock Movement Bylaw
- Gambling Venue Policy review
- Central Business District Heritage Study
- Rotorua Basin Landscape Study
- Western Structure Plan
- Transfer Station – Curtis Road
- Lakes Project (in conjunction with Environment BOP)
- Youth Policy review
- Older Persons Policy review
- Arts and Culture Policy
- Perceptions of Safety survey
- "Curb Alcohol Related Violence" Project
- Airport designations and proposed plan change
- Lakefront development proposal

Community Satisfaction Survey

The 2007 Community Satisfaction Survey undertaken by National Research Bureau indicated that 67% of those surveyed thought the performance of the Council staff over the past 12 months was very good or fairly good. This is comparable to the peer group average of 56% and the national average of 59%. This is an indicator to Council that it generally meets the expectations of residents, ratepayers and other interested parties. Of those who contacted Council over the past 12 months, 77% were satisfied with the service received.

% who rate Council staff performance as very/fairly good



Rotorua Regional Airport Ltd

As at 30 June 2007 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 Bob Martin; Councillor Mike McVicker; Ray Cook, businessman; Neil Oppatt, Councillor Environment BOP; and Bill Kingi, Ngati Rangiteaorere Kahikatea Trust representative. These Directors have represented Council's interests throughout the year at a governance level.

Internal Audit

Council has an Internal Audit Committee with Mayor Winters and Councillor Sturt as elected members, and Mr B. Lane, a Chartered Accountant, as an external member. The Committee met once during the year and received management reports from Audit NZ on end of year reporting.

Corporate Health Indicators

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

Corporate Health Indicators	Targets	Achievement
1. Annual Report	Unqualified Audit (NZ) opinion	Achieved
2. LTCCP Amendments	No Audit (NZ) issues	Achieved
3. LTCCP/Annual Plans	At least 70% targets met annually	Achieved
4. Complaints/Appeals to External Agencies	No complaints. (Any complaints determined in Council favour).	Achieved
– Ombudsman		
– Privacy Commissioner		
– Audit		
5. Litigation Schedule	Risks manageable	Achieved
6. Serious Fraud Matters (in terms of Council Policy)	Nil	Achieved
7. NRB Rating (Council staff)	At least 10% above peer group average in satisfaction rating (Peer Group 56%, Council 67%)	Achieved
8. Staff Turnover (organisationally)	No higher turnover than national statistics per annum (nationally 16%-17%)	Not achieved (Turnover 18%)
9. OSH Reports	OSH Audit Reports satisfactory ACC discount rating not less than 15%	Not achieved (discount = 10%)

SUSTAINABLE DEVELOPMENT REPORTS

Sustainable Well-being Statements

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

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

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

Over the past several years Council has developed baseline sets of indicators for each of four dimensions of well-being – social, economic, environmental and cultural. These indicator sets will be further developed during the coming years. They are aligned with the Community Outcomes Monitoring Programme that was undertaken for the first time in June 2007.

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

- Social well-being
- Economic well-being
- Environmental well-being
- Cultural well-being

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

Social Well-being Report

Rotorua District Council (RDC) developed Bright Future Rotorua in the latter part of 2003. This work focussed on identifying the Community Outcomes for the intermediate and long term future of the district. The outcomes related to Social well-being¹ are the four listed below.

- "A safe and caring community"
- "A healthy community"
- "A community with excellent facilities and services"
- "A learning community"

For a fuller understanding of what is included in each outcome please refer to Community Outcomes, page 24 in this report.

There are nine aspects of social well-being which RDC supports through the work of its management and staff. RDC

¹ Social Wellbeing – This encompasses factors that enable individuals, their families, hapu and communities to set goals and achieve them – these include factors such as education, health, the strength of the community networks and associations, financial and personal security, rights and freedoms and levels of equity. Local Government NZ [Local Government Act 2002: An Overview 2003](#) pg 5

is but one of a range of organisations in our community, who have staff working on these topics. The aspects are:

- Knowledge and skills
- Social connectedness
- Health – personal and public
- Civic and political rights
- Community safety
- Education
- Employment opportunities
- Support for families
- High standard of living

Knowledge and skills

The level of knowledge and skills present in a community is important as it allows people to enhance their ability to meet their basic needs. They also widen the range of options available to people in every sphere of life, and enable them to influence the direction that their lives take. The skills people possess can also enhance people's sense of self-worth, security and belonging. Knowledge and skills include education and training, alongside abilities gained through work and daily life.

During 2006/07, Council has contributed to this area by:

- Involvement with a collaborative project with a focus on young people in transition.
- Developing new pathways into hospitality and health employment for young people and supporting the development of employment skills in the district.
- Hosting the first Mayors Taskforce for Jobs Industry Graduation in May 2006. This event acknowledged all the apprentices who had qualified across a range of trades during 2006.
- Provision of recreational facilities and programmes for people to develop skills e.g. swimming, sports, arts, physical activity.
- Hosting static and rotating exhibitions at the Rotorua Museum. These tell stories about the history of the district.
- Provision of regular media releases and District News updates to local media outlets to regularly update members of the community about its activities.
- Updating Good Health publication – a directory of local health and social service agencies.
- Co-ordinating civil defence initiatives which have focussed on preparedness for an emergency.
- Provision of information about processes for Maori Trusts with a focus on land use in the district.
- Building relationships between Maori focussed organisation and Council, in terms of buildings, planning and resource consents.
- Contracting not-for-profit groups to host training opportunities.
- Funding for Enviro-Challenge, educational opportunity for high school students.

Education

Educational opportunities refer to the formal education offered in Rotorua. They include pre-school, primary, secondary and Waiariki Institute of Technology. It is widely acknowledged that early and continued involvement with education, offers support to the standard of living people enjoy in later life.

During 2006/07, Council has contributed to this area by:

- Leading the Truancy Project which has been a focus within the Rotorua District Council Crime Prevention Plan.
- Commissioning of local research, which focussed on young people who truant.
- Provision of local seminars for those involved in education e.g. Discipline, Democracy and Diversity which focussed on supporting young people in school.

Social connectedness

Social connectedness refers to the relationships people have with others and their sense of belonging to their community. Everyone has a range of roles in the community. A person may be a partner, parent, friend, student, staff, or caregiver. The connections between people are important to each individual's well-being as they can offer support in hard times, belonging and contentment. Opportunities for social

connectedness allow people in the Rotorua District to develop a sense of belonging and of working together to achieve shared goals.

During 2006/07, Council has contributed to this area by:

- Supporting eleven community halls in the district to ensure that there is a focal point for the local rural community.
- Offering a range of community assistance schemes through which local groups can gather financial resources for their work or projects. This funding supports arts, organisational running and capital projects.
- Oversight of contracts with a variety of not-for-profit groups to ensure their services are available to members of the community.
- Facilitating public activities e.g. the annual Santa Parade, Mardi Gras, Anzac Day and Armistice Day, Waitangi and Children's Day celebrations.
- Undertaking community consultation e.g. redevelopment of Ngongotaha.
- Provision of pensioner housing services. In 2006 the redevelopment of Phase 1 of the Rawhiti Flats complex was completed. This has increased the number of units available in Rotorua from 146 to 152.
- Producing Tangata Whenua – Maori Community Consultation Guide.
- Hosting meetings with six marae on a regular basis.
- Provision of a Settlement Support Officer to support new migrants to Rotorua.
- Preparation of an Open Spaces Strategy.
- Review and maintenance of playgrounds within the district.

Employment opportunities

Paid work allows people to meet their and their family's basic needs. Paid employment allows people more options in how they live their lives, and is important for the social contact and self esteem.

During 2006/07, Council has contributed to this area by:

- Facilitation of the Maurangi Toi – Regional Strengths Project, supported by Creative New Zealand funding. The project has seen the engagement of several local artists in entranceways art works.
- Facilitation/leadership by the Employment Skills Coordinator in employment cluster groups which have sought to address the needs of a range of industry groups.
- Involvement/support of Rotorua Career Month in May 2007. The project group supported 55 career related activities for both young people and those wanting to change their work, during the month.

Health – personal and public

Council acknowledges that health includes the dimensions of social, emotional, mental and spiritual well being. Good health is important for everyone. There are two core aspects: how long people live and the quality of their lives.

Good health means ensuring that people living in Rotorua have access to health and social support services.

During 2006/07, Council has contributed to this area by:

- Involvement in the Healthy Homes Project, which offers retrofitting of insulation to people who meet Energy Efficiency Conservation Authority criteria.
- Co-ordinating the Walktober 2006 activities.
- Co-ordinating Bike Week in March 2007.
- Participation in the Local Air Management Area Group hosted by Environment BOP.
- Undertaking activities to improve community safety.
- Monitoring health indicators via the Rotorua Community Outcomes Report 2007.
- Oversight of contracts with sports organisations to support the provision of healthy action options in the district.
- Hosting/oversight of a project focussed on Curbing Alcohol Related Violence (Project CARV).
- Provision of X-Zite brochures which are updated three monthly and publicise activity options within the district.
- Reporting on Rotorua Community Outcomes 2006/07.

Support for families

Groups of people, including family/whanau, social and health services and friends, provide support for children and young people in our communities. These groups provide opportunities for learning life and relationship skills.

During 2006/07, Council has contributed to this area by:

- Hosting a Family Day at the Tree Trust.
- Employment of a Settlement Support Officer to work with families from other countries in our district.
- Facilitating public activities e.g. the annual Santa Parade, and Children's Day celebrations.
- Co-ordinating Bike Week in March 2007.

Civic and political rights

Encouraging people to use their civil and political rights is one way for them to participate in society and to have a say in what happens in their local communities.

During 2006/07, Council has contributed to this area by:

- Hosting Youth Council.
- Supporting the Te Arawa Standing Committee.
- Undertaking community consultation processes e.g. review of the Rotorua District Council Gambling Venue Policy, Young Persons Policy, Arts and Culture Policy.
- Published Maori Committees and Advisory Groups – information about groups supporting the work of Rotorua District Council.
- Undertook a Maori voting project.
- Established Rotorua Lakes Strategy - joint committee 2006/2007.
- Establishment of a Rotorua Lakes Community Board.

High standard of living

The standard of living of individuals and families refers to their ability to choose where they live, what to buy and whether they have money to spend. Food, clothing and housing are basic to social well being. Insufficient economic resources restrict people's quality of life. The presence of extremes of incomes can cause social disconnection across communities.

During 2006/07, Council has contributed to this area by:

- Undertaking a project to examine the revitalisation of the Central Business District.
- Supporting public art works.
- Provision of staff to maintain local parks and gardens.
- Completing the upgrade of the Rawhiti Flats – pensioner housing units.
- Rate rebates for older people in the city.
- Supporting the Rotorua Healthy Homes Project which oversaw the retrofitting of 147 homes with insulation to make them warmer.
- Oversight of contracts with organisations to support the provision of activities for young people, and people who work with young people in Rotorua.
- Provision of opportunities for economic growth through the work of the Economic Development Unit.
- Monitoring the indicators of well-being in the community and producing publications which outline the results e.g. Social Monitor – December 2006.
- Researching environmental perceptions through a survey which included questions about housing. In 2006, 93% of respondents answered that they were living in housing suitable to their needs.

Community Safety

The number one community outcome desired by the Rotorua community was a safe and caring community. The desired result is that all people enjoy physical safety and feel secure – free from the threat of fear of harm or danger.

During 2006/07, Council has contributed to this area by:

- Facilitation of Project Papa Waka – focussing on improvements in crime at specific car parks, which included the installation of four CCTV cameras.
- Facilitation of Project CARV.
- Implementing activities through the Drivewise group.
- Undertaking a 2007 Perception of Safety telephone survey.
- Running education programmes with a civil defence focus for preschools and Kohanga Reos.
- Facilitation of work to upgrade the under-veranda lighting in the CBD with support of funding from Rotorua Trust.
- Implementing Rotorua District Council Crime Prevention Plan which included a focus on truancy.
- Increasing funding for Rotorua Neighbourhood Support.
- Co-ordinating the annual round of the Community Safety Projects Fund.

Economic Well-being Report

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

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



Economic overview

Rotorua's economic output is estimated at \$2.3 billion per year. Rotorua's estimated economic growth rate has remained constant over the passed 12 months at around 1.7% per annum, which is in line with the national level. The medium term projections are for a national growth rate of around 2.8% per annum.

The Labour force still remains stretched with record low unemployment figures reported in the region of 4%. Rotorua's occupational profile is continually 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).

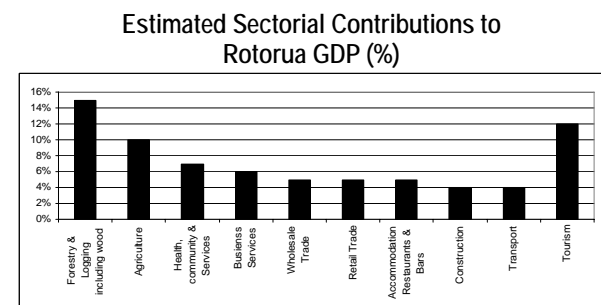
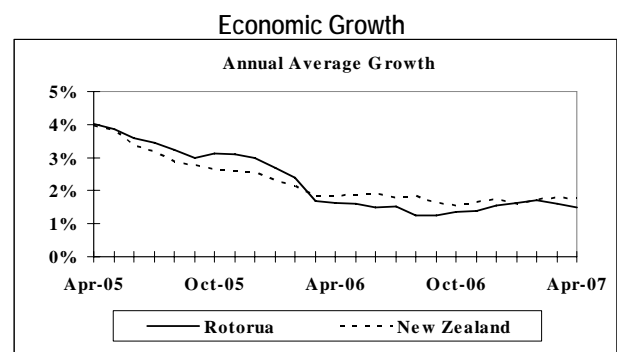
Fast-growing sectors over the coming years are expected to include events, trade and tourism, bio-materials, energy generation, health, education, forestry and transport along with the business and services sector a new and emerging sector could be water remediation. There are still a number of available sites for new investment in the Rotorua District, particularly for light industry including Eastgate Business Park and the recently opened Te Papa Tipu Innovation Park located on the SCION site.

The Bright Economy Advisory Board has been developing the six drivers of change identified in the Bright Economy strategy as critical to economic growth in Rotorua. Water remediation systems are currently being evaluated for use to clean up the lakes, a strategy has been adopted and is in place to harness the natural energy potential of the region and an energy champion will be appointed shortly. A local perception survey has been conducted and a new Marketing strategy is in the development stages specifically aimed at attracting new skills to the region by overcoming some of the negative perceptions, work is currently being undertaken on

the establishment of a Natural Materials Innovation Centre this will harness the research capacity of the region with commercially viable products of natural origin (bio materials).

The Film Volcanic contract has come to an end and progress is currently being made to formalise a private sector industry driven initiative to take the film services of the region to the next level. There have been a number of small productions since the end of the contract, we foresee this initiative continuing with industry support.

The employment Skills project continues to focus on attracting new skills to the region and a settlement support officer has been appointed to assist new migrants to settle into life in Rotorua.



Sources:

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

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

Business confidence

Council commissions a six monthly survey of Rotorua firms and consumers to assess trends in business confidence. The results are compared with those of a national survey undertaken by the National Bank. The most recent results for June 2007 show that the local business confidence indexes are showing signs of reducing confidence, but are generally more positive than the national indexes.

On a positive note,

- personal income is expected to increase
- profits for business are expected to rise
- business employment is expected to increase
- investment into business has increased

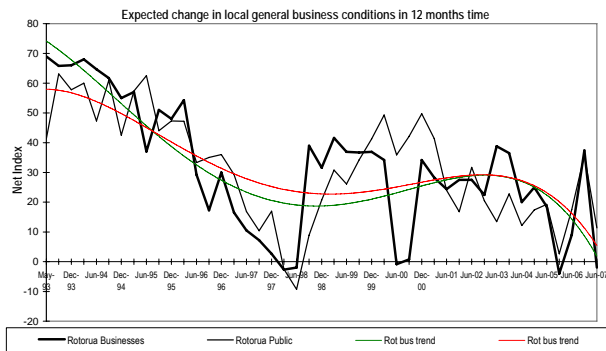
Rotorua businesses expect local general business conditions to remain steady while households expect it to increase. Local economic activity is expected to remain steady.

On the negative side,

- interest rates are expected to increase
- local unemployment is expected to increase
- prices are expected to rise

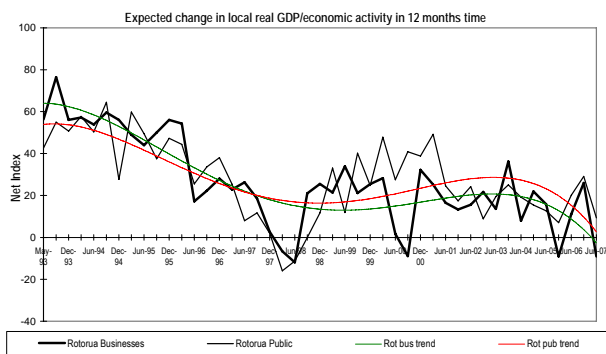
Businesses involved in exporting report an expectation of steady export levels and construction businesses expected increasing levels of construction.

Local General Business Conditions



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

Local Real GDP



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

Agriculture



The agricultural industry directly employs around 1,400 people in Rotorua, with a further 300 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 800 people. When indirect employment such as manufacturing and transport are accounted for, the local forestry sector accounts for around 3,000 jobs and an estimated \$250 million of

income. Rotorua is located in close proximity to vast plantation forestry resources, including the extensive Kaingaroa Forest. The Central North Island supply area produces nearly 56% of New Zealand's annual wood harvest, and is projected to remain the dominant wood-producing region in New Zealand. There are opportunities for further investment in both planted production forestry and timber processing in the Rotorua area. Indirect investment opportunities also exist in terms of forestry inputs, engineering services, consulting, research, and education. The Waiariki Institute of Technology is the site for New Zealand's Centre of Excellence in Wood Processing Education and training known as the RADI centre. Also having a world leading science and research organisation such as SCION (formally Forest Research) within the Rotorua city provides an extra dynamic to the already extensive Rotorua and central North Island forest industry.

Manufacturing



The manufacturing sector accounts for 13% of employment in the District. Around two-thirds of all manufacturing employment in Rotorua relates to wood products and machinery production, which reflects the importance of these sectors

within the local economy. Of recent times, employment in Rotorua's wood and paper products sector increased by around 400 full-time equivalents. Food and beverage processing is also a significant local employer. There are 364 business units involved primarily in manufacturing in the District. Of these, 110 businesses produce machinery and equipment directly related to the forestry and agricultural industries. This compares to a national average of less than 11% relative to all manufacturing. Other manufacturing industries include metal products, printing and publishing, chemicals and associated products, textiles and clothing, and non-metallic mineral products. Many international and domestic companies have recently begun manufacturing in Rotorua and are producing products for both the domestic and export markets. This is a sector which is expected to continue experiencing growth and development in the future.

Construction and real estate



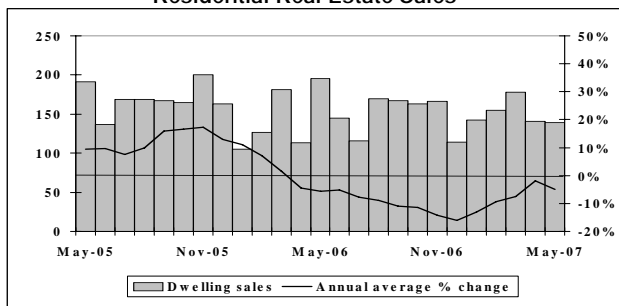
The construction sector, including building-related services such as plumbing and roofing, employs around 1,460 people in Rotorua. Approximately 65% of equivalent full-time jobs in this sector relate to trade services.

The continued development of tourism and other business activity will be a key driver of commercial construction growth in the future.

There were a total of 21 consents issued in Rotorua for new dwellings during May 2007, valued at around \$5.3 million. May 2007's level was greater than the 18 consents issued in April 2006, but less than the 43 consents issued in May 2006. The annual average growth rate in the number of new building consents issued was negative 42.2% for the year ended May 2007.

The level of activity in the housing market has stabilised in Rotorua over the past two months. There was a total of 139 houses sold in May 2007, with the median sale price standing at \$251,000. May 2007's sales were marginally less than the 141 houses sold in April 2007 and much less than the 195 houses sold in May 2006. The annual average growth rate in the number of houses sold in Rotorua was negative 5.0% for the year ended May 2007.

Residential Real Estate Sales



Source: Real Estate Institute of New Zealand

Transport



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

business. Wood products, dairy products and manufactured goods are intensively transported between Rotorua and the Port of Tauranga. The transport industry is forecast to grow at a rate of 2.6% annually to 2010, as a result of increased tourism and primary product exports. The central North Island location of the District provides the potential for further growth in this industry. The airport is being developed and

extended over the coming years to future-proof Rotorua's position as a premier visitor destination.

Wholesale and retail

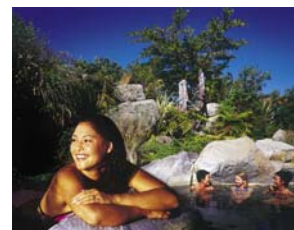


The wholesale and retail sectors collectively account for around 5,250 jobs in Rotorua, or close to 19% of the total workforce. Increased rural incomes and visitor numbers have been major drivers of growth in recent years, and the opening of major chain stores

has increased the attractiveness of Rotorua for shoppers.

The value of Bay of Plenty's retail sales decreased from \$377.2 million in March 2007 to \$348.5 million in April (largely caused by weak activity in motor vehicle and beverage retailing). April 2007's level represented an increase by \$11.7 million (or 3.5%) compared to the value of retail sales recorded in April 2006. The annual average growth rate in the value of Bay of Plenty's retail sales was 1.7% for the year ended April 2007.

Tourism and hospitality



Rotorua is one of the leading visitor resort destinations in New Zealand. More than one third of all international visitors to New Zealand visit the Rotorua District. The Rotorua tourism industry is

built on leading attractions including Maori culture and history, a unique natural environment including many lakes, parks, reserves and the geothermal experience, along with an extensive adventure tourism product and growing events sector. Rotorua has a wide range of accommodation, from backpackers and major hotels to luxury lodges. Geothermal attractions remain a strong part of the District's tourism industry, but the range of activities and attractions has diversified over recent years in order to remain competitive in the national marketplace. This reflects an ongoing shift in the focus of tourist demand away from passive attractions and towards more 'interactive' type attractions.

For the year ending May 2007, there were 1,435,483 visitor arrivals, up 30,789 arrivals or 2.2% on the previous year - those 1,435,483 visitors stayed an average 2.45 nights (up 2.9%) for a collective 3,513,462 visitor nights (up 5.1%) and had an estimated expenditure of \$434.1 million (up 4.9%).

Domestic nights were up 6.7% to 2,065,895 nights and had an estimated expenditure of \$188.0 million (up International nights were up 2.9% to 1,447,568 nights and had an estimated expenditure of \$246.1 million (up 2.6%).

Environmental Well-being Report

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

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

- Freshwater Sustainability
- Sustainable Waste Management
- Geothermal Resources
- Sustainable Infrastructure
- Biodiversity
- Urban Design and Amenity
- Rural Land
- Open Spaces
- Sustainable Infrastructure
- Transport
- Energy Resources
- The Global Environment
- Culture, Heritage and Tourism

Tangata whenua

Rotorua District Council has a legal and social responsibility to give consideration to Maori values in the environmental reporting programme. The District Plan lists 235 archaeological sites, 34 Marae and 27 other heritage sites or structures that have cultural or historical significance to Iwi. Iwi are the traditional kaitiaki (guardians) of the environment for future generations, and partnership with Iwi is a key principle in the management of the district's environment. Te Arawa hapu Ngati Whakaue contributed generously to the development of Rotorua's urban area through the gifting of more than 120 parcels of land for health and recreational purposes. These include Government Gardens, Kuirau Park, Pukeroa Hill, the Lakefront Reserve and many other

reserves. Today, policy issues in respect of Rotorua's gifted reserves are discussed by a joint committee of the Pukeroa Oruawhata Trust and the District Council. The process of consultation with Māori is evolving as greater efforts are made for improved communication. An Iwi consultative committee meets to discuss consent applications received. This committee refers the applications to the relevant Iwi or hapu where further consultation is required. The 2006 Environmental Perceptions Survey showed 28% of respondents thought that the relationship between Tangata Whenua and Rotorua District Council had improved over the last five years, an increase of 9 percentage points from the 2002 survey.

Water

Water is an important resource for all people in Rotorua. The lakes and geysers of Rotorua are icons, recognised in this country and known throughout the world. Around 80% of Rotorua residents visit the District's lakes on at least a monthly basis. The cultural, recreational, ecological and functional values of water directly influence the wellbeing of the community. Improving and protecting lake water quality is a priority issue for the community. In general, lake water quality has been declining over the long-term due to increased nutrient levels resulting in sporadic algal blooms on a number of lakes. The Joint Lakes Strategy Committee, a collaborative body made up of Environment Bay of Plenty, Te Arawa Lakes Trust and Rotorua District Council, oversees the work of the Rotorua Lakes Protection and Restoration Programme.

Significant short term solutions to the problems being experienced by some of the lakes are being progressed such as the Ohau Channel diversion, alum dosing and inlake flocculant treatment. In tandem a significant programme of sewerage reticulation for lake side communities is already underway with the Okawa Bay/ Mourea stage completed in 2007. The Wastewater Treatment Plant has also undergone an upgrade recently to further reduce to nutrient levels eventually reaching Rotorua's lakes and streams. 83% of residents are provided with a sewerage system of these, 99% are satisfied with the service. Not only do nutrients from wastewater affect water quality but stormwater eventually ends up in our waterways. Currently 100% of urban stormwater receives at least primary treatment. In 2005 Rotorua District Council introduced the Water and Trade Wastes Bylaw. This will assist in reducing contaminant runoff into the lakes of the district.

In the longer term it is recognised that changes in land use and land management practices are inevitable to better manage lake water quality. As each catchment is different, potential solutions need to be worked through to identify effective, innovative programmes that are acceptable and affordable to local communities. Council continues to support the retirement and replanting of pastoral land through Regional Council environmental programmes. Council has an annual budget allocation for this type of work to improve landscapes, protect lake margins and wetlands and conserve and increase biodiversity in the District. Trend data shows that water levels in the Rotorua geothermal field have significantly recovered since the closure of many bores. This

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

Land

Rotorua District Council has a responsibility under the Resource Management Act 1991 to manage the effects of land use activities. Effective management of land use and subdivision is essential to ensure the sustainable development of our District. The landscape and its cover have been substantially altered over time by geological events and human activity. Original ecosystems have been predominantly replaced by forestry and pastoral farming. Land cover in the Rotorua District is now dominated by pasture (43%) and planted forest (25%), as well as indigenous forest and lakes. There are 170 Protected Natural Areas in the District, an increase from 137 in 2002 and covering more than 34,0110 ha. More than half of this area comprises scenic reserves. Subdivision of rural land for residential purposes is occurring around the perimeter of Rotorua's urban area. There are new District Plan provisions to maintain and enhance the outstanding natural features of the area centred around Lake Tarawera (known for planning purposes as the Lakes A Zone).

Up to 80% of Rotorua's current waste stream has potential to be recycled. The recycling centre at the landfill and the intown recycling centre divert more than 20,000 tonnes of material from the landfill each year. Increased use of these recycling facilities would help to reduce Rotorua's waste to landfill from the current rate of 22 kg per person per week.

Urban

More than 80% of Rotorua's population live in urban areas. Council has identified the potential for up to an additional 6,200 greenfield and 1,500 residential lots to be created within the existing urban fence. There are a wide range of living options available with 85% of residents stating that Rotorua has suitable housing. Over 90% of existing residents are satisfied with the accessibility of amenities such as health services, reserves and supermarkets. Some 89% of residents are satisfied with their level of privacy, and District Plan guidelines are largely being met with regard to noise levels. Over the past year there were 2,881 noise complaints received and 80% of residents are satisfied with Council's noise control activity. All residential dwellings within the Rotorua urban fence have access to reserve areas within a 500 metre radius. Council has invested significantly in improving public infrastructure in Rotorua, including upgrades of the CBD. Council has also prepared a detailed design guide for development in the central business district. The CBD design guide includes suggestions on architectural and building treatments, colour and design principles. The guide complements Council's past achievements in winning New Zealand's Most Beautiful City awards.

Transport

Land transport infrastructure plays an important part in the way people and communities provide for their wellbeing. Management of the environmental effects of land transport such as pollution, noise, congestion and accidents can have significant community benefits. Rotorua District Council manages approximately 1,000 km of road network and 200 km of state highway. Council has a rural seal extension programme of 7 km per year that equates to an annual spend of \$1 million. Another \$700,000 per year is spent on urban and rural street improvements. A 2006 survey showed that 57% of residents feel there has been an improvement in the visual appearance of Rotorua's three main roadway entrances in recent years. However, more than half of surveyed residents (61%) believe that traffic in and around Rotorua has become worse in the last two years (although 64% also say that it is easy to drive in and around the city centre). NRB survey results show consistently low relative satisfaction with central city parking. Vehicle use and ownership has been steadily increasing over the past decade, placing increased pressures on the environment.

Almost half (47%) of residents say they have traffic issues in the area where they live. An improved bus service has recently been implemented, resulting in more frequent trips with a shorter duration. Since 2001 there has been almost 55% increase in the number of passenger kilometers traveled on the public bus service. There are more than 15 km of marked cycle ways within Rotorua's urban area, but currently less than 3% of working-age residents use a bicycle as their main mode of transport to work.

Climate Change

The environmental wellbeing being of Rotorua District also contributes to the national and global environment. Increasingly climate change is being recognised as an environmental issue, with 96% of Rotorua residents stating they are aware of global warming. Rotorua District Council is a Communities for Climate Protection Council, joining 18 other councils in New Zealand. With 19 participating councils 63% of New Zealand's population is represented. The Communities for Climate Protection Programme addresses issues such as energy use, transport and waste. Since joining the programme, Rotorua District Council has received a recognition award and a Milestone 1 trophy.

Cultural Well-being Report

Rotorua District Council (RDC) developed Bright Futures Rotorua in the latter part of 2003. This work focussed on identifying the Community Outcomes for the intermediate and long term future of the district. The outcomes related to Cultural well-being¹ are the following three:

- "A community that values its living Maori heritage"
- "A community with excellent facilities and services"
- "A happening community"

For a fuller understanding of what is included in each outcome please refer to Community Outcomes, page 24 in this report.

There are eight aspects of cultural well being which RDC supports through the work its management and staff. RDC is but one, of a range of organisations in our community, who have staff working on these topics. The aspects are:

- Leisure and recreation
- Support for arts and cultural expression
- Maori heritage
- Cultural tourism
- Cultural associations and open space planning
- Community that understands its place in the world
- Access to information through print and electronic resources
- Valuing diversity within our community

Leisure and recreation

Both leisure and recreation activities support health and overall wellbeing by allowing time out from stress and anxiety, through opportunities to do different things and enjoy nature and new challenges. Leisure includes what people choose to do outside of work and recreation often involves physical activity or sport.

During 2006/07, Council has contributed to this area by:

- Co-ordinating Matariki events and producing a pamphlet to advertise the events widely.
- Commissioning a report looking at barriers to walking and cycling to work in Rotorua.
- Co-ordinating the first Magma Film Festival in 2006 which offered opportunities for local people to enter their films into the competition and to see both New Zealand and overseas sourced films.
- Provision of X-Zite programmes through the Rotorua Aquatic Centre, and train the trainer opportunities for local people who lead exercise programmes.
- Maintaining sports fields and local parks and reserves for use by people as they walk, run, cycle or play sports to keep fit, and/or participate in team sports.
- Provision of a new skate park in Ngongotaha.

¹ Cultural Wellbeing encompasses the shared beliefs, values, customs, behaviours and identities reflected through language, stories, experiences, visual and performing arts, ceremonies and heritage.

[Local Government Act 2002: An Overview 2003 pg 15](#)

- Oversight of contracts with both Te Papa Takaro and Sport BOP, to support the provision of healthy action options in the district.
- Development of the Energy Events Centre as a facility for sports and leisure activities.

Support for arts and cultural expression

Many local people are involved in a range of artistic pursuits and cultural activities like kapa haka, and Maori performing arts. Participating in these activities offer many benefits. These include: enjoyment and entertainment, personal growth, a means of connecting with their cultural heritage, to learn new skills and to pass on traditions.

During 2006/07, Council has contributed to this area by:

- Co-ordination of Regional Strengths – Maurangi Toi project with Taupo District Council.
- Oversight of a contract with Rotorua Arts Village Experiences (RAVE) to ensure that there are opportunities for people to work with the arts in this community.
- Oversight of the distribution of the Creative Communities Fund from Creative NZ.
- Support of the Te Pukenga – Kaumatua Committee of Museum who provide information regarding Te Arawa Maori Taonga in Museum and relationships between owners and the Museum.
- Reviewing the Rotorua District Council Arts and Culture policy in 2007.
- Managing the content of Creative Toi website which identifies local artists, studios and events.
- Collaborating with the Rotorua Writers Group and Waiariki Institute of Technology to host a Writer in Residence programme.
- Provision of arts opportunities as part of Waitangi and Children's Days celebrations.
- Supporting local musical artists during May 2007, NZ Music month.

Maori heritage

A strong cultural identity can contribute to people's overall wellbeing. Identifying with a particular culture builds feelings of belonging and security. A shared heritage includes – shared support, values and aspirations and has positive impacts on health and education.

During 2006/07, Council has contributed to this area by:

- Engaging with the Office of Treaty Settlement, in relationship to Central North Island claim and lakes settlement.
- Commissioning the Tryon Street carvings.
- Supporting the installation of Maori heritage features in the Energy Events Centre.
- Hosting the Te Arawa Exhibition - Ko Tawa, in the Rotorua Museum.
- Holding Te Reo classes for staff employed by Rotorua District Council.
- Facilitating the Iwi Consultative Committee, who meet fortnightly to consider Resource Consent applications.

- Producing Whare Korero – A guide to Marae protocol and etiquette for personnel of Rotorua District Council.
- Supporting the Te Arawa Standing Committee.

Cultural tourism

Rotorua was founded in the early 1880's surrounding the shores of Lake Rotorua. The Maori people are an integral part of the history of Rotorua. They are also the original settlers in this area. The Te Arawa tribe has contributed greatly to the development of Rotorua as both a tourist destination and a great place to live.

Rotorua is reknown as the heartland of Maori culture in New Zealand and attracts thousands of visitors every year. Rotorua is world famous for the exciting geothermal features and friendly people.

During 2006/07, Council has contributed to this area by:

- Production of the Rotorua Arts Trail pamphlet.
- Hosting of an Arts village at World Mountain Bike Champs in late 2006.
- Managing the content of Creative Toi website - Creative Rotorua website.
- Destination Rotorua's promotion of Rotorua as a desirable destination both nationally and internationally.
- Supporting Maori in Tourism organisations and Tourism Advisory Board activities.
- Oversight of Project Papa Waka which focussed on improving the safety of cars in local car parks visited by locals and tourists alike.
- Oversight of central business district amenities by City Focus Manager.
- Hosting a variety of displays at the Rotorua Museum which tell the story of the area.

Cultural associations and open space planning

As a well-known tourist and conference destination, there is a need for facilities that serve both members of the local community and visitors/tourists. Both the buildings and spaces of existing facilities are used for leisure, recreation, arts and tourism events/activities.

During 2006/07, Council has contributed to this area by:

- Oversight of the Ngati Whakaue Gifted Lands Protocol, which contributes to governance of public reserves that have been gifted in the past.
- Developing and adopting an Open Space Strategy.
- Redevelopment of both Kuirau Park and Tree Trust spaces.
- Awarding Community Asset Development Funds to the Indian Association.
- Developing a Landscape Assessment Policy.
- Developing community processes with Tuhourangi, which has resulted in a Memorandum of Understanding.
- Maintaining the community halls in the district.
- Commissioning a historic buildings report.

- Supporting the activities of Keep Rotorua Beautiful group, and entering and winning the Most Beautiful City Awards in 2006.
- Planning for the District Plan review.

Community that understands its place in the world

The Rotorua Museum of Art and History has won a number of NZ Tourism Awards. There has been ongoing redevelopment of areas within the building to allow a greater range of national/international exhibitions to visit Rotorua.

The Museum's education programmes offer lessons to classes/schools within Rotorua and across NZ using video-conferencing facilities.

During 2006/07, Council has contributed to this area by:

- Supporting the hosting of Toi Rotorua at the Aotea Centre in Auckland. This exhibition showcased a number of local artists in the capital city.
- Visited and supported the development and links with Nanjing, China as they built a city and shopping area modelled on Rotorua, NZ.
- Successfully bidding to host the Sister City Conference in Rotorua in 2008.
- Supporting the Rotorua Museum redevelopment, to build the balance of the original Museum as designed at the turn of the century.
- Maintaining free entry into the Rotorua Museum for locals.

Access to information through print and electronic resources

Rotorua Public Library has one central city library and one mobile library bus providing library services to the Rotorua District. An excellent library service is maintained to enhance the lives of people in the community it serves.

During 2006/07, Council has contributed to this area by:

- Publishing a bi-monthly arts newsletter and maintaining an arts website – Toi Rotorua and Creative Rotorua.
- Maintaining the websites of a range of services provided by Council e.g. Aquatic Centre, Rotorua Museum, Rotorua Public Library, Destination Tourism, Event Venues and City Focus.
- Publishing an updated Good Health (a directory of local health and social services) and Youth Services Directory.
- Printing Youth Cards for all young people. These list services which can support young people and offer discount vouchers with a range of retailers.
- Commissioning of updated census data to produce up to date information about Rotorua.
- Supporting the servicing of the Bay of Plenty by broadband.
- Funding the work of the Rotorua Information and Communications Technology Trust (ICT Trust).
- Planning to extend public library facilities.
- Maintaining burial and cremation records for genealogical research.

Valuing diversity within our community

In keeping with most areas of New Zealand, the Rotorua District is home to a number of people from other cultures. Some have been in the region/country for generations. Others have arrived recently. New immigrants to Rotorua come from a diverse range of countries, introducing new languages, religions and culture. All contribute to the social, cultural and economic wellbeing of our communities.

It is important that everyone in a community has opportunities to take part in the many aspects of life, to the best of their ability.

During 2006/07, Council has contributed to this area by:

- Hosting Citizenship Ceremonies to welcome new arrivals to the district.
- Hosting a People to People programme which welcomes young people from USA to Rotorua as part of their tour of New Zealand.
- Hosted visits by two Japanese schools and international students studying in Rotorua.
- Facilitated celebrations of diversity during Race Relations Week.
- Celebrating Maori Language Week activities in July 2007.
- Supporting the participation of cultural groups in public events like Santa Parade.
- Implementing consultation processes with the local community e.g. at Ngongotaha.



Rotorua District Council was presented with \$500 cash and the award for best public toilets in New Zealand for their well known 'Pukatua Street Palace' toilets.

[L-R: Elliot Pollard, chairman of Rotorua branch of Keep NZ Beautiful; Mayor Kevin Winters; Deputy Mayor Trevor Maxwell; and Barry Lucinsky, national chairman of Keep New Zealand Beautiful]

EMPLOYEE RELATIONS REPORT

Introduction

The NRB survey for 2007 indicates that the performance of Council staff over the 2006/07 financial year has dropped slightly in comparison with last years results but in comparison to their Peer Group and National average, Rotorua District Council rates 11% and 8% respectively above these groups making the Rotorua District Council one of the highest performing local authorities in New Zealand.

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

Staff Turnover

The overall staff turnover for the year ending 30 June 2007 which includes both wages and salaried staff but excluding fixed term and casual employees was 18% compared with 12% in 2006 and 16% in 2005.

The labour market remains tight for recruitment activities which creates strong competition in attracting and retaining the best skills. Engineers and Planners are still in short supply and some other disciplines remain difficult to attract. The Council continues to explore and apply innovative solutions to attract and retain the best skills and experience available.

Remuneration Committee

The Remuneration Committee is constituted as follows:

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

The Remuneration Committee reviewed 30 positions during the year ending 30 June 2007 compared with 31 for the previous year.

Performance Management

Rotorua District Council have revised its Remuneration and Performance Management Systems to ensure it is aligned with best practice and driving the right behaviours and performance as well as ensuring staff are being rewarded appropriately taking into account individual skills, experience, and performance.

This has involved the following to date:

- A review of all positions to ensure grade/job sizes are correct and in line with market
- Development of Mission, Vision and Values for staff which forms part of the performance review process and will drive our expectations on how staff of Rotorua District Council work and behave
- Review and redesign of our Remuneration Strategy
- Review and redesign of our Performance Management System

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 2007 there were 105 reported accidents compared with 133 for the previous year. This is a decrease on the previous year. Time-off statistics have increased due to three staff members being off work long term as a result of accidents.

We have continued to provide flu vaccinations for staff during the year and 125 staff took up this opportunity in 2007 compared to 121 in 2006.

Training and Development

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

During 2006-07, 945 people attended training courses, seminars, forums and conferences. Some of these courses were attended by reasonably high numbers of staff such as Microsoft/job related Software Training (149); First Aid (84); Te Reo/Waiata (43); Block Courses as part of Diploma Studies (41); KiwiHost Training (30) and Media/TV Techniques Training (29) to highlight a few.

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

Long Service

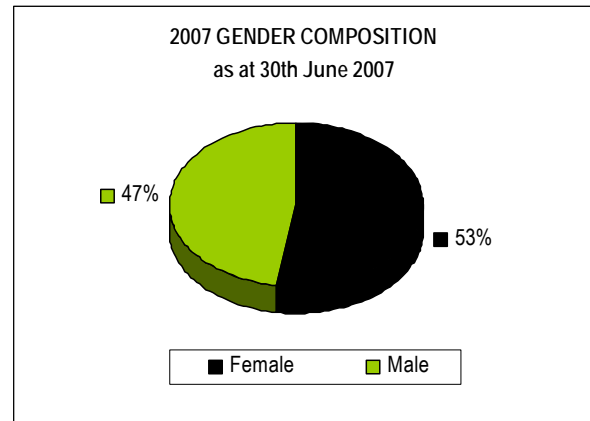
The Mayor and Chief Executive made formal presentations to 15 long serving staff members in recognition of loyal service to Council and the community. Two long serving staff members completed 35 years service with three others having completed 30 and 25 years respectively. In addition, 10 staff completed 20 years service. These 15 staff have a total accumulation of 345 years of service with Council. The loyalty of these staff to Council is commendable.

Employee Assistance Programme/ Support Systems

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

Gender Composition of Council

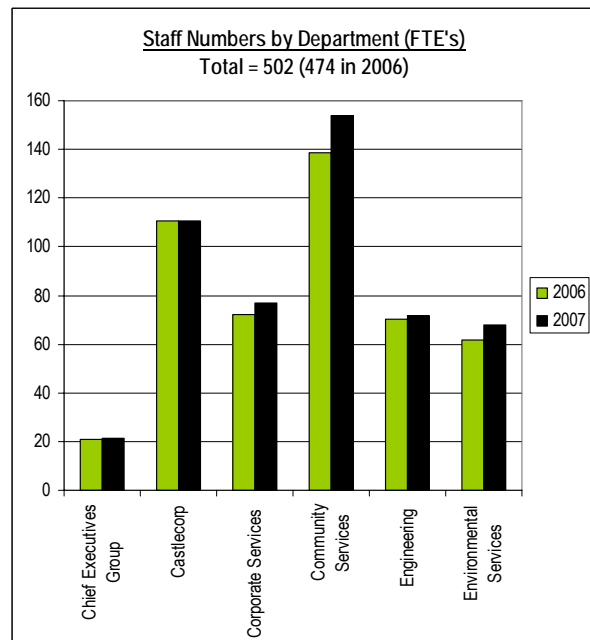
As at 30 June 2007, the gender composition of Council was 53% females and 47% males. Female employees slightly exceeded male employees in the council workforce during 2007 whereas in 2006 there were 52% males and 48% females. These numbers include staff employed either in full time, part time or casual positions.

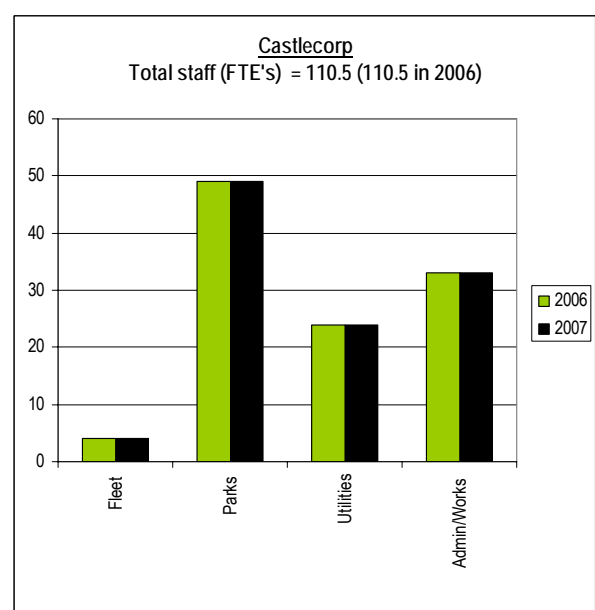
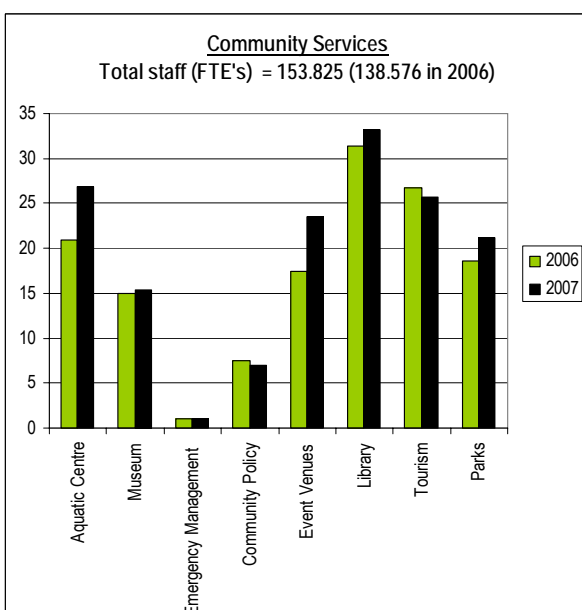
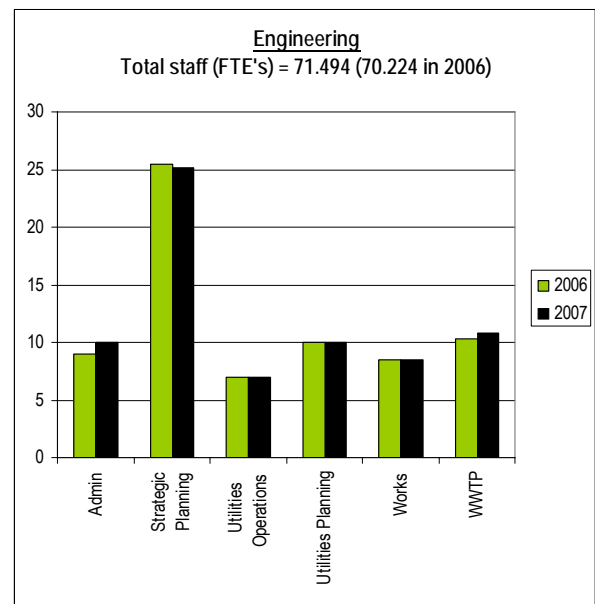
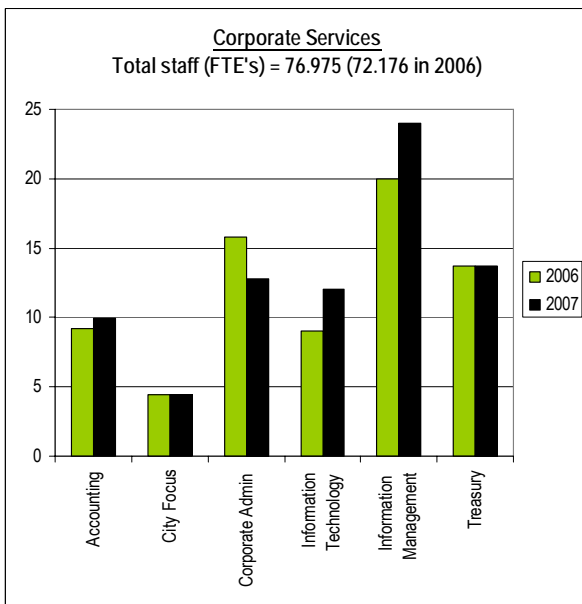
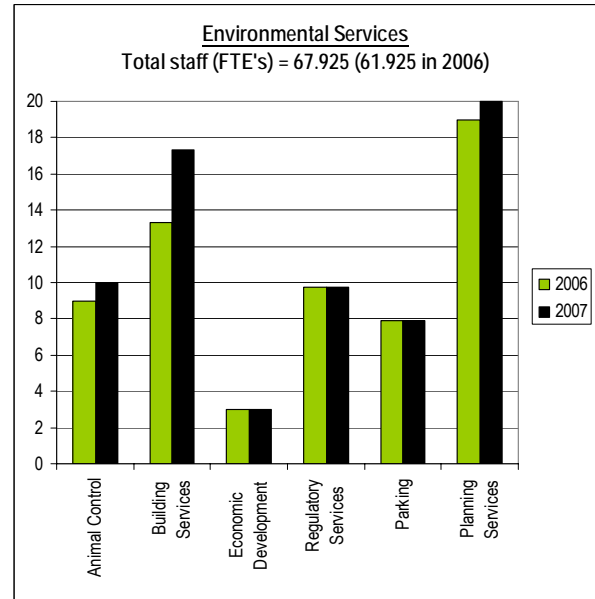
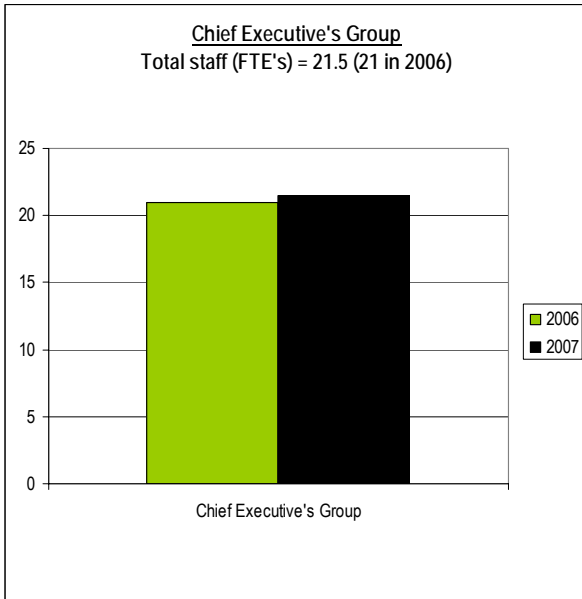


Staff Numbers

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

The staff numbers represent fulltime equivalents (FTE's).





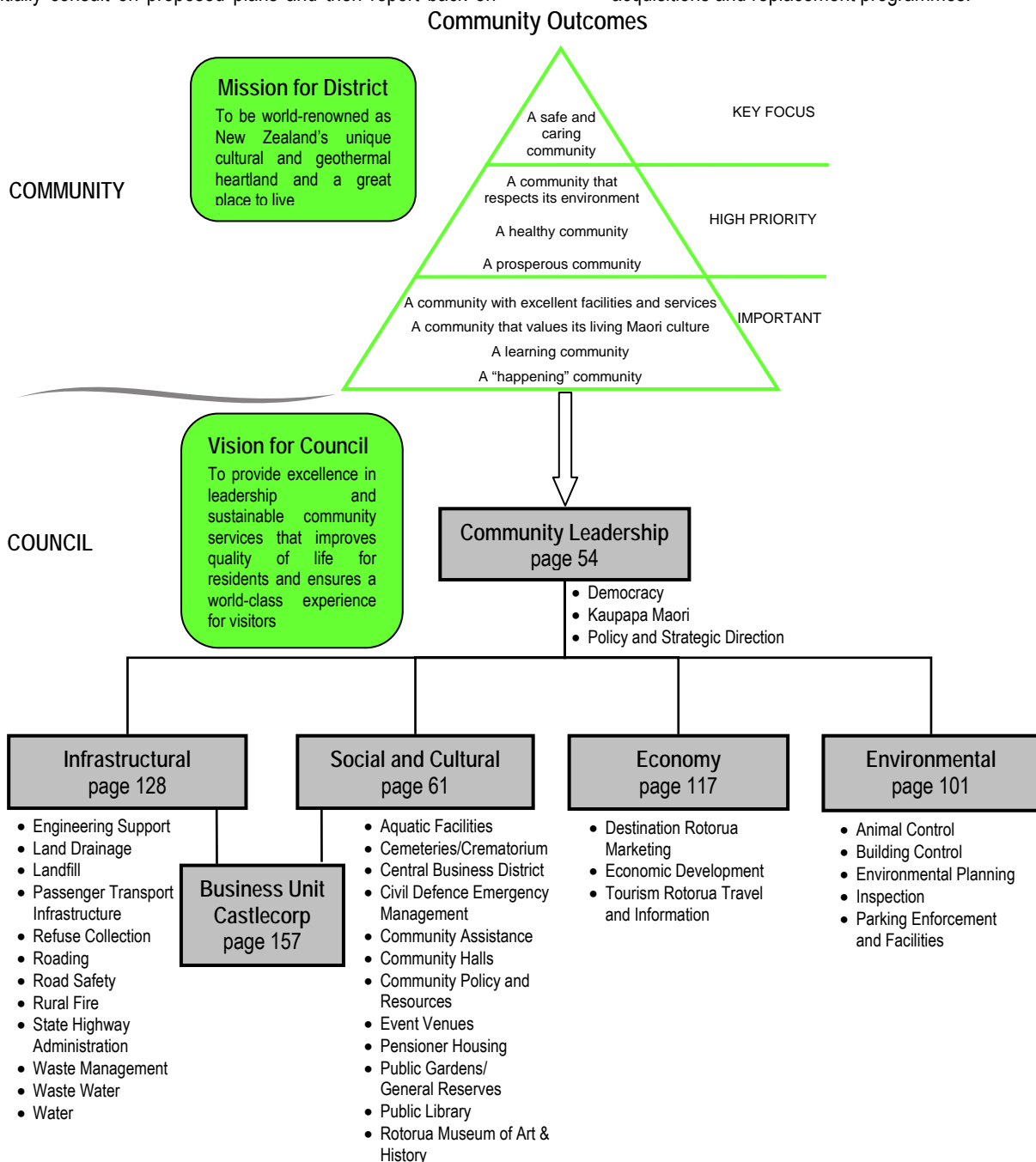
STATEMENTS OF SERVICE PERFORMANCE

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

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

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

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



Further details

1. Council's Ten Year Plan, which covers the period from 1 July 2006 to 30 June 2016, outlined Council's intentions for the year according to each of its significant activities.

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

2. There is a statutory requirement to report on how well Council's significant activities have performed during the year, and specifically against its stated objectives.
3. Some performance targets refer to an NRB survey. This is an annual community satisfaction survey relating to Council, its policies, its operations, its levels of service and how well it is meeting the needs of the community. The survey was first conducted in 1991 by the National Research Bureau using a telephone poll of approximately 400 people selected at random with around 100 from each electoral ward. The survey has been conducted in subsequent years. The margin of error for the latest survey was $\pm 4.9\%$. The results obtained from the May 2007 survey are the ones used in this report.

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



COMMUNITY LEADERSHIP GROUP

Contribution to Outcomes

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

Overview of Group

This group is made up of the following activities of Council:

- Democracy
- Kaupapa Maori
- Policy and Strategic Direction

The Community Leadership Group 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 need.

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

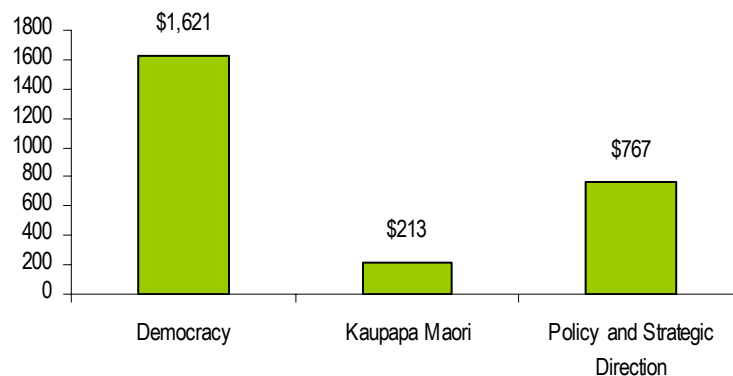
Potential Significant Negative Effects

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

This year's highlights and achievements included

- Representation
 - Determined that for the 2007 Council elections early processing of voting documents will be permitted, and the order of candidate names will be alphabetical.
 - Establishment of Rotorua Lakes Community Board.
- Overseas delegations - Hosted 109 overseas delegations in the Civic Centre, predominantly from China and Korea.
- Community consultation – Adopted Annual Plan and Amendments to Ten Year Plan following consultation.

Activity purpose – 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.

There are five fulltime equivalent staff employed in meeting the administrative and secretarial needs of the Mayor, elected members and Council

The activity contributes towards sustainable development by promoting the following community outcomes and sub-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 following:

- Governance structures to ensure that Council's decisions are made in relation to activities that are relevant to each of the community outcomes;
- High quality consultative leadership and advocacy for Rotorua residents to assist in achievement of desired outcomes will be provided;
- Good democratic and corporate governance;
- Forward thinking, outspoken, and focused on achieving Rotorua's communities' preferred future; and
- Conduct Council's business affairs openly and responsibly.

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	1,640	1,832	2,463
Depreciation	11	16	9
Total Costs	1,652	1,848	2,472
REVENUE			
Fees and charges	31	20	32
Total Revenue	31	20	32
Net Cost of Service	1,621	1,828	2,440

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Other renewals	2	4	11
Total Capital	2	4	11

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	1,621	1,828	2,440
Less Depreciation for Capital	(11)	(16)	(9)
Total Rates for/(from) Operations	1,610	1,812	2,431
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	11	16	9
Loans from/(to) Corporate Funds	(8)	(12)	2
Total Capital	2	4	11

Performance for 2007

OUTCOMES PROMOTED – All outcomes

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
All sub outcomes	Open and participative democracy	NRB Survey	50% of community finds Councillors approachable.	Not achieved. 36% found Councillors approachable, and 38% found Councillors somewhere in between approachable and resistant.
	Triennial elections	Elections NZ results	50% of voter turnout at 2007 election	Elections held in 2007/08.
	Governance, leadership and determination of policy	NRB Survey	87% of public approval for Council's policies and performance.	Not achieved. 64% approval of Council's decisions/ actions.

Kaupapa Maori

Overall aim of the activity

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

To manage Council's relationships with Te Arawa and Tangata Whenua.

To advise the organisation on Tikanga Maori.

Forging/creating a better relationship between the Mayor, Chief Executive, staff and Tangata Whenua.

This year's highlights and achievements included

- Te Reo Maori training for Council staff.
- Tryon Street beautification project – unveiling of carvings.
- Energy Events Centre – history wall, poutokomanawa and carved doors.
- Rotorua Basin Landscape Assessment.
- Launch of Don Stafford's book 'Wind from the North'.

Activity purpose - why we provide the service

This activity is managed by the Director Kaupapa Maori, and its operates around the following operational directions:

- Policy development which explicitly addresses issues of greatest importance for Tangata Whenua and Maori of the district.
- Enhancement of the social, cultural and economic well-being of Tangata Whenua and Maori in the district.
- Provision of expert advice and assistance in the development of appropriate policies to promote and enhance the efficient employment and management of Tangata Whenua resources, and consistent with the environmentally prudent development of all district resources.
- Ensuring that the specific interests of Tangata Whenua and Maori are included in relevant areas of the Council's core business.
- Ensuring that the specific needs and values of Tangata Whenua and Maori are taken into account in the formulation of Council policy.
- Fostering positive partnership between Tangata Whenua and Maori and the Council; and
- Encouraging and improving the awareness and understanding of appropriate Maori perspectives within Council.
- Assisting the facilitation of Council and Te Arawa relationships through appropriate protocols.
- Creation of Memorandum of Understanding and protocol agreements.

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

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	216	293	179
Depreciation	1	0	2
Total Costs	217	293	181
REVENUE			
Subsidies and grants	4	0	0
Total Revenue	4	0	0
Net Cost of Service	213	293	181

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Other renewals	0	0	3
Total Capital	0	0	3

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	213	293	181
Less Depreciation for Capital	(1)	0	(2)
Total Rates for/(from) Operations	212	293	179
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	1	0	2
Loans from/(to) Corporate Funds	(1)	0	1
Total Capital	0	0	3

Performance for 2007

OUTCOME PROMOTED –A community that values its living Maori culture

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> • Preservation and sustainable development of Maori resources • Improved opportunities 	To encourage the development of Iwi Management Plans.	Reported to Te Arawa Standing Committee.	Two new Iwi Management Plans per year.	Achieved.
A community that recognises the value of partnerships including the Treaty of Waitangi.	To hold workshops to foster partnership.	Number of workshops reported to Te Arawa Standing Committee.	One workshop per year.	Achieved. Workshops held with Te Pumautanga o Te Arawa, the new Lakes Trust (was Te Arawa Maori Trust Board) and Office of Treaty Settlements.
Fostering Maori cultural activities and expression	To hold Te Reo and Tikanga classes.	<ul style="list-style-type: none"> •Record of attendance. •Beginners, advance programmes continue. 	<ul style="list-style-type: none"> • One Te Reo 2 month course. • One Tikanga 2 month course. 	<p>Achieved. 12 Te Reo and 12 Waiata classes complete.</p> <p>Achieved. 12 Tikanga classes complete.</p>
Respecting Te Arawa as part of the unique heritage of Rotorua District.	To conduct historical tours.	<ul style="list-style-type: none"> •Keep record of participants. •Evaluation forms. 	12 historical tours per year.	Not achieved. In planning stages to be undertaken July/ August 2007..
Strengthen relationships between cultures.	Development and maintenance of relationships between Council and Maori.	<ul style="list-style-type: none"> •Database. •Reporting/ reports. 	<ul style="list-style-type: none"> • Memorandum of Understanding • Protocol Agreements • Advisory Committee • Consultation Committee • Marae meetings 	<p>Achieved. Tuhourangi MOU complete.</p> <p>Achieved. Protocols implemented.</p> <p>Achieved. Advisory Committees continue to meet regularly.</p> <p>Achieved. Two Marae meetings held.</p>

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

- **Annual Report** – Adopted Annual Report for year to 30 June 2006 with a clear audit opinion.
- **Annual Plan** – Adopted Annual Plan and amendments to Council's Ten Year Plan on 26 June 2007.
- **Community Outcomes Monitoring** – Council reported on the community outcomes and Council's contribution to achieving these outcomes (refer to BrightEconomy Community Outcomes report for more detail).
- **Networking** - Strong networking with other agencies and organisations through Chief Executive:
 - Appointment as a member of the Office of the Auditor-General's local government advisory group.
 - Chair of Joint Electoral Working Party, with members from Ministry of Health, Department of Internal Affairs, Local Government Commission, Society of Local Government Managers, and Local Government New Zealand.

Activity purpose - why we provide the service

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

The Local Government Act (LGA 2002) requires rigorous decision-making processes for policy development. Coupled with this is policy that both Council and management have proposed.

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

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

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

It will be important to make distinction between:

- Policy
- Delegations
- Procedures
- Guidelines

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

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

A safe and caring community

A prosperous community

A community that respects its environment

A community that values its living Maori culture

A community with excellent facilities and services

A healthy community

A learning community

A "happening" community

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	(362)	(735)	(490)
Depreciation	1,755	2,234	2,307
Finance	(111)	26	540
Total Costs	1,281	1,526	2,357
REVENUE			
Investment income	(186)	(114)	346
Fees and charges	705	777	1,013
Total Revenue	519	662	1,359
Net Cost of Service	762	864	998

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Other renewals	1,930	3,413	1,073
Strategic properties	934	500	3,181
Total Capital	2,864	3,913	4,254

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	762	864	998
Less Depreciation for Capital	(1,755)	(2,234)	(2,307)
Total Rates for/(from) Operations	(993)	(1,372)	(1,309)
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	1,708	2,234	2,285
Loans from/(to) Corporate Funds	1,031	1,498	490
Reserves net	(28)	0	1,128
Advances net	11	11	10
Asset sales	144	170	341
Total Capital	2,864	3,913	4,254

Variance from budget

OPERATING COSTS: The net cost of service is less than budgeted due to delayed capital projects resulting in savings in finance costs.

CAPITAL COSTS: Capital expenditure is under-spent due to various projects being carried forward into the 2007/08 year

Performance for 2007

OUTCOMES PROMOTED – All outcomes

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
All sub outcomes	Community participation in setting strategic direction.	Link activities in LTCCP to prioritised Community Outcomes.	Identify and review Community Outcomes on behalf of community.	To be completed for the 2009-19 LTCCP.
		Less than 35% of NRB respondees disapprove of recent decisions/ actions.	Question residents on approval/ disapproval of Council decisions/ actions.	Achieved. 23% disapprove of Council's decisions/ actions.
		SOPs summary for consultation minimum 1 month.	Consult with public on draft LTCCP or Annual Plan and any LTCCP amendments.	Achieved. SOP summary was available for public consultation in April 2007 for a period of at least a month.
		Plan completed and publicly available.	Facilitate Integrated Outcomes Plan.	Achieved. (Ten Year Plan adopted and publicly available).
	Community informed and consulted on major policies, decisions, projects and activities.	At least 4 issues per year.	Publication of Council/ community news.	Achieved. Council published 8 issues of the District News during 2006/07.
		Report to community.	Report to community on progress towards Community Outcomes.	Achieved. Report prepared and available.
	Inform and engage community on council plans and services.	NRB public perceptions survey.	65% of residents rate level of council information to be sufficient.	Achieved. 67% consider that there is either enough or more than enough information supplied.

SOCIAL AND CULTURAL GROUP

Contribution to Outcomes

Page	Activities within this Group	Community Outcomes							
		A safe and caring community	A community that respects its environment	A healthy community	A prosperous community	A community with excellent facilities and services	A community that values its living Maori culture	A learning community	A "happening" community
63	Aquatic Facilities			✓					✓
67	Cemeteries/Crematorium					✓			
69	City Services Operations	✓				✓			✓
72	Civil Defence Emergency Management	✓		✓					
74	Community Assistance	✓		✓			✓		✓
77	Community Halls	✓		✓			✓		✓
79	Community Policy and Resources	✓		✓			✓		✓
83	Event Venues			✓	✓				✓
86	Pensioner Housing	✓		✓					
89	Public Gardens/General Reserves	✓	✓			✓			
93	Public Library					✓	✓	✓	
97	Rotorua Museum of Art & History						✓	✓	✓

Overview of Group

This group is made up of the following activities of Council:

- Aquatic Facilities
- Cemeteries/Crematorium
- City Services Operations
- Civil Defence Emergency Management
- Community Assistance
- Community Halls
- Community Policy and Resources
- Event Venues
- Pensioner Housing
- Public Gardens/General Reserves
- Public Library
- Rotorua Museum of Art & History

The Social and Cultural Group 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.

Potential Significant Negative Effects

Event Venues

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

These effects will be managed through infrastructure design and traffic management plans.

City Services Operations

The only negative effects identified with this activity are:

- Cost of parking to residents and visitors.
- Impact on the environment (visual) of the meters.

Civil Defence Emergency Management

Potential for a reduction in levels of self reliance if it is viewed as purely a local or central government responsibility.

Community Assistance

Social

Inequities exist within the current community assistance policies.

Economic

By providing community assistance opportunities it is possible for organisations to become reliant/dependant on Council /ratepayers funding to the exclusion of other possible funding options.

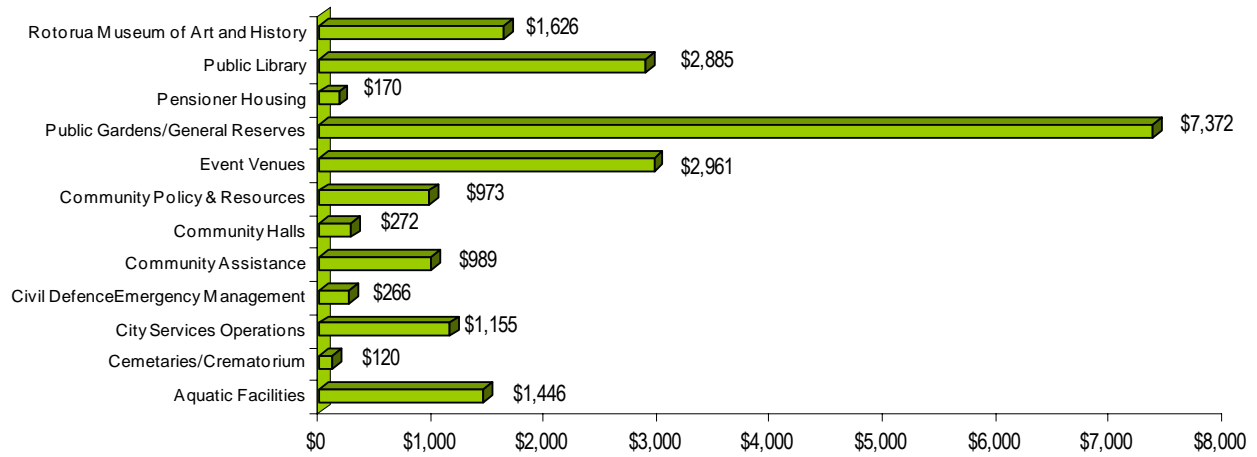
Pensioner Housing

Economic

Targeting Central Government guideline that rents are less than 25% of an individual's income by access to accommodation allowance ex, WINZ, does restrict RDC's Pensioner Housing units ability to be self-funding.

How the Money is Used

SOCIAL AND CULTURAL Net Cost of Service (thousands)



Rotorua Museum director Greg McManus, Rotorua Trust chair Grahame Hall and Museum Centennial Trust chair Lyall Thurston discuss museum extension plans following the announcement that The Rotorua Trust would contribute \$4.7 million to the project, matching Rotorua District Council's commitment

Aquatic Facilities

Overall aim of the activity

To provide an affordable, safe, aquatic, fun facility that meets the needs and requirements of the local community. The Rotorua Aquatic Centre is proudly owned and operated by the Rotorua District Council.

This year's highlights and achievements included

- Finalist in Westpac Chamber of Commerce Business Awards 2006.
- Winner in Westpac Chamber of Commerce Business Awards 2006 – October 2006.
- Finalist in NZRA Programme Awards for 2006 – November 2006 – Unison Lake Safety Programme.
- 98.77% Swimsation User Satisfaction Surveys – highest ever (160 surveyed).
- Competed at National Pool Lifeguard Champs in Dunedin 31 July 2006 and placed fifth (first time in competition).
- Winner of Central North Island Lifeguard Champs 2007.
- Ranked first in Corporate Performance out of other 58 pools on YARDSTICK and currently sitting in top nine pools out of 58 for Pool Performance.
- Doubled Unison sponsorship from \$7,500 to \$15,000.
- Exceeded Unison target of 1000 children through the programme per annum.
- Blue Water Cardio Studio success (4 x the original target of 100). Currently at 410 current members and bringing in \$45,000 per annum.
- Recreation success – becoming self sustained.
- Achieved over the \$1 million target.
- Accredited QUALMARK facility and services success at 85% success.

Activity purpose – why we provide the service

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

The provision of affordable, safe, aquatic, fun is provided via a learn to Swim School (Swimsation – 'Where Families Learn to Swim') available to all members of the public. Council undertakes this activity because of a community need for swimming and water safety education, recreation and exercise and the increasing awareness of the need for healthy lifestyles.

The healthy lifestyles theme is further provided through the 'Get Active Stay Active' programmes and events. Programmes are developed to specifically target unhealthy and inactive participants, Elderly, Youth, Maori, Women, Pacific Islanders, and Persons with Disabilities, to get active and stay active and contribute to a healthy community.

The Rotorua Aquatic Centre fills an important niche for family and community in providing low cost leisure and recreation. Provision for this activity allows for lane swimming before and after work (peak periods), health and fitness, rehabilitation, relaxation and school swimming. These provisions target and increase opportunities for recreation, health and well-being and strengthening of families to work play and talk together. In order to meet these provisions the Rotorua Aquatic Centre is open 7 days per week from 6.00am to 9.00pm and operates over 364 days per year.

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. The original facility was built on Council reserve but is now managed by a private operator under a long term lease agreement. Council is involved in this activity as a legal requirement of being the administering body for the reserve.

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

A healthy community

- Increasing recreational opportunities
- Improving health status for all
- Improved youth health
- Partnerships to promote healthy living
- Healthy whanau, healthy communities

A happening community

- Lots of events including sporting, cultural, festivals, arts
- Leading edge activity events
- Great Facilities to visit
- Provision of good quality event, conference and tourism facilities

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	2,149	2,229	2,123
Depreciation	274	254	282
Finance	45	62	43
Total Costs	2,468	2,545	2,448
REVENUE			
Subsidies and grants	5	12	3
Fees and charges	999	1,157	922
Capital grants and contributions	17	24	0
Total Revenue	1,022	1,193	925
Net Cost of Service	1,446	1,352	1,523

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Aquatic Centre Upgrade			
Level of Service Change	12	30	88
Pool Equipment			
Renewal	75	75	0
Recreation Scheme			
Renewal	0	0	3
Other renewals	9	13	4
Total Capital	96	117	95

Variance from budget

OPERATING COSTS: The net cost of service is more than budgeted due to less admission revenues received than budgeted.

CAPITAL COSTS: Capital costs are less than expected due to aquatic centre upgrade savings.

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	1,446	1,352	1,523
Plus Capital Grants and Contributions	17	24	0
Net Cost of Service	1,464	1,376	1,523
Less Depreciation for Capital	(274)	(254)	(282)
Total Rates for/(from) Operations	1,190	1,121	1,242
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	274	254	282
Loans from/(to) Corporate Funds	(178)	(161)	(187)
Development contributions	17	24	0
Reserves net	(17)	0	0
Total Capital	96	117	95

Performance for 2007

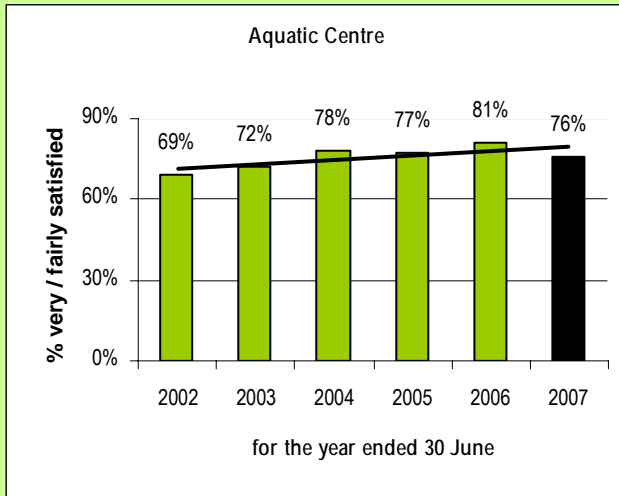
OUTCOMES PROMOTED

- A healthy community
- A happening community

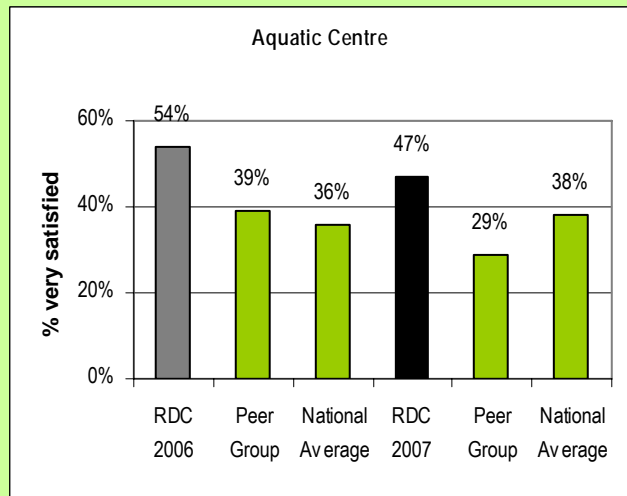
Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> • Increasing recreational opportunities • Improving health status for all • Improved youth health • Partnerships to promote healthy living • Healthy whanau, healthy communities • Lots of events including sporting, cultural, festivals, arts • Leading edge activity events • Great facilities to visit • Provision of good quality event, conference and tourism facilities 	Provide safe, excellent and affordable swimming pools for competitive sports, casual recreation and health and fitness training.	NRB Survey	Two thirds of Rotorua households will visit or use the Aquatic Centre each year.	Achieved – 65% (+/- 5% margin of error) visited the Centre.
		Operations log	Open the Aquatic Centre 364 days a year, open to the public 105 hours each week.	Achieved.

NRB Community Survey

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



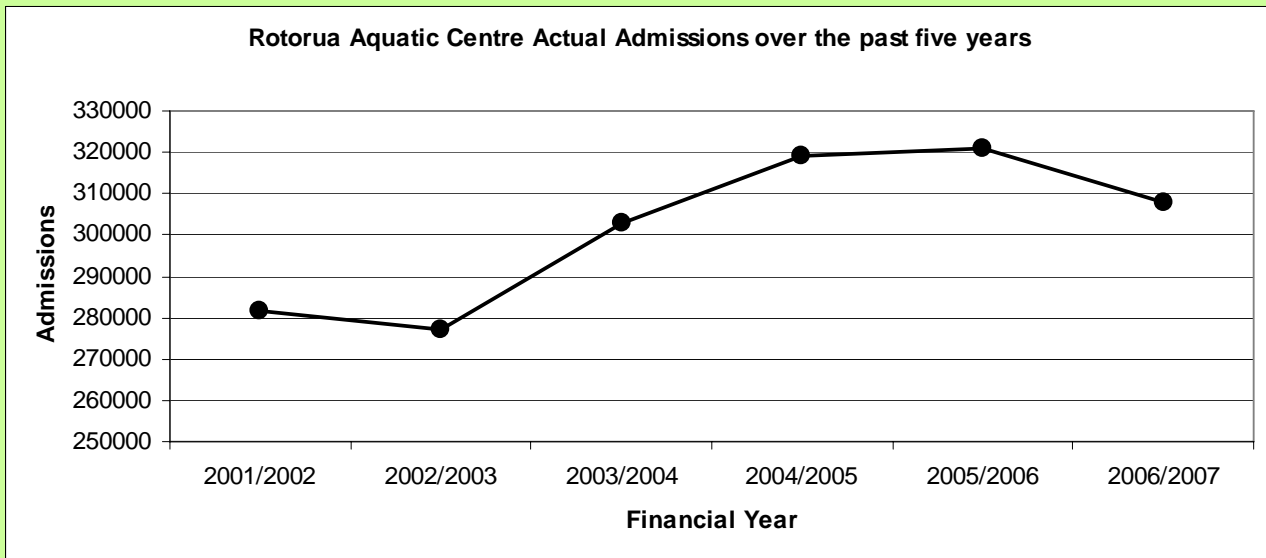
This graph shows the percentage of survey respondents that are very or fairly satisfied with this service over the last six years. There is a trend line which helps show the general direction of service satisfaction over time.



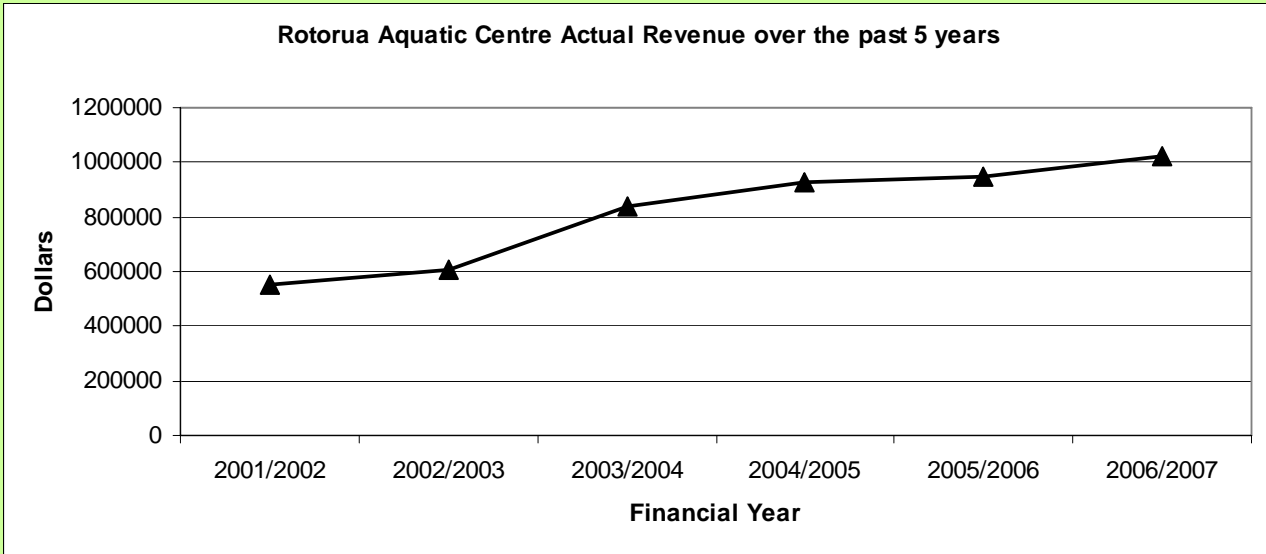
This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last two years and compares it with our peer group and the national average.

Other Indicators

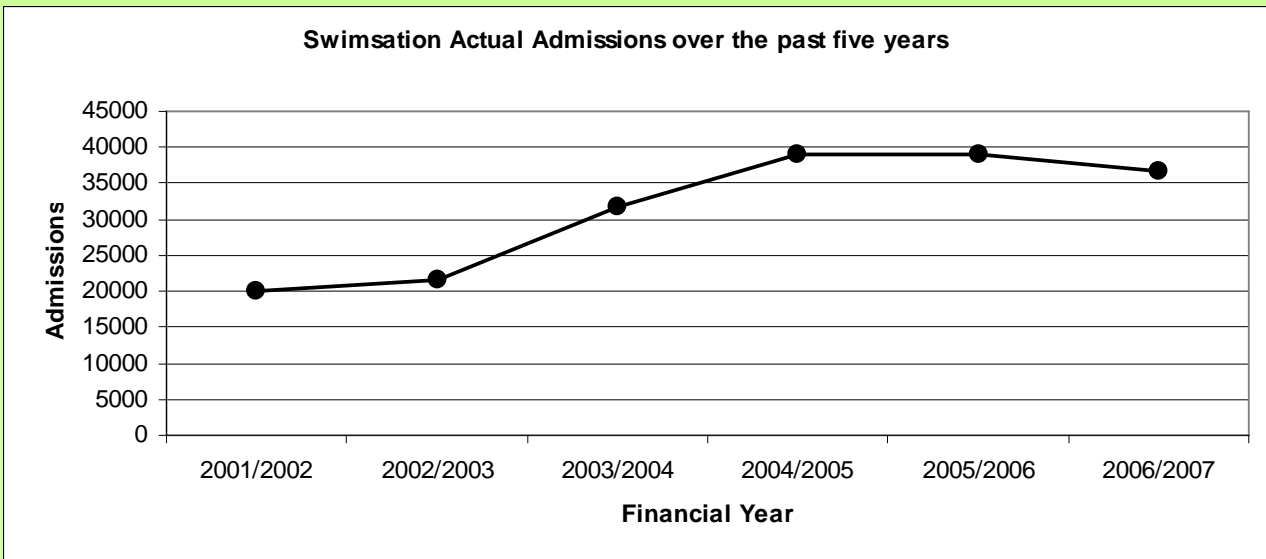
Rotorua Aquatic Centre Actual Admissions



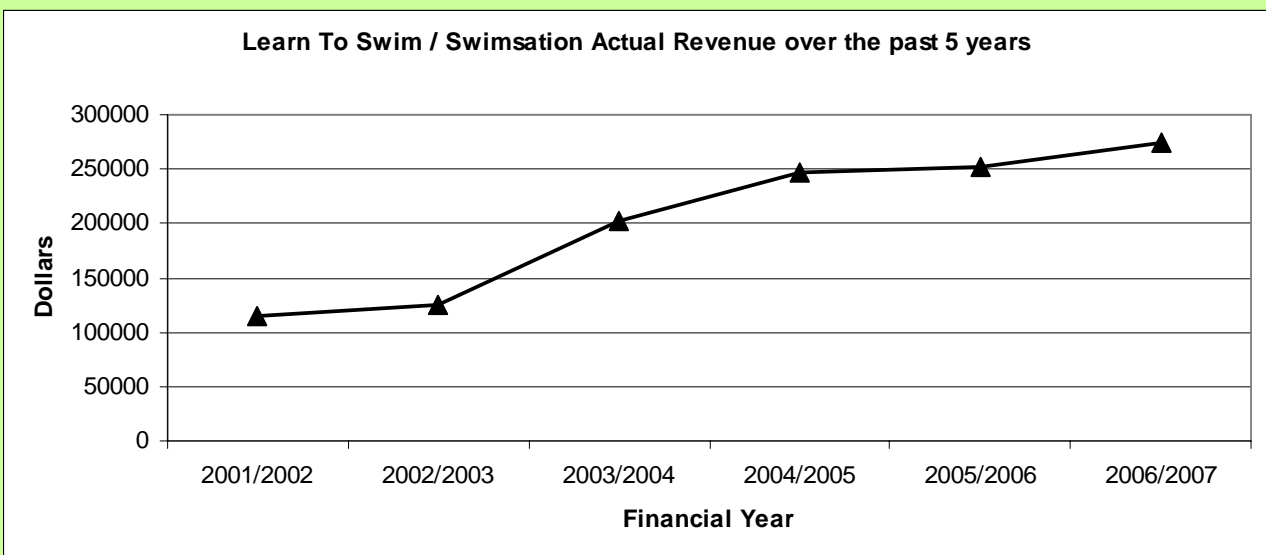
Rotorua Aquatic Centre Actual Revenue



Learn to Swim / Swimsation Actual Admissions



Learn to Swim / Swimsation Actual Revenue



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

- Council has acquired some land that has created strategic opportunities for the provision of cemeteries for future generations.

Activity purpose – why we provide the service

Council is the service provider and asset manager

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

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

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

A community with excellent facilities and services

- Affordable facilities and reserves and services

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	293	290	268
Depreciation	22	27	19
Finance	22	30	10
Total Costs	337	347	297
REVENUE			
Fees and charges	208	165	175
Capital grants and contributions	9	8	2
Total Revenue	217	173	177
Net Cost of Service	120	174	120

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Cemetery Land Acquisition Investment			
Level of Service Change	1,150	0	0
Crematorium - General >\$1000			
Renewal	0	30	12
Cemetery Toilet			
Level of Service Change	7	0	51
Cemetery Development			
Provision for Growth	0	250	0
Other renewals	0	0	1
Total Capital	1,158	280	64

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	120	174	120
Plus Capital Grants and Contributions	9	8	2
Net Cost of Service	129	182	122
Less Depreciation for Capital	(22)	(27)	(19)
Total Rates for/(from) Operations	107	155	103
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	22	27	19
Loans from/(to) Corporate Funds	1,131	245	43
Capital Grants	5	3	2
Development contributions	4	5	0
Reserves net	(4)	0	0
Total Capital	1,158	280	64

Variance from budget

OPERATING COSTS: More fees were received than budgeted; depreciation expense was less than budgeted.

CAPITAL COSTS: Unbudgeted new proposed cemetery land was purchased during the year.

Performance for 2007

OUTCOME PROMOTED – A community with excellent facilities and services

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
Affordable facilities and reserves and services	Ensure culturally appropriate, well designed, conveniently located cemeteries are available in the Rotorua District	Location maps of Rotorua Cemeteries.	Burial plots are available locally and cremation services are provided in the district.	Achieved.



City Services Operations

Overall aim of the activity

Rotorua District Council to provide and keep the central city and environs functioning and clean, tidy and welcoming in order to meet community expectations.

This year's highlights and achievements included

- CCTV – Introduction of two remote CCTV cameras (Trout Pool Road and Redwoods). Two additional cameras added to CCTV network.
- Street events – Successful staging of street events, including:
 - Young Farmers
 - World Mountain Biking Championships

Activity purpose – why we provide the service

Under Local Government Act 2002 part 2 the purpose of Local Government is to enable democratic local decision-making and action by, and on behalf of, communities; and to promote the social, economic, environmental, and cultural well-being of communities, in the present and for the future.

The New Zealand Bill of Rights Act 1990 sets out the rights of the public.

The Local Government Act 2002 gives Council the authority to make bylaws regulating the use of public places; thus the activities contemplated in this activity are regulated by both statute and bylaw. The Local Government Act 1974 part XXXIV public services section 591 – 591A makes provision for parking places, parking buildings and the like.

Council has adopted policies for this activity which include CBD, City Focus, public places, street appeals, provision and servicing of public conveniences, parking enforcement and CBD policies, lakefront and government gardens.

Council is the service provider, asset manager and provides regulatory assistance. This service is provided in order to meet community outcomes and expectations and involves keeping the central city and adjacent areas clean, safe and vibrant. It ensures efficient off and on street parking management and provision of a effective close circuit camera surveillance system. We provide management and maintenance of: -

- City Focus
- Central Business District
- Government Gardens
- Lake Front
- Off street parking building – Hinemoa Centre 244 spaces
- Off street Haupapa car park – Haupapa Street, 95 spaces
- On street parking 1200 metered and 2900 un-metered spaces
- Public conveniences – 12 facilities
- Tourism kiosks & signage

- Street banners, flags & decorative lighting
- Crime prevention camera network
- Promoting of City Focus/Centre as a vibrant, warm and welcoming community focal point
- Regulatory function (litter, dogs, liquor, hawkers, skateboard, etc.)
- Rotary time capsule – 25 year burial uplift in 2028
- Giant chess game
- Community policing & information centre
- Ngongotaha village
- Volunteer workers

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

A safe and caring community

- Providing safe public spaces
- Safe public buildings and streets
- Working together with other agencies

A community with excellent facilities and services

- Easy to get from place to place
- Good quality infrastructure for now and the future

A happening community

- Lots of events (well managed & organised)
- Internal/external agencies working together to promote Bright future

Cost of Service

Central Business District Operations

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	1,862	1,591	1,278
Depreciation	112	106	98
Finance	10	14	8
Total Costs	1,984	1,711	1,384
REVENUE			
Subsidies and grants	0	0	4
Fees and charges	7	7	6
Capital grants and contributions	0	0	78
Total Revenue	7	7	88
Net Cost of Service	1,977	1,705	1,296

Parking CBD Operations

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	426	479	363
Depreciation	163	245	217
Finance	29	40	19
Total Costs	618	763	599
REVENUE			
Fees and charges	1,440	1,572	1,487
Total Revenue	1,440	1,572	1,487
Net Cost of Service	(822)	(809)	(888)

Capital Expenditure

Central Business District Operations

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Sound System			
Renewal	1	5	0
Other renewals	71	60	127
Total Capital	72	65	127

Parking CBD Operations

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Parking Meter Acquisition			
Renewal	16	30	126
Other renewals	0	0	61
Total Capital	16	30	187

Variance from budget

OPERATING COSTS: The increase in net cost of service is due to an increase in the cleaning contract.

How we pay for this activity

Central Business District Operations

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	1,977	1,705	1,296
Plus Capital Grants and Contributions	0	0	78
Net Cost of Service	1,977	1,705	1,374
Less Depreciation for Capital	(112)	(106)	(98)
Total Rates for/(from) Operations	1,865	1,599	1,276
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	112	106	99
Loans from/(to) Corporate Funds	(40)	(40)	(50)
Capital Grants	0	0	78
Total Capital	72	65	127

Parking CBD Operations

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	(822)	(809)	(888)
Less Depreciation for Capital	(163)	(245)	(217)
Total Rates for/(from) Operations	(985)	(1,053)	(1,105)
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	163	245	217
Loans from/(to) Corporate Funds	(147)	(215)	(30)
Total Capital	16	30	187

Performance for 2007

OUTCOME PROMOTED – A community with excellent facilities and services

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
Good, safe, maintained services and roads	High standards of CBD cleaning and maintenance	Reports (contractors) confirm that cleaning and maintenance completed to the required standards.	Ensure cleaning and maintenance is completed to 95% of the approved standards for: City Centre Lakefront Government Gardens Ngongotaha Village Whakarewarewa Village	Achieved.
Easy to get from place to place	Car parking available for "users" in the CBD	Random survey of car park usage.	Meters for car parks will be provided in the CBD where shown the availability of carparks is less than 1 in 7 for the whole street.	Achieved.

Performance for 2007

OUTCOME PROMOTED – A community with excellent facilities and services

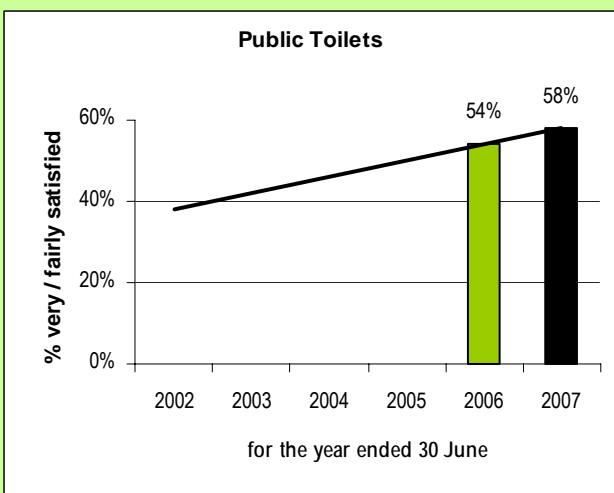
Good quality infrastructure for future	High quality janitorial services for public conveniences in the City Centre and environs	Contractor reports and random inspections confirm required standards met.	Janitorial programme completed to standards required (100%).	Achieved.
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OUTCOME PROMOTED – A safe and caring community

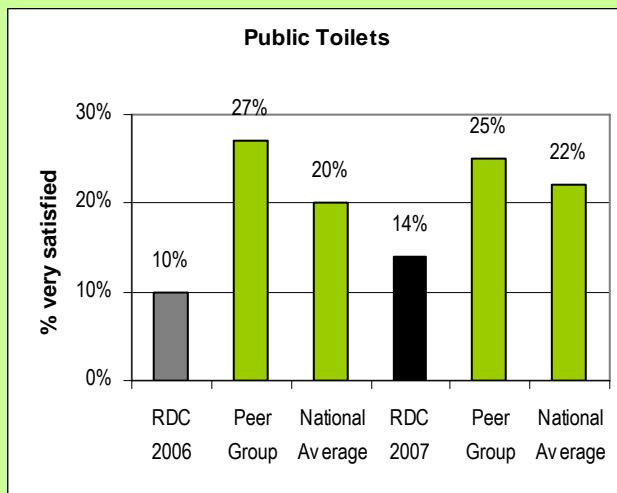
Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
Providing safe public spaces	Contribution to crime prevention by provision of a crime prevention camera system	Record of crime prevention camera operation maintained.	Maintain the operation of the crime prevention camera system.	Achieved.

NRB Community Survey

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



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



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

Civil Defence Emergency Management

Overall aim of the activity

To plan, train and educate for the response to, management of, and recovery from an emergency.

This year's highlights and achievements included

Awards/Grants

- \$1000 from the Margaret & Huia Clark Trust Fund for a complete set of rescue ropes.
- "Make It Happen" Award - volunteers received a cheque for \$568 for t-shirts.
- \$1000 for the Family Emergency Booklet and Kidscene pages.

Training/ Exercises

- "Capital Quake" - November 2006. Wellington devastated by a 7.6 earthquake. EMC selected to assist in the National Crisis Management Centre (the 'Beehive Bunker') being allocated the role of operations team member.
- Annual BOP Rescue Ex "FEBEX" – February 2007. The BOP registered teams; Rotorua, Tauranga/WBOP and Whakatane met and commenced five scenarios commencing at 5.30am on Saturday working through to 12.30am Sunday morning. The teams had a few hours sleep and started again at 6.30am. Each team had an observer either from MCDEM or Emergency Management Academy NZ.
- Exercise Cruickshank - The national pandemic exercise took place over four days in May. The EMC attended a Recovery Phase Workshop for Exercise Cruickshank at Rotorua Hospital.

Awareness

- Te Koutu Safety Day – September 2006. Event provided the opportunity to showcase organisations working in "safety" This included Drivewise, Plunket, Fire Service and the Police.
- Riding for the Disabled Fund Raising Day – December 2006. A complete Survival Kit was displayed and the public were invited to enter the Emergency Quiz and discuss emergency plans and preparations that they should be doing. The Response Team joined with NZFS in a display to the public. The scenario was a motor vehicle accident with two trapped, injured passengers. The NZFS used their cutting equipment to free the casualties and the Response team removed and treated them for first aid.

Activity purpose – why we provide the service

The Civil Defence Emergency Management (CDEM) Act 2002 requires that Rotorua District Council be responsible for civil defence emergency management within its boundaries. Rotorua is a member of the BOP CDEM Group, the Plan for which was approved by the Ministry of CDEM in May 2005.

The local Rotorua District Council Plan meets with the obligations of the CDEM Act 2002 and is consistent with the BOP CDEM Group Plan.

The National Plan is currently open for public consultation.

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

- A safe and caring community
 - Safe homes and streets
 - Organisations working together on agreed priorities
 - Providing safe public places
- A healthy community
 - Effective responses to developing health issues
 - Partnerships to promote healthy living

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	275	314	266
Depreciation	4	8	8
Total Costs	280	323	274
REVENUE			
Subsidies and grants	14	21	18
Total Revenue	14	21	18
Net Cost of Service	266	302	256

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Other renewals	18	17	11
Total Capital	18	17	11

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	266	302	256
Less Depreciation for Capital	(4)	(8)	(8)
Total Rates for/(from) Operations	262	293	248
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	4	8	8
Loans from/(to) Corporate Funds	14	9	3
Total Capital	18	17	11

Performance for 2007

OUTCOMES PROMOTED - A safe and caring community - A healthy community

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> • Safe home and streets • Organisations working together on agreed priorities • Safe public places 	Efficient operational capabilities for responding to an emergency.	NRB Survey.	A 5% increase in the number of households reporting to have an emergency plan and pack in place 30 June each year.	Not achieved. Survival Pack figures remain the same as in 2006. 3% increase in number of households with an emergency plan.
<ul style="list-style-type: none"> • Partnerships to promote healthy living • Effective responses to developing health issues 	Stabilise the affected community and assure that life support systems are operational.	Report prepared and reviewed by BOP CDEM Group.	Prepare a Recovery Plan for Rotorua.	Not achieved – ongoing.

Community Assistance

Overall aim of the activity

To foster social and cultural well-being by supporting communities to achieve their objectives, build their capacity and strengthen their identity.

This year's highlights and achievements included

- RDC Community Grants - 25 organisations successfully granted funds mainly towards administration and operational costs as well as training for paid and unpaid staff.
- Charities Commission Workshop - The Charities Commission, Rotorua Trust and RDC sponsored two free workshops on registration under the Charities Act in March 2007.
- Community Asset Development Fund (CADF) - A total of \$214,000 was allocated in this year's funding round. The five recipients were:
 - BOP (Rotorua) Indian Association \$7000
 - Eventing BOP Inc \$2000
 - Horohoro School \$5000
 - Mid Island Gymnastics School \$200,000

Activity purpose – 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 organizations in addressing local needs and issues, and enhancing community well-being. Under the Local Government Act 2002 Territorial Local Authorities are required to address Social, Economic, Environmental and Cultural well-being in their communities.

Rotorua District Council (RDC) has provided Community Assistance as a way of supporting Community Development. "In New Zealand, community development is recognised as a methodology utilised by a wide range of professions. Community Development practice is also set within a broader international context based on agreements our government has become signatory to and foundation agreements such as the Treaty of Waitangi. New Zealand definitions include one developed in 1997 by the Community Advisory Service of Internal Affairs.

Community development is:

Concerned with change and growth within communities, with giving people more power over the changes that are taking place around them, the policies which affect them and the services they use. Our ultimate concern is to help increase the well-being of communities and takes place predominantly within those communities that have been most disadvantaged or discriminated against.

We choose community development methodologies as an approach to work with communities because these increase opportunities for participation, enable the transfer of skills between people, develop self reliance, build organisations capacity and networks of community groups, ensure local

ownership of projects and decisions, utilize local resources to solve local problems and, in the end effectively increase the amount of social capital available within a community."

- Dept of Internal Affairs *Community Development Resource Kit, July 2003, page 2*

There are five key principles:

1. People define their own problems and issues.
2. People work together as a group rather than as individuals.
3. Actions increase the self reliance of the community and its individuals rather than increase dependency on others.
4. The role of community development workers is to facilitate this process rather than to organize it on behalf of others.
5. Community development involves engagement in political processes and often negotiation between groups with conflicting interests. It also involves elements of social change whereby disadvantaged or minority groups provide challenges to the attitudes or power relations in society.

Community development is based on beliefs and values of social action, justice and equity. The focus is on participation, rights to employment and other key economic and social benefits, devolved local decision making, co-operation and equitable allocation of resources across groups or societies. This model strives to attain social justice, particularly for those who are disadvantaged.

Community Assistance policies also acknowledge a sustainable development approach. The internationally recognised definition is:

".. development which meets the needs of the present without compromising the ability of future generations to meet their own needs."

RDC Community Assistance strategies are open to a wide-ranging cross section of - recreation and sports clubs, business networks, arts and cultural groups, environmental organisations, social services and community groups, as all of these organisations all make huge contributions to various aspects of local well-being.

1. The Community Assistance area includes a wide range of policies and functions including:
 - Facility provision and support through Community House, the Rotorua Arts Village, and Kuirau House.
 - Community Grants scheme.
 - Community Asset Development Fund.
 - Contracts with the not-for-profit sector – this includes with Sport Bay of Plenty, Te Papa Takaro, Citizens Advice Bureau, Rotorua Council of Social Services, Rotorua Community Youth Centre, and Rotorua Arts Village Experience. This supports groups providing social services, which cannot be provided by Council, to Rotorua communities.
 - Council's annual and rates grants.

- Creative Communities Fund (on behalf of Creative NZ).
- Community Safety Project Fund.
- Funding support for Neighbourhood Support increased to \$80,000 per annum for first three years of plan.
- Support for the Rotorua ICT Trust.

2. In May 2006, through the review of Community Assistance Policies, Council reconfirmed its intention to support local not for profit organisations to achieve their goals in sport and recreation, community, social service, art and cultural, youth and elderly services.

The Review of Community Assistance Policies Process forms a part of RDC's commitment to a six yearly policy review period.

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

A safe and caring community

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

A healthy community

- Partnerships to promote healthy living
- Healthy whanau, healthy communities

A community that values its living Maori culture

- A community that recognises the value of partnerships including the Treaty of Waitangi.

A happening community

- Great facilities to visit, e.g.: Museum, Arts Village, Aquatic Centre
- Celebrating and nurturing traditional Maori culture
- Foster artistic expression, art, music, dancing, public performances and exhibitions.

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	853	958	1,147
Depreciation	240	216	0
Finance	3	4	0
Total Costs	1,096	1,178	1,147
REVENUE			
Subsidies and grants	0	0	44
Fees and charges	63	63	0
Capital grants and contributions	44	48	0
Total Revenue	107	111	44
Net Cost of Service	989	1,067	1,103

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Other renewals	0	60	0
Total Capital	0	60	0

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	989	1,067	1,103
Plus Capital Grants and Contributions	44	48	0
Less community assets funding	(195)	(88)	(378)
Less Depreciation for Capital	(240)	(216)	0
Total Rates for/(from) Operations	598	812	725
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	240	216	0
Loans from/(to) Corporate Funds	(95)	580	284
Capital Grants	44	48	
Reserves net	(4)		16
Advances net	10	(696)	78
Grants for community assets	(195)	(88)	(378)
Total Capital	0	60	0

Performance for 2007

OUTCOMES PROMOTED
 - A safe and caring community
 - A healthy community
 - A community that values its living Maori culture
 - A "happening" community

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> • Safe homes and streets • Organisations working together on agreed priorities • Less crime • Providing safe public spaces • Families and whanau work, play and talk together • Partnerships to promote healthy living • Healthy whanau, healthy communities • A community that recognises the value of partnerships including the Treaty of Waitangi • Strengthening relationships between cultures • Great facilities to visit, e.g. Museum, Arts Village, Aquatic Centre • Celebrating and nurturing traditional Maori culture • Foster artistic expression, art, music, dancing, public performances and exhibitions 	Directly and indirectly provide assistance to community groups to build their capacity and help them achieve their objectives.	Occupancy Logs	Provide accommodation to complying groups i.e.: Community House and other Council owned venues.	Achieved.
		RDC Annual Report	Provide rates relief to churches, sports clubs, arts and cultural organisations and community groups in terms of rating legislation and Council policy.	Achieved.
		RDC Annual Report	Provide annual grants to Community organisations and support projects in the arts and cultural areas.	Achieved.
		RDC Annual Report	Provide funding through the Community Asset Development Fund to enable community groups to invest in social and recreational capital for the benefit of the whole community.	Achieved.
		Twice yearly contract performance reports.	Contract NFP organisations to deliver outputs that support the community outcomes.	Achieved.



Community Halls

Overall aim of the activity

To foster social and cultural well-being in rural communities.

This year's highlights and achievements included

- An inaugural report on the usage of the community halls was prepared and presented in May 2007. This was based on data supplied by the hall committee.

Activity purpose – why we provide the service

Rotorua District Council provides this service to ensure that there is a focal point for the local rural community to meet in, celebrate in and to join in activities in. Such a facility is an aid to fostering community cohesion.

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. These are sited at Waikite Valley, Kaharoa, Broadlands, Okareka, Mamaku, Reporoa, Rerewhakaaitu, Ngakuru and Ngongotaha.

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

In total Council supports 11 facilities in rural communities.

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

A safe and caring community

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

A healthy community

- Partnerships to promote healthy living
- Healthy whanau, healthy communities

A community that values its living Maori culture

- A community that recognises the value of partnerships including the Treaty of Waitangi.
- Strengthening relationships between cultures.

A happening community

- Great facilities to visit, e.g.: Museum, Arts Village, Aquatic Centre
- Celebrating and nurturing traditional Maori culture
- Foster artistic expression, art, music, dancing, public performances and exhibitions.

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	175	195	158
Depreciation	95	91	81
Finance	18	25	11
Total Costs	289	310	250
REVENUE			
Fees and charges	17	15	14
Total Revenue	17	15	14
Net Cost of Service	272	295	236

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Net Cost of Service	272	295	236
Less Depreciation for Capital	(95)	(91)	(81)
Total Rates for/(from) Operations	176	204	155
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	95	91	81
Loans from/(to) Corporate Funds	(95)	(91)	(81)
Total Capital	0	0	0

Performance for 2007

OUTCOMES PROMOTED
 - A safe and caring community
 - A healthy community
 - A community that values its living Maori culture
 - A “happening” community

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> • Safe homes and streets • Organisations working together on agreed priorities • Less crime • Providing safe public spaces • Families and whanau work, play and talk together • Partnerships to promote healthy living • Healthy whanau, healthy communities • A community that recognises the value of partnerships including the Treaty of Waitangi • Strengthening relationships between cultures • Great facilities to visit, eg Museum, Arts Village, Aquatic Centre • Celebrating and nurturing traditional Maori culture • Foster artistic expression, art, music, dancing, public performances and exhibitions 	Directly and indirectly provide assistance to community groups to build their capacity and help them achieve their objectives.	RDC Annual Report	Provide and maintain a facility in rural communities to foster community cohesion.	Achieved.



Community Policy and Resources

Overall aim of the activity

To foster social and cultural well-being by supporting communities to achieve their objectives, build their capacity and strengthen their identity.

This year's highlights and achievements included

Safety

- Installation of CCTV in and around the Energy Events Centre – Grant from the Rotorua Trust of \$140,000 for the supply and installation of a crime prevention camera system inside and on the Energy Events Centre as well as four cameras within the wider Government Gardens area.
- World Mountain Bike Championships – Crime Prevention Plan – August 2006 – Formulated and implemented joint event Crime Prevention Plan. The plan involved a Police “Bike Registration Scheme”, a secure bike lock-up area, active patrols by Police across the site and communication with accommodation providers around key safety messages to pass onto guests associated with the event.
- CBD Security Under Veranda Lighting – Completed June 2007 – Collaboration between Council and Rotorua Trust (the key funder) in improving the level of light in the CBD at night time.
- Project Papa Waka – July 2005 - June 2007 – A two year vehicle crime reduction project, targeting high-risk car parks around Rotorua District. Outcomes from this project include:
 - 22.4% reduction in car crime offences at Papa Waka target locations between 2004 and 2006.
 - 2007 Perceptions of Safety Survey revealed that fewer people are feeling concerned about the safety of their vehicle when left parked in the CBD. During the day-time, 15.8% said they ‘always worry’ or ‘usually worry’ (compared with 20.6% in 2006) while 25.4% ‘sometimes worry’ and 54.4% ‘never worry’. A further 4.1% of respondents did not park in the CBD during the day-time.
 - During the night-time, 25.9% ‘always worry’ or ‘usually worry’ (compared with 27.3% in 2006), while 23.3% ‘sometimes worry’ and 14.4% ‘never worry’. Over one-third of respondents (35.3%) did not park in the CBD during the night-time.
- Project CARV (Curbing Alcohol Related Violence) – Demonstration project launched. Funded for two years by the Ministry of Justice to examine existing strategies and implement new actions to reduce the instance of alcohol related violence in the community.

Arts and Culture

- Magma Short Film Festival – New event which brought an original cinema experience, local art and musicians to the Rotorua audience. Sell out nights and attendance by filmmakers from around NZ as well as support from local guests with international profiles; Cliff Curtis and Temuera Morrison.

- Tryon Street Carvings – Four poutiaki unveiled in November 2006. Carvings created by local artist Rakei Kingi as part of the Tryon Street/Whakarewarewa upgrade.
- Regional Strengths Maurangi Toi - The Volcanic Heartland Project – Received \$67,500 from Creative New Zealand in support of public arts projects in Taupo and Rotorua districts. The funds will support a number of projects including fencing of the Malfroy Geyser, upgrade of the Ngongotaha Village and development of Entranceway features.
- Matariki: Warming Up Winter 2007 – Local arts and cultural practitioners, schools and businesses coordinated a programme which included harakeke papermaking with SCION scientists, Origami NZ open its national collection, Brian Potiki and Charles Royal present an original play with wild foods supper, exhibitions at Wairiki Institute of Technology, Te Raukura and Toi Te Aranga galleries. Spa and geothermal parks offered special rates and packages during Matariki.
- Aotea Centre Exhibition: Toi Rotorua – August–September 2006 – Exhibition of art work from Rotorua artists on display at the Aotea Centre in Auckland. Exhibition profiled Rotorua as the arts and cultural destination of choice for the domestic market.

Sister Cities/Overseas Relationships/Civic Services

- Sister Cities Conference – Council awarded hosting rights for the 2008 Sister Cities Conference (10-12 April 2008.) A small group of council staff and two councillors attended the 2007 Conference in Te Anau at the end of April to promote the 2008 conference.
- Delegations – 17 November 2006 – His Worship the Mayor welcomed a delegation of 240 people from Beppu Tsurumigaoka High School led by their Principal, Mr Hidetoshi Muraoka. This was the fifth annual visit from this school.
- Overseas Relationships – 28 June the Mayor hosted an afternoon tea for international students studying at the schools in Rotorua. More than 80 students plus teachers and principals attended this function recognising the contribution these students make to our community both culturally and economically.
- ANZAC Day Civic Memorial Service – Over 1000 people attended the event hosted by his Worship the Mayor. Guest speakers were Rebecca Moyle and Keegan Rollo of Western Heights High School, and Rev John Dalbeth of Trinity and Saint Andrews Presbyterian Churches was the Officiating Minister. A tribute was paid to Lt. Col. George Macleod who was parade commander for his fiftieth and final time.

Youth

- Youth Policy Review – Extensive youth policy review undertaken and revised policy and action plan implemented after presentation in May 2007.
- Haka Hula Hop – Over 200 young people participated in running and performing on the day and around 5000 attended the festival in February 2007.

- Youth Card – New revised and improved youth card distributed to 9000 local young people in May 2007.

Pathways

- Pathways into Health and Social Services – A pilot project for elder care commenced September 2006.
- Pathways into Hospitality Project – A housekeeping section has been added to the program. Over 300 secondary school students participated in the Hospitality roadshows and are soon to commence worksite visits to a variety of Rotorua hospitality establishments.
- Mayors Taskforce for Jobs – Rotorua/Taupo Industry Training Graduation – May 2007 – Presentation of certificates of achievement to 163 industry training graduates.
- Careers Month – May 2007 – The mayor hosted the launch in the galleria attended by nearly 80 guests. Every day in May had something going on around careers and received huge support from business and the community.
- Youth in Transition – Planning day held in June 2007 with nearly 100 people participating. This latest planning day has enabled the Rotorua Strategic Implementation Group (SIG) to identify where they need to focus their efforts over the next three years; in order to improve the chances of successful transition by the district's young people.

Activity purpose – why we provide the service

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

These include:

- Facilitating community consultation, research and activities around local social and cultural issues as directed by Council.
- Monitoring Rotorua social and cultural trends and keeping Council and the community informed.
- Developing policy through which Council can effectively address local issues and needs (e.g. community assistance policies).
- Implementing action plans within policies adopted by Council (e.g. Youth Policy and action plans).
- Establishing and maintaining relationships with a wide range of organisations and groups with a commitment to Rotorua's community and social fabric (e.g. community safety forums).
- Facilitating planning, events, activities and services relevant to Council priorities (e.g. Anzac Day Civic Service, the development of comprehensive arts sector databases)
- Providing support to Council and the community's relationships with our sister cities including with Beppu (Japan), Lake Macquarie (Australia), Klamath Falls (Oregon, USA) and Wuzhong District of Suzhou City

(China); and international programmes to which RDC is committed, including 'People to People'.

- Advising Council on social policy issues and matters in support of Council's advocacy and leadership roles.
- The division also undertakes the management of resources and services which enhance community well-being, including Council's community halls, Pensioner Housing and Community Assistance policies (various grant and loan schemes, community contracts and community group facilities including the Arts Village and Community House).

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

A safe and caring community

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

A healthy community

- Partnerships to promote healthy living
- Healthy whanau, healthy communities

A community that values its living Maori culture

- A community that recognises the value of partnerships including the Treaty of Waitangi.
- Strengthening relationships between cultures.

A happening community

- Great facilities to visit, e.g.: Museum, Arts Village, Aquatic Centre
- Celebrating and nurturing traditional Maori culture
- Foster artistic expression, art, music, dancing, public performances and exhibitions.

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	1,036	1,062	966
Depreciation	49	57	58
Finance	15	21	10
Total Costs	1,099	1,139	1,034
REVENUE			
Subsidies and grants	124	92	118
Fees and charges	2		2
Total Revenue	126	92	120
Net Cost of Service	973	1,047	914

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Arts and Music Centre			
Level of Service Change	0	0	10
Other renewals	2	6	1
Total Capital	2	6	11

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	973	1,047	914
Less Depreciation for Capital	(49)	(57)	(58)
Total Rates for/(from) Operations	924	990	856
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	49	57	58
Loans from/(to) Corporate Funds	(46)	(51)	(47)
Total Capital	2	6	11

Performance for 2007

OUTCOMES PROMOTED
- A safe and caring community
- A healthy community
- A community that values its living Maori culture
- A "happening" community

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> • Safe homes and streets • Organisations working together on agreed priorities • Less crime • Providing safe public spaces 	Advocate social and cultural issues on behalf of community groups within the Rotorua district and on behalf of the Rotorua district to Regional and Central Government	RDC Annual Report	Ensure significant proposed social and/or cultural legislation and policies are reviewed and if appropriate, a Rotorua perspective submitted as part of the consultation process.	Achieved.
	Ensure quality information on the social and cultural composition and trends of the community are available and used in the direct setting of Rotorua	RDC Annual Report	Produce and update reports on Rotorua's demographic profiles – Social Monitor - Youth - Elderly - Ethnicity - Good Health - Youth Services Directory	Not achieved. Not all of these publications are on an annual update.
<ul style="list-style-type: none"> • Families and whanau work, play and talk together • Partnerships to promote healthy living • Healthy whanau, healthy communities 				

Performance for 2007

OUTCOMES PROMOTED
 - A safe and caring community
 - A healthy community
 - A community that values its living Maori culture
 - A "happening" community

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> • A community that recognises the value of partnerships including the Treaty of Waitangi • Strengthening relationships between cultures • Great facilities to visit, e.g. Museum, Arts Village, Aquatic Centre • Celebrating and nurturing traditional Maori culture • Foster artistic expression, art, music, dancing, public performances and exhibitions. 	Facilitate specific programmes and foster partnerships that contribute to social and cultural wellbeing	Report to CP & Rec Committee on the results of the safety perceptions survey.	Contribute to an increase in the perception of safety in the community to 78% (76% in 2005).	Achieved – 79.3%.



Council support officer Kim McGrath sorts through public submissions as part of consultation on the 2007/08 draft annual plan

Event Venues

Overall aim of the activity

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

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

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

This year's highlights and achievements included

- Energy Events Centre – Officially opened by the Prime Minister in March 2007 at a formal function. Opening celebrations continued on the Saturday with a public concert and an open day on the Sunday where Rotorua residents got the change to be guided through the venue. The centre was in use since February hosting 1200 delegates at the first conference. The completed building has received widespread acclaim and an outstanding level of user satisfaction.
- Energy Events Centre – The booking levels are substantially ahead of original projections in all market segments and the resulting economic impact is similarly ahead of original projections.
- Qualmark – 4 star plus – Energy Events Centre achieved June 2007.
- Marketing – Added marketing initiatives around the launch of the Energy Events Centre has also led to increasing booking levels for conference and banqueting business at the Convention Centre. All but one conferences at the Energy Events Centre could not have been accommodated at the Convention Centre so these bookings represent additional business for Rotorua rather than simply a shift to a different venue. Marketing in the Australian market continues ahead of the introduction of trans-Tasman air services so we can quickly capitalise on the opportunities presented by that development. The Energy Events Centre in particular is allowing us to pursue large off-season winter events to maximise the benefit to the city's accommodation providers and attractions at a time of the year when capacity is readily available
- Civic Theatre – Work has started for the stagehouse upgrade design and costing.
- Convention Centre – Was upgraded with new floor coverings and the Qualmark 4 star rating has been retained
- Event Attraction – Hosted both the UCI World Mountain Biking Championships and the World Water Ski Racing Championships. Secured two future world events; the 2008 World Fly Fishing Championships and the 2009 World Blind Sailing Championships. Secured other major events including; Young Farmers National Finals, The

Ragamuffin Music Festival (a 5 year commitment) and an increased allocation of Rugby Union fixtures for the International Stadium.

Activity purpose – why we provide the service

Council provides the Event Venues facilities and services in order to meet residents' expectations and to assist Rotorua District Council's proactive approach creating employment opportunities within the tourism sector, for the citizens of Rotorua.

This activity covers the operation of the Rotorua Convention Centre, Civic Theatre, Ticketek, Te Runanga Tea House, Soundshell and Sportsdrome, the development of the Energy Events Centre, International Stadium (including Number 2 field) and community sports and events in terms of Council policy. Funding is required to cover operations, maintenance and caretaking costs for the buildings in order to obtain optimum return. Current usage varies for each centre.

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

A healthy community

- Increasing recreational opportunities
- Improving health status for all
- Improve youth health
- Effective responses to developing health issues
- Partnerships to promote healthy living
- Healthy whanau and healthy communities

A prosperous community

- Raising average incomes
- Reducing unemployment rate
- More employment opportunities
- Celebrating and promoting our districts unique qualities
- Encouraging growth

A happening community

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

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	3,906	3,444	2,801
Depreciation	1,187	1,082	869
Finance	201	222	100
Total Costs	5,293	4,749	3,770
REVENUE			
Subsidies and grants	227	372	157
Investment income	0	86	512
Fees and charges	1,421	1,013	997
Capital grants and contributions	684	118	12,358
Total Revenue	2,332	1,589	14,023
Net Cost of Service	2,961	3,160	(10,253)

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Convention Centre			
Renewals	239	528	54
Level of Service Change	2	78	0
International Stadium General			
Level of Service Change	0	7	30
Energy Events Centre			
Provision for Growth	13,827	10,729	12,941
Renewals	91	35	15
Other renewals	187	215	93
Total Capital	14,346	11,591	13,135

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	2,961	3,160	(10,253)
Plus Capital Grants and Contributions	684	118	12,358
Net Cost of Service	3,645	3,278	2,105
Less Depreciation for Capital	(1,187)	(1,082)	(869)
Total Rates for/(from) Operations	2,458	2,196	1,236
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	1,187	1,082	869
Loans from/(to) Corporate Funds	12,474	9,941	(92)
Capital Grants	670	100	12,358
Development contributions	14	18	0
Reserves net	0	450	0
Asset sales	1	0	0
Total Capital	14,346	11,591	13,135

Variation from budget

OPERATING COSTS: The decrease in net cost of service is mostly due to additional revenue received from the Energy Events Centre.

CAPITAL COSTS: The construction and completion of the Energy Events Centre is more than originally budgeted.

Performance for 2007

OUTCOME PROMOTED – A “happening” community

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> Lots of events including Sporting, cultural, festivals, arts Leading edge activity events Provision of good quality event, conference and tourism facilities 	Excellent well maintained and well used venues	NRB (new question).	2/3 of Rotorua residents will use an Event Venues facility during the year.	Achieved – 78.7%
		Analysis of bookings through Scheduler.	40% of hirers are from community groups at community hire rates.	Achieved – 69.2%
		Hire customer satisfaction surveys.	90% customer satisfaction.	Achieved – 94%
		Financial performance of Event Venues Rotorua.	Charges to meet 25% operating costs.	Achieved.
<ul style="list-style-type: none"> Celebrating and nurturing traditional Maori Culture Foster artistic expression, art, music, dancing, public performances and exhibitions. 	To encourage a wide range of events with high levels of local participation that add to the appeal of Rotorua for its citizens and visitors.	Analyse economic impact from events facilitated by Event Venues and reset targets.	Contribute \$20M to the local economy by way of delegate and visitor spend.	Achieved.
		A calendar of 1 major event per week average.	A calendar of 1 major event per week average.	Achieved – 77 events.

OUTCOME PROMOTED – A prosperous community

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> • Rising average incomes • Reducing unemployment rate • More employment opportunities • Encouraging growth 	Attract significant events and conferences to Rotorua.	Analysis of bookings.	20 conferences with over 6,000 delegates attending each year.	Achieved. 30 conferences and 7,900 delegates.

OUTCOME PROMOTED – A healthy community

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> • Increasing recreational opportunities • Improving health status for all • Improve youth health • Effective responses to developing health issues • Partnerships to promote healthy living • Healthy whanau and healthy communities 	To increase and develop recreational event opportunities and to develop partnerships to deliver those opportunities.	Calendar of events.	A calendar of local recreational events.	Achieved.



Less than six months after the new Energy Events Centre opened its doors for business, the facility was awarded a prestigious 'Four Plus' star rating by the national quality accreditation agency, Qualmark.
 [L-R: Crispian Stewart (Event Venues operations manager); Diana Moore (Event Venues sales and marketing manager); Elsa Bradbury (Energy Events Centre manager); Peter McLeod (Event Venues general manager); Craig Elder (Energy Events Centre catering manager)]

Pensioner Housing

Overall aim of the activity

To contribute to the community's social well-being by ensuring safe accessible and affordable housing is available for elderly people.

This year's highlights and achievements included

- Rawhiti Redevelopment – The final ten units of Phase 1 of the redevelopment of Rawhiti were completed and tenants moved in at the end of October 2006 after the blessing of the units by Director of Kaupapa Maori Mauriora Kingi. The official opening was held on 20 November 2006.
- Tenant Information Survey – During the Christmas/New Year period a university student carried out the annual tenant information survey. This is to ensure that we have up to date information about our tenants in the case of an emergency.

Activity purpose – why we provide the service

Why does RDC provide social housing?

1. In 1997 Council formally confirmed its intention to remain in the business of supplying a limited number of dwelling units for elderly people on fixed incomes.
2. The provision of affordable pensioner housing contributes towards several Community Outcomes for the Rotorua District including:
 - A healthy community
 - A safe and caring community
3. The provision of pensioner housing is specified in Council's Older Persons Policy, one specific goal of which is "a District that offers a range of affordable, accessible and safe housing options for older people".
4. Rotorua's population profile is ageing and demand for pensioner housing is expected to increase in the future. As at Census night 2001 there were an estimated 6,822 residents aged 65-plus years in the Rotorua District, of whom at least 40% were not partnered (e.g. widowed). According to official forecasts, by the year 2021 there will be 12,200 people aged 65 and over in the District. In 2001, around 20% of people aged 65-plus did not own their own home, giving an estimated 960 rental homes occupied by older people in Rotorua. Council's housing stock is therefore approximately 15% of the market for rental homes occupied by older people in Rotorua.
5. Council's pensioner housing stock is listed as a Strategic Asset in its Long Term Council Community Plan 2006-16.

For over four decades Council has provided housing for older people within a "social housing" philosophy. As at May 2005 there were 146 units owned and managed by Council. Of these 20 were double units having one separate bedroom and there are 126 single units, 105 of which were bed-sits with remaining 21 having one separate bedroom. From August 2006 there will be 152 units in total of which 81 will be of a bed/sitting room style, 51 will be single units a separate bedroom and 20 units with a separate bedroom will be for couples.

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.

There is recognition that housing plays a crucial role in community health and well-being and that councils play an important role in shaping housing outcomes at a community level.

Social Housing

Social housing in broad terms is housing provided for the primary purpose of meeting the needs of occupiers, rather than solely returning an investment to the owner, i.e. primarily not-for-profit, and with social rather than commercial objectives. It covers a range of housing types that have in common that some form of public support and/or support from community service providers is a necessary part of putting it in place. This will be true whether the need is assisting people into home ownership, or into rental housing.

The traditional emphasis has been on affordability, with housing policy focused on how to enable provision of physically adequate housing for households, which lack the financial means to meet their needs through the market. This is changing.

Social Housing and social services

Today the term social housing means more than just housing which targets affordability; now it typically means housing that is provided in a way that meets an identifiable social need or needs across a range of welfare and health issues.

Social housing treats the home as the nexus in a complex web of relationships which together contribute to the stability and well-being of individual households. The emphasis is on housing that is stable in the sense that the individual household(er) is able to utilise it long term and thus develop enduring relationships with other social service providers such as health, education, employment and welfare services.

Local Government and community involvement in Management and Ownership of Social Housing.

A report for Local Government NZ and the Ministry of Social Policy Dec 2000

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

A safe and caring community

- Safe homes & streets
- Organisation's working together on agreed priorities

A healthy community

- Partnerships to promote healthy living

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	518	521	500
Depreciation	394	372	297
Finance	0	0	15
Total Costs	912	894	812
REVENUE			
Investment income	19	10	0
Fees and charges	570	595	1,892
Capital grants and contributions	153	0	0
Total Revenue	742	605	1,892
Net Cost of Service	170	288	(1,080)

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Buildings Upgrade			
Level of Service Charge/Backlog	833	1,000	2,162
Lucas Place Flats			
Renewal	13	16	0
Total Capital	846	1,016	2,162

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	170	288	(1,080)
Plus Capital Grants and Contributions	153	0	0
Net Cost of Service	323	288	(1,080)
Less Depreciation for Capital	(394)	(372)	(297)
Total Rates for/(from) Operations	(72)	(84)	(1,377)
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	394	372	297
Loans from/(to) Corporate Funds	299	643	1,859
Capital Grants	153	0	0
Asset sales	0	0	6
Total Capital	846	1,016	2,162

Variance from budget

OPERATING COSTS: The change in accounting treatment of a suspensory loan, from Housing New Zealand, to a grant, resulted in a reduction in net cost of service.

CAPITAL COSTS: The upgrade of Rawhiti Flats cost less than budgeted.

Performance for 2007

OUTCOME PROMOTED – A safe and caring community

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> • Safe homes and streets • Organisation's working together on agreed priorities 	Sensitively manage tenancies whilst achieving financial and occupancy objectives.	Tenancy Records	Provide accommodation for a maximum of 172 elderly people with limited assets.	Achieved.

OUTCOME PROMOTED – A healthy community

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
Partnerships to promote healthy living	Maintain the Pensioner houses and their environs as sustainable community assets.	Progress reports to CPR committee	Redevelop 30 pensioner houses at Rawhiti by 2006.	Achieved.

Performance for 2007

OUTCOME PROMOTED – A safe and caring community

Maintenance Logs/Calls	Respond to maintenance requests within 2 working days if non-urgent or 1 working day if urgent issue.	Achieved with change to target.
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Pensioner unit - Rawhiti

Public Gardens/General Reserves

Overall aim of the activity

To provide a network of parks and reserves at a neighbourhood and district level for casual and organised recreation, environmental and urban enhancement which contributes to the shape and form of the places in which we live.

To enhance the urban and rural environment with excellent open space, design, planting and interpretation.

This year's highlights and achievements included

- Open Space Strategy – Papa Atea, adopted.
- Esplanade Reserve Policy adopted.
- Tree Policy adopted.
- Shade Creation Policy adopted.
- Takarangi Signage standard adopted.
- Tokorangi and Whakarewarewa Forests Event Management and Fees structure adopted.
- Rotorua Township Reserves Management Plan adopted.
- Purchase of Westbrook Sub-Union land.
- Continued high ranking in 2006 annual parks benchmarking exercise (Yardstick); third ranking out of 41 local authorities surveyed.
- Five yearly Sportsfield User Survey undertaken.
- CPTED lighting – Kuirau Park.

Capital Projects:

- Rotorua Tree Trust – internal roading, water feature, toilet block, barbeque.
- Westbrook cricket wicket and new sportsfield development.
- Lake Okaro walkway.
- Kuirau Park development including new playground, paved market area, internal roading, lighting, parks seating.
- Pohutukawa Drive wetland and playground development.
- Ngongotaha playground development.
- Badminton Club carpark upgrade.
- Malfroy Geyser fencing.

Activity purpose – why we provide the service

The provision of parks, reserves and public gardens contributes towards the protection and enhancement of ecological, heritage, recreation and landscape values in the Rotorua District. The provision of parks, reserves and public gardens also contributes directly and indirectly to the physical, mental and spiritual health of Rotorua people, and to the social, cultural, economic and environmental well-being of the Rotorua community.

Many of the most significant parks and reserves in Rotorua city were gifted to the Crown by Ngati Whakaue at the time Rotorua was first developed. Council has taken over responsibility for these areas from the Crown, and cares for them on behalf of current and future generations of Rotorua residents.

The Rotorua community has over a long period of time been active partners with Council and the Crown in development of reserves for sporting, community and environmental purposes. The community has played a significant role in developing the assets that Council now maintains on their behalf.

The way we present our District to our community and visitors demonstrates the pride that we have in our community. It also provides a welcome to our visitors that is part of what makes Rotorua special. This has additional economic benefits for the community in the form of higher visitor numbers.

Council provides services that meet the needs of the community for access to recreational opportunities on our lakes, such as boat ramps and jetties, carparks, walkways, public toilets etc.

The activity contributes to improved water quality in our lakes through protection and enhancement of the ecological wetlands on Council reserve land.

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.

Council provides the Nursery activity in order to:

- Contribute to the civic pride of the District by providing sufficient numbers of high quality plants for Council's parks, gardens and displays (indoor and outdoor).
- Have available appropriate plants for use in environmental improvement projects.
- Have available large, high quality trees for streetscaping.

- Provide high quality plant material to other local authorities which in turn subsidises the cost of plants to Rotorua District Council.
- Provide educational opportunities for horticultural students (able bodied and disabled)

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

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

A safe and caring community

- Providing safe public spaces
- Family & whanau work, play and talk together

A community that respects its environment

- Improved lake water quality
- People using and enjoying our natural environment
- Kaitiakitanga (guardianship)
- Managing and protecting geothermal resources and our springs, trout, lakes, forests, geysers
- Looking after our air, land and water resources.
- People using and enjoying our natural environment

A community with excellent facilities and services

- Affordable facilities and reserves and services

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	7,470	7,313	6,763
Depreciation	1,056	1,046	998
Finance	691	945	444
Total Costs	9,217	9,305	8,205
REVENUE			
Subsidies and grants	5	7	141
Investment income	56	24	43
Fees and charges	1,012	796	738
Capital grants and contributions	771	750	399
Total Revenue	1,845	1,576	1,321
Net Cost of Service	7,372	7,729	6,884

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
City Entrance Ways			
Level of Service Change	0	250	9
Lake Rotoma Protection Works			
Level of Service Change	0	0	99
Arawa Park Development			
Level of Service Change	0	0	18
Blue Lake Reserve			
Level of Service Change	0	0	150
Government Gardens CCTV			
Level of Service Change	42	0	0
Hannahs Bay Wetland			
Development			
Level of Service Change	77	155	105
Hockey Improvements			
Renewal	14	0	33
Tree Plan			
Level of Service Change	0	0	1
Koriri St Reserve Carpark			
Level of Service Change	0	0	15
Kuirau Park - Development			
Provision for Growth	757	863	402
Tennis Courts Sealing			
Level of Service Change	0	22	0
New Jetties			
Level of Service Change	0	16	0
Replacement Fences			
Level of Service Change	93	83	36
New Toilets			
Level of Service Change	0	0	5
New Wharf			
Level of Service Change	26	100	34
Ngongotaha CBD Upgrade			
Provision for Growth	265	444	187
Ngongotaha Stream Reserve			
Land Purchase			
Provision for Growth	3	30	0
Lake Okaro Revegetation			
Level of Service Change	68	60	0
Okere Trout Pool Toilets			
Level of Service Change	3	0	175
Pohutukawa Drive Reserve			
Development			
Level of Service Change	70	70	0
Reporoa Skatepark			
Level of Service Change	0	30	0
Reserve Lake Access Kawaha Point			
Level of Service Change	4	6	0
Rotorua Tree Trust			
Development			
Level of Service Change	267	275	179
Signage Replacement			
Level of Service Change	22	34	0
Tarawera Landing			
Environmental			
Level of Service Change	0	75	0
Westbrook Park Land			
Purchase and Development			
Level of Service Change	0	600	0
Westbrook Cricket Wicket New			
Provision for Growth	37	35	0
Westbrook Playing Fields			
Provision for Growth	133	95	37
Other renewals	322	384	536
Total Capital	2,201	3,625	2,021

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	7,372	7,729	6,884
Plus Capital Grants and Contributions	771	750	399
Net Cost of Service	8,144	8,478	7,283
Less Depreciation for Capital	(1,056)	(1,046)	(998)
Total Rates for/(from) Operations	7,088	7,432	6,285
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	1,056	1,046	998
Loans from/(to) Corporate Funds	1,018	1,332	285
Capital Grants	157	122	80
Resource management fees	594	600	319
Development contributions	20	28	0
Reserves net	(644)	498	339
Total Capital	2,201	3,625	2,021

Variance from budget

OPERATING COSTS: Less capital finance charges were incurred as a result of delays in various capital projects.

CAPITAL COSTS: Various projects have been carried forward into the 2007/08 year, including Westbrook Park land purchase, city entranceways, Ngongotaha CBD upgrade, Kuirau Park development, Tarawera Landing, and Hannah's Bay wetland development.

Performance for 2007

OUTCOMES PROMOTED - A safe and caring community - A healthy community

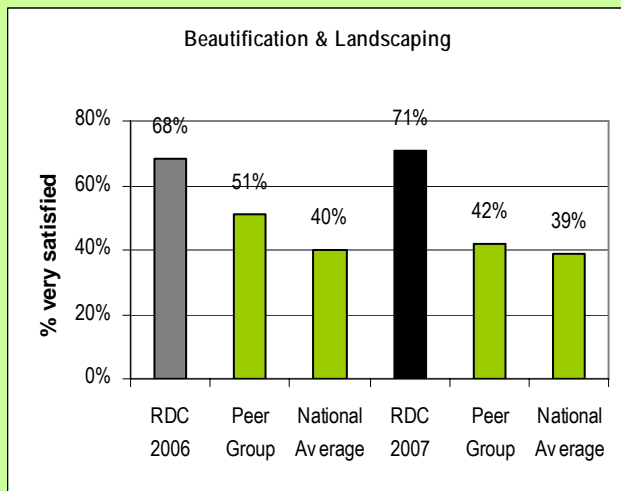
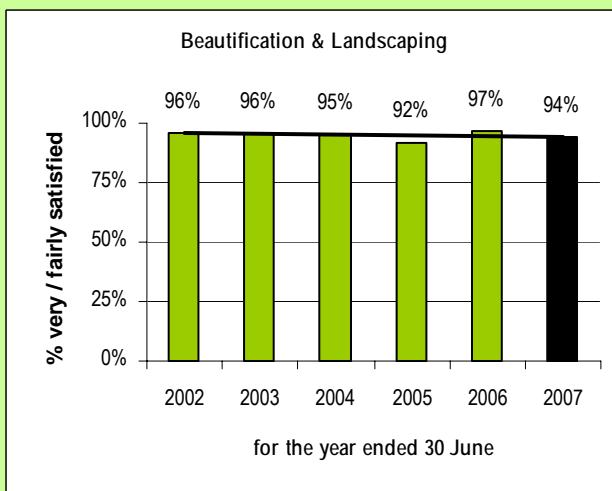
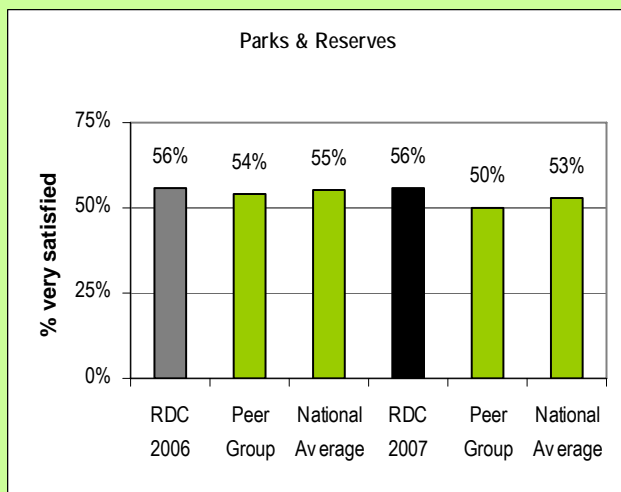
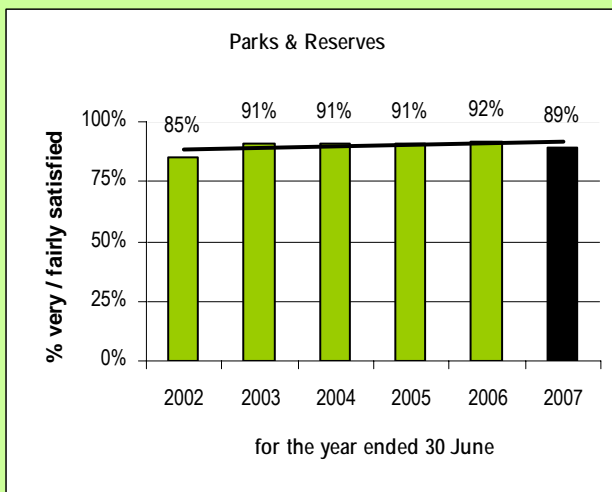
Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> • Providing safe public spaces • Families and whanau work, play and talk together • Increasing recreational opportunities 	Provide and maintain safe accessible parks and reserves, play areas, wetlands, gardens and walkways	Spatial analysis using GIS maps.	A children's play area within 500m of 90% of dwellings in the urban area.	Achieved – 97.8% of dwellings in the urban area are within 500m of a children's play area.
		Safety audit completed annually and reported to Council through CPR Committee.	97% of safety audits comply with NZ Safety Standards.	Achieved – 98.2%
	Form and function of play areas/locations reviewed.	Review completed and report presented to Council through CPR Committee.	Play areas/ locations reviewed every 5 years.	Review not yet undertaken – due by 2009.
	Provide and maintain sportsfields for local, regional, national competitions and participation	NRB Survey and Summer and Winter booking form analysis.	Grassed sportsfields for all summer and winter codes as demonstrated by an overall satisfaction level of 91% in the NRB Survey.	Achieved – 90% (+/- 5% margin of error).

OUTCOME PROMOTED – A community that respects its environment

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> Improved lake water quality People using and enjoying our natural environment Kaitiakitanga (guardianship) Managing and protecting geothermal resources and our springs, trout, lakes, forests, geysers 	Enhance the urban and rural environment with excellent open space design, planting and interpretation	NRB Survey	Stunning floral displays, amenity plantings and street trees in public gardens within the CBD, suburban streets and rural and lakeside reserves as demonstrated by an overall satisfaction of 92% in the NRB Survey.	Achieved – 94% satisfaction in Beautification and Landscaping section.

NRB Community Survey

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



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

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

Public Library

Overall aim of the activity

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

This year's highlights and achievements included

- **Saturday All Day Opening** – Commenced 5 August 2006. On average around 2,000 items are being issued every Saturday.
- **Adult Reading Group** – In January 2007 the library launched a reading group, called "Reading Round". The group meets once a month at 10.30 am and, as well as book discussions, includes literary quizzes and has hosted the Writers on Wheels group, the author Steve Berry and the launch of the Mad Poets new book. The group has proved very popular with around fifty people attending each month.
- **Networking Evenings** – Hosted the always controversial Lloyd Geering who spoke to a large group in October. Other authors such as Bryan Gould, Craig Marriner, Deborah Challinor and Michael Cooper have entertained as well. The publishers have generously paid the author's costs, the printing and publishing costs for posters and invitations and, on several occasions, the cost of postage.
- **New Collection** – The Latest Releases collection was launched in September. The books in this collection cost \$2 to borrow for three weeks. The books stay in the collection for approximately three months and then go into the general collection.
- **Library Building Upgrade** – Funding for the upgrade of the building was increased to \$2 million dollars and Council signed off on the design.
- **Santa Parade** – The library's float won first prize in the "Not for Profit Organisation" category.

Activity purpose – why we provide the service

The public library was first established in 1889 and is a very popular and well used civic amenity. Although there is no legislation or government policy for the provision of library service it is expected by the community. The library provides access to information for all residents and plays an important role in improving the standard and quality of life for residents by providing the means for lifelong learning, independent decision-making and cultural development of the individual and social groups.

The library is staffed for 62 hours per week, Monday to Saturday and is open for 55.5 of those hours as follows:

Monday to Friday	9.30am to 8.00pm
Saturday	9.30am to 12.30pm

65% of the population belongs to the library and statistics show an average of 7,500 users per week. Services available

to library users include a lending range of children's and adults' fiction and non-fiction books in normal and large print, magazines, not for loan reference books, special collections of NZ books, an historical collection of local newspapers on microfiche, (for which an index is being developed), talking books, music cassettes, CDs, CD-ROMs, videos and DVDs. The library houses the Community Toy Library, a collection of material belonging to the Rotorua Branch NZ Society of Genealogists, the Te Rangikaheke Papers (which are held in trust for Ngati Rangiwewehi) and a variety of Maori Land Court minute books. All of these are available to the public. The library created and now maintains the Community Contacts Database which contains information on more than 1,000 clubs and organisations.

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

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

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

A community with excellent facilities and services

- Affordable facilities and reserves and services

A community that values its living Maori culture

- Improved opportunities
- Fostering Maori cultural activities and expression
- Respecting Te Arawa as part of the unique heritage of Rotorua District

A learning community

- Learning activities accessible for everyone
- Excellent pre-school/infant facilities
- Whanaus supported learning

A "happening" community

- Lots of events including sporting, cultural, festivals, arts
- Leading edge activity events
- Foster artistic expression, art, music, dancing, public performances and exhibitions
- Great facilities to visit

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	2,508	2,666	2,648
Depreciation	752	830	616
Finance	56	74	15
Total Costs	3,316	3,569	3,279
REVENUE			
Subsidies and grants	7	5	10
Investment income	21	0	20
Fees and charges	400	400	293
Capital grants and contributions	4	5	6
Total Revenue	431	409	329
Net Cost of Service	2,885	3,160	2,950

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Renewal Books			
Renewal	486	510	417
Security System			
Renewal	0	140	0
Plant			
Renewal	0	4	0
Buildings Upgrade			
Level of Service Charge/Backlog	35	784	16
Lifts/Lift controls			
Renewal	168	150	0
Telephone System			
Renewal	0	20	0
Other renewals	76	99	75
Total Capital	765	1,707	508

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	2,885	3,160	2,950
Plus Capital Grants and Contributions	4	5	6
Less Depreciation for Capital	(752)	(830)	(616)
Total Rates for/(from) Operations	2,136	2,335	2,340
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	752	830	615
Loans from/(to) Corporate Funds	30	573	(113)
Capital Grants	0	0	6
Development contributions	4	5	0
Reserves net	(21)	300	0
Total Capital	765	1,707	508

Variance from budget

OPERATING COSTS: Depreciation and corporate support costs are less than originally budgeted.

CAPITAL COSTS: The upgrade of the library building will now take place in the 2007/08 year.

Performance for 2007

OUTCOME PROMOTED – A community with excellent facilities and services

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
Affordable facilities and reserves and services.	Outstanding library freely accessible to Rotorua residents and visitors.	NRB Survey.	Four out of every five households use the District Library service.	Achieved.
		Horizon database of library numbers.	65% of population are members of the library.	Not achieved – 60%.
		Log of opening hours.	Library open to the public Monday-Friday 9.30am-8.00pm, Saturday 9.30am-12.30pm.	No closures. Now open to 4pm on Saturdays.

OUTCOME PROMOTED – A community that values its living Maori culture

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> Improved opportunities. Fostering Maori cultural activities and expression. Respecting Te Arawa as part of the unique heritage of Rotorua District. 	Collection of local Maori and European print resources for reference and study.	Catalogue and index.	100% of all published and unpublished print material reflecting Rotorua's heritage and culture is purchased each year for maintaining and protecting for present and future generations.	Achieved.
		Internet service logs.	Provide 24 hour 7 day access to the local history catalogue or index through the internet.	Achieved.
		Log of opening hours.	Physical secure access to items in the local history collection Monday-Friday 9.30am-8.00pm, Saturday 9.30am-12.30pm	Access has been increased to 4pm on Saturdays.

OUTCOME PROMOTED – A learning community

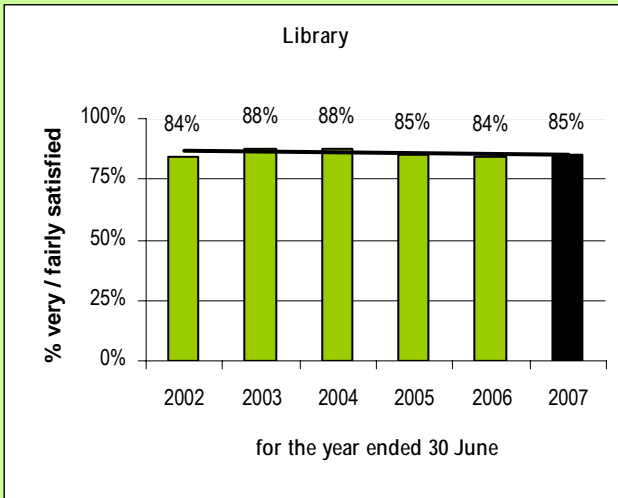
Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> Learning activities accessible for everyone. Excellent pre-school/infants facilities. Whanau supported learning. 	Collections of fiction and non fiction for information, education and recreation.	NRB Survey.	A range of educational levels including primary, secondary, tertiary and adult learning as demonstrated by an overall satisfaction rating of 85% in the NRB Survey.	Achieved. 85% satisfaction rate.
		Record of school and organisations taking the tours are noted in the Library operations log.	Instruction will be provided in library use and resources to no fewer than 75 groups per year.	Achieved. 115 groups.
		Log of classes and packs delivered.	New Entrant packs will be delivered to every 5 year old starting school in the district.	Achieved. Delivery accomplished.

OUTCOME PROMOTED – A “happening” community

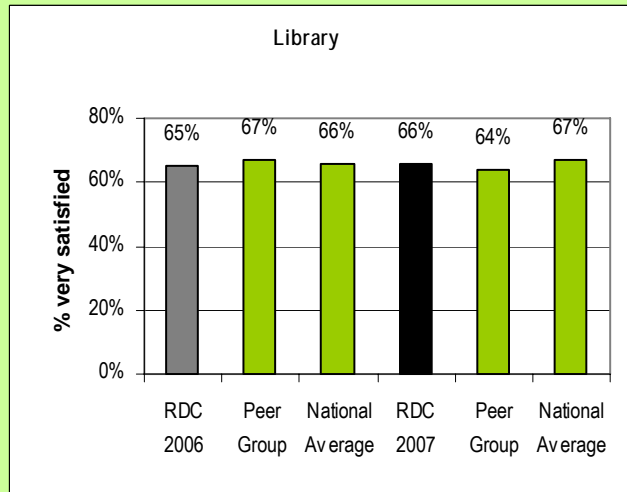
Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> Lots of events including sporting, cultural, festivals, arts. Leading edge activity events. Foster artistic expression, art, music, dancing, public performances and exhibitions. Great facilities to visit. 	Events that reflect the art and cultural interest of the community with a specific focus on literacy.	Programme logs.	4 children's programmers per year. 2 teens programmes per year.	4 children's programmes. 2 teens programme.
		Noticeboard utilisation logs.	Toddler Time 2 times a week during school terms. Noticeboards showcasing various community group/individual work or activities for no fewer than 50 weeks per year.	Twice weekly Toddler Times. 100% achieved to date.

NRB Community Survey

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



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



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



Fletcher the Tuatara and children

Rotorua Museum of Art and History

Overall aim of the activity

To provide an outstanding museum for the benefit of the Rotorua community and its visitors; to collect, preserve and interpret the material cultural heritage of the District for the benefit of future generations; to maintain the integrity of the Bathhouse as an iconic building for Rotorua and New Zealand.

This year's highlights and achievements included

- Centennial Project – Rotorua Museum Centennial Trust, chaired by Lyall Thurston and including several prominent local citizens, continued fundraising efforts for the Centennial Project to complete the Bathhouse building to original specifications and provide expanded facilities for the Museum. Highlights during the year included securing donations of \$4.7 million from Rotorua Trust and \$750,000 from BayTrust. The Trust met with the Prime Minister in May to discuss the timing and funding for the project. An application to the Regional Museums Fund will be submitted in February 2008 for decision in May 2008.
- Exhibitions and Public Programmes – Staged 38 exhibitions during the year, and 21 public programmes. Many attracted over 100 people and people were turned away due to overcrowding. Especially popular was the Don Stafford video series. A number of floor talks proved extremely popular.
- Education Programme – Over 12,000 school students visited to participate in curriculum-linked learning opportunities conducted by the Museum's two fulltime teachers. The programme is funded largely by the Ministry of Education and is now in tenth year. A new three year contract was successfully negotiated with the Ministry which guarantees the continuation of the service until 30 June 2010.
- Visitor Numbers and Admissions Revenue – A total of 107,332 visitors came to the Museum during the year. This represented a 6% increase on the previous year. Admissions revenue of \$655,000 was earned, a new record for the museum and 7.2% up on the previous year.
- Visitor Spend – Total spend for the year averaged \$8.86 per visitor. This is a remarkable result as it includes local visitors who do not pay an admission fee and represents one of the highest spends per visitor of any museum in New Zealand.

Activity purpose – why we provide the service

The purpose of the Museum activity can be summarized:

- To collect and preserve the material heritage of the District for the benefit of current and future generations of citizens;
- To interpret, through exhibitions and public programmes, the Great Stories of Rotorua for local residents and visitors to the District;

- To maintain and enhance the Bath House building as a nationally important heritage building;
- To contribute to the tourism industry in the Rotorua District by providing a high quality visitor experience that enhances the overall tourist product of the District.

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 a small museum area in the Blue Baths complex, also located in the Government Gardens and other heritage features in the District.

The museum opens to the public every day except Christmas Day, from 9.00am to 8.00pm daily during NZ daylight saving time, and from 9.00am to 5.00pm the rest of the year.

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

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

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

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

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 long term project to accession and catalogue collection items aims to have every item recorded and stored on a computerised collection management system.

In order to better tell the Great Stories of Rotorua to its visitors, the museum is in the middle of important developments. Aided by funding from the Rotorua Trust, a theatre experience detailing the stories of Rotorua was added to the museum's attractions in 1998. 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. A cafe has also been established at the museum.

To better tell the story of the Bathhouse building, and to provide additional exhibition space for other stories, areas previously unavailable to visitors, such as the famous

Mudbath Basement, have also been developed, highlighting the unique use of the building as a sanatorium and health spa for over 50 years. The reinstatement of the historic Viewing Promenade on the North Wing roof is scheduled to be completed by Christmas 2006, made possible by grants from the Ministry of Tourism and the NZ Lotteries Grants Board which supplement Annual Plan funding from RDC. Other areas, such as the magnificent foyer, have been renovated, and major new developments, depending on availability of grant funds, will see the building finished and renovated in time for its centenary in 2008.

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

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

A community that values its living Maori culture

- Preservation and sustainable development of Maori resources.

A learning community

- Learning activities accessible for everyone.
- Quality educational institutions.

A happening community

- Great facilities to visit.
- Foster artistic expression, art, music, dance, public performances and exhibitions.

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	2,248	2,219	2,124
Depreciation	403	416	395
Finance	85	116	53
Total Costs	2,737	2,751	2,572
REVENUE			
Subsidies and grants	123	108	7
Fees and charges	985	948	939
Capital grants and contributions	3	4	368
Total Revenue	1,111	1,059	1,314
Net Cost of Service	1,626	1,692	1,258

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Monitoring Equipment			
Renewal	4	0	12
Cafe Development			
Renewal	4	5	9
Collection Purchase			
Provision for Growth	4	8	6
Viewing Platform			
Level of Service Change	0	0	458
Video Surveillance Upgrade			
Renewal	0	0	20
Centennial Development			
Provision for Growth	320	420	77
Theatre Equipment			
Renewal	16	25	3
Other renewals	51	59	29
Total Capital	400	517	614

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	1,626	1,692	1,258
Plus Capital Grants and Contributions	3	4	368
Net Cost of Service	1,628	1,696	1,626
Less Depreciation for Capital	(403)	(416)	(395)
Total Rates for/(from) Operations	1,225	1,280	1,231
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	403	416	395
Loans from/(to) Corporate Funds	(6)	97	(149)
Capital Grants	0	0	368
Development contributions	3	4	0
Total Capital	400	517	614

Variance from budget

OPERATING COSTS: Depreciation and corporate support costs are less than originally budgeted.

CAPITAL COSTS: Unspent Centennial Development budget has been carried forward into the 2007/08 year.

Performance for 2007

OUTCOME PROMOTED – A “happening” community

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> • Great facilities to visit • Foster artistic expression, art, music, dancing, public performances and exhibitions 	An outstanding museum experience free to local residents of Rotorua	NRB Survey	More than half the households in Rotorua will visit the Museum each year.	Achieved – 59%.
		NRB Survey	At least 70% of local residents are very satisfied with the Museum and its services.	Achieved – 79%.
		Weekly Reporting Log	Open the museum 364 days a year, open to the public during advertised opening hours.	Achieved.
		Exhibition Programme as presented to Council.	No fewer than 20 touring and specially curated exhibitions from other parts of NZ and overseas per year.	Achieved. 38 temporary exhibitions held as at 30.06.07.

OUTCOME PROMOTED – A community that values its living Maori culture

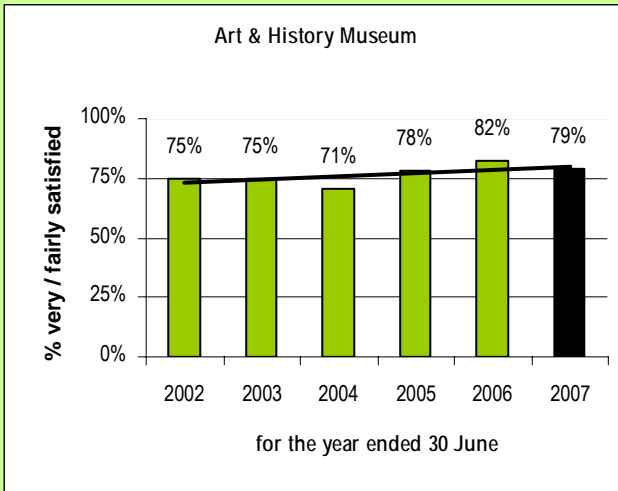
Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
Preservation and sustainable development of Maori resources	Collect, preserve, catalogue and conserve the community's cultural heritage.	Collection database records.	Provide at least 7 collections of approximately 100,000-125,000 items.	Achieved. Collections management systems maintained and monitored as per Policy and Procedures Manual.
	Interpret and display the art, culture and stories of Rotorua and Te Arawa via a number of permanent exhibitions.	Exhibition log.	Provide and maintain at least 7 permanent exhibitions 364 days of the year.	Achieved. 7 permanent exhibitions provided and maintained at all times.

OUTCOME PROMOTED – A learning community

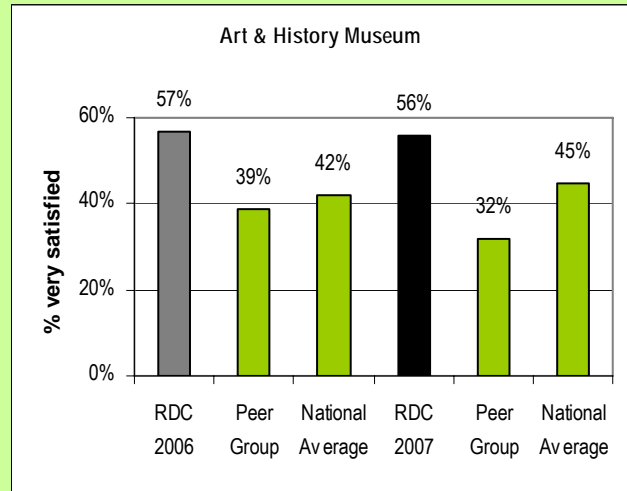
Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
Learning activities accessible for everyone Quality educational institutions.	A range of educational levels including primary, secondary, tertiary and adult learning.	Annual public programmes log.	Provide at least 20 Public Programmes (workshops/lectures) per year.	Achieved. 21 Public Programmes held as at 30.06.07.
		LEOTC Contract Milestone Reports.	Provide curriculum based learning programmes to at least 12000 students/year.	Achieved. 12,407 students participated in LEOTC programmes during the year ending 30.06.07.
		Daily check of information displays.	Provide at least 14 different language based navigational maps so that museum visitors can self guide themselves around the museum.	Achieved. Foreign language brochures available at all times.
		Daily reporting log and customer surveys.	Provide a minimum of 4 guided tours per day by trained docents.	Achieved. Currently five guided tours per day are offered.

NRB Community Survey

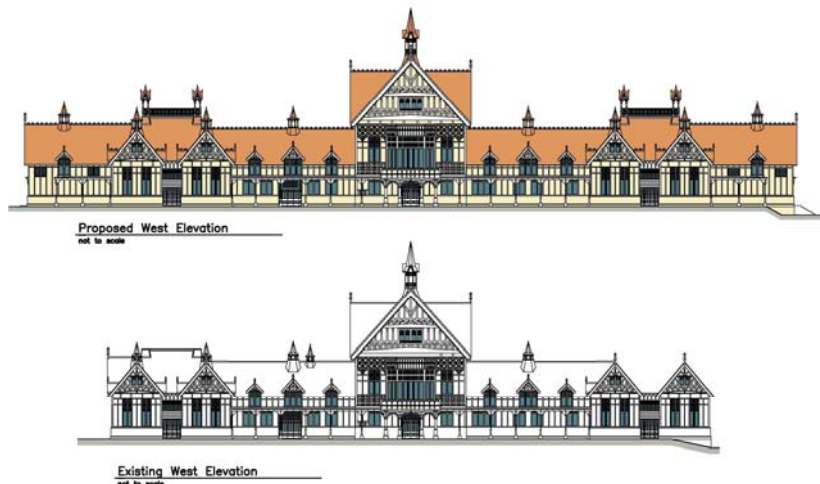
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This graph shows the percentage of survey respondents that are very or fairly satisfied with this service over the last six years. There is a trend line which helps show the general direction of service satisfaction over time.



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



The Rotorua Museum Centennial Project aims to complete the Bathhouse building to its original 1908 specifications. The drawing at the top shows the building as it will be completed. The drawing at the bottom shows the building as it currently stands.



This drawing, dating from around 1903, shows Dr Wohlmann's original vision for the Bathhouse building. However, his dream was never completed due to budget constraints. The Centennial Project aims to complete the building as originally planned, thus realising Dr Wohlmann's vision, some 100 years after it was started.

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
102	Animal Control	✓	✓						
104	Building Control	✓	✓	✓		✓			
106	Environmental Planning	✓	✓		✓		✓		
112	Inspection	✓	✓	✓					
116	Parking Enforcement and Facilities	✓			✓				

Overview of Group

This group is made up of the following activities of Council:

- Animal Control
- Building Control
- Environmental Planning
- Inspection
- Parking Enforcement

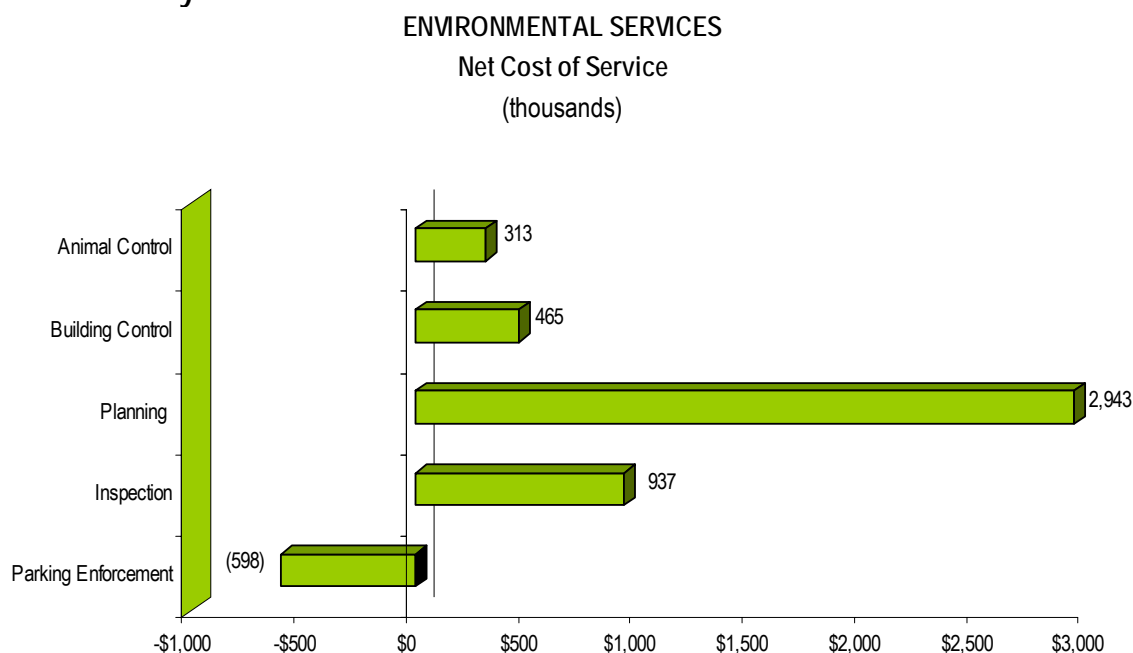
The Environmental Group activities reflect Council's role in natural resources management and regulation. The activities help us to plan for the future and make sure that everyone gets a fair deal, often having to balance competing rights of individuals and groups in the community to do different things.

Potential Significant Negative Effects

Potential negative effects may include:

- Statutory processes take time and can be lengthy, community aspirations for the environment can alter over this time.
- Possible judicial review of exercising statutory authority and processes.
- Appeals lodged against decisions to the Environment Court.
- Changes in legislation that will have resultant effects on Levels of Services provided.
- Expenses associated with the high degree of consultation that must be undertaken for policy development projects.

How the Money is Used



Animal Control

Overall aim of the activity

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

Activity purpose – 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 and the development and implementation of a Council policy on dog control. This activity is undertaken because it is required by statute. The activity further involves the inspection of kennelling standards and the investigation/resolution of nuisances/complaints. Also provided is an educational programme on dog control available on a demand basis to primary and intermediate schools in the Rotorua District.

Pound Keeping Function

Dogs are impounded so they do not continue to be a nuisance and a risk to the public. They are kept in humane conditions. Those dogs not claimed by their owners after seven days from the date of impounding are disposed of.

Stray stock are impounded so they do not continue to be a nuisance and a public safety risk on roads and in other public places. They are kept with ample sustenance until their disposal to owners, or by way of public auction.

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

A safe and caring community.

- Providing safe public places.

A community that respects its environment

- People using and enjoying natural environment.

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	812	841	775
Depreciation	6	7	7
Finance	1	1	1
Total Costs	818	849	783
REVENUE			
Fees and charges	505	561	462
Total Revenue	505	561	462
Net Cost of Service	313	288	321

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Animal Pound			
Renewal	15	0	0
Animal Pound Extension			
Level of Service Change	0	0	3
Other renewals	2	8	3
Total Capital	17	8	6

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	313	288	321
Less Depreciation for Capital	(6)	(7)	(7)
Total Rates for/(from) Operations	307	281	314
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	6	7	7
Loans from/(to) Corporate Funds	11	1	(1)
Total Capital	17	8	6

Performance for 2007

OUTCOME PROMOTED – A safe and caring community

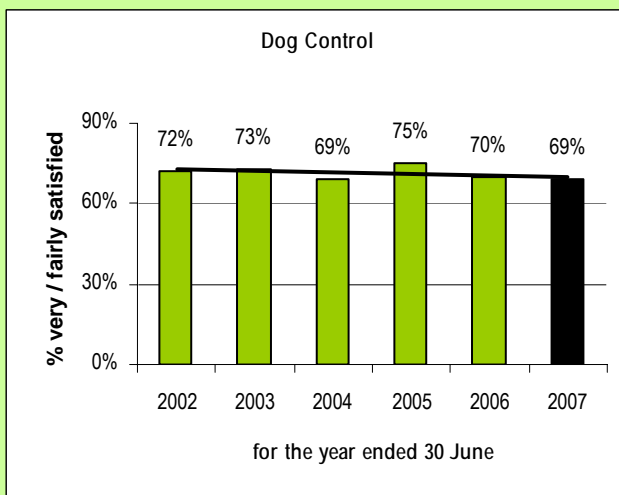
Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
Providing safe public places	Complaint investigation/resolution.	Monitoring and auditing of complaints register.	Respond to complaints within 1½ days.	Not achieved – 96.3% of complaints responded to within 1½ days.
	Impounding wandering dogs.	Monitoring and auditing of register of dogs.	Achieve registration of known dogs by 30 June.	10,867 dogs registered.
	Impounding wandering stock.	Monitoring and auditing of complaints register.	Respond to all complaints immediately upon receipt.	100% immediate response rate.

OUTCOME PROMOTED – A community that respects its environment

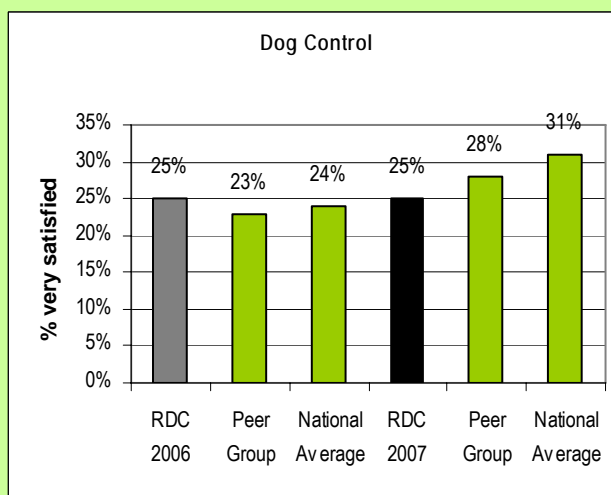
Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
People using and enjoying our natural environment	Provision of dog exercise areas.	NRB survey.	Maintain 66% level of satisfaction in NRB survey.	Achieved. 69% level of satisfaction achieved.

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.



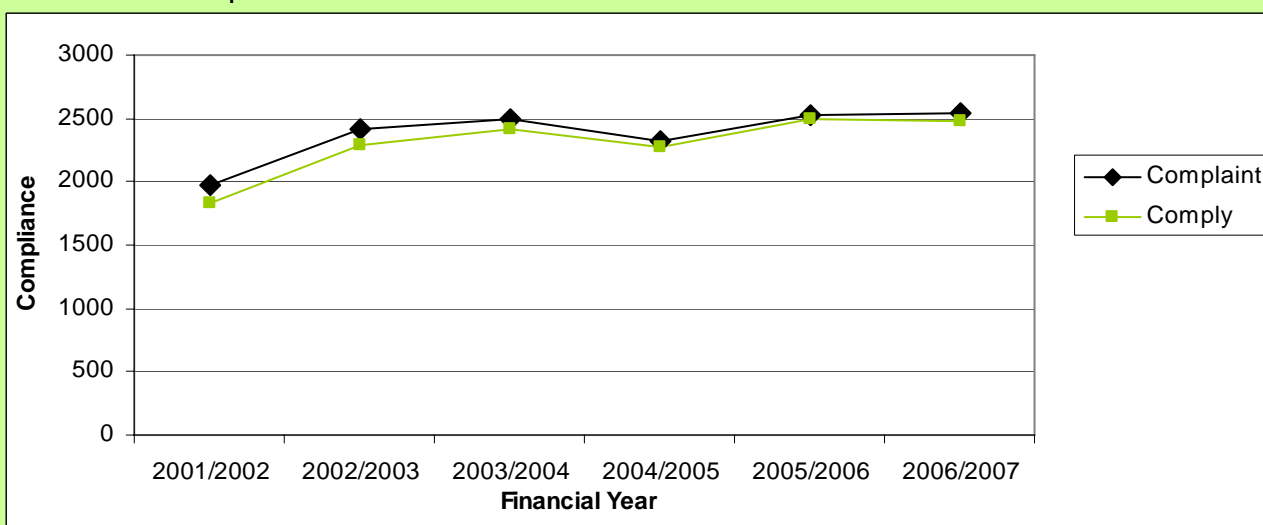
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This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last two years and compares it with our peer group and the national average.

Other Indicators

Animal Control Compliance Levels



Building Control

Overall aim of the activity

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

This year's highlights and achievements included

- Building Consents – Reached 1,994.
- New Dwellings – 237 constructed.
- Ozone – Ozone was successfully introduced on 10 April 2007.
- Accreditation – Council applied to IANZ to be assessed for BCA status.
- Consents – Consents have taken longer to process due to incomplete applications and resources being diverted in readiness for accreditation.
- Increase in Inspections – Additional inspections are being undertaken in line with adopted procedures.
- PIMs – Issuing of PIMs has also suffered due to accreditation demands.
- Staff – Two additional Building Officers have been employed and there are currently two vacancies.

Activity purpose – 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.

Workload is dependent upon public generated demand.

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

A safe and caring community

- Safe homes and streets.
- Organisations working together on agreed priorities.
- Providing safe public spaces.

A community that respects its environment

- Historical sites and buildings are protected and promoted.

A healthy community

- Safe drinking water.
- Improving health status for all.
- Partnerships to promote healthy living.

A community with excellent facilities and services

- Easy to get from place to place.
- Good, safe, maintained services and roads.
- Good quality infrastructure for future.

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	1,907	1,867	1,589
Depreciation	14	17	14
Total Costs	1,921	1,884	1,603
REVENUE			
Fees and charges	1,456	1,424	1,208
Total Revenue	1,456	1,424	1,208
Net Cost of Service	465	460	395

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Other renewals	11	6	5
Total Capital	11	6	5

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	465	460	395
Less Depreciation for Capital	(14)	(17)	(14)
Total Rates for/(from) Operations	451	443	381
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	14	17	14
Loans from/(to) Corporate Funds	(3)	(11)	(9)
Total Capital	11	6	5

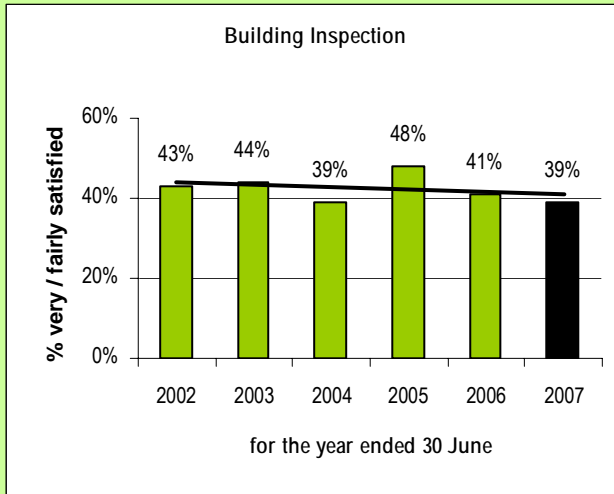
Performance for 2007

OUTCOME PROMOTED – A safe and caring community

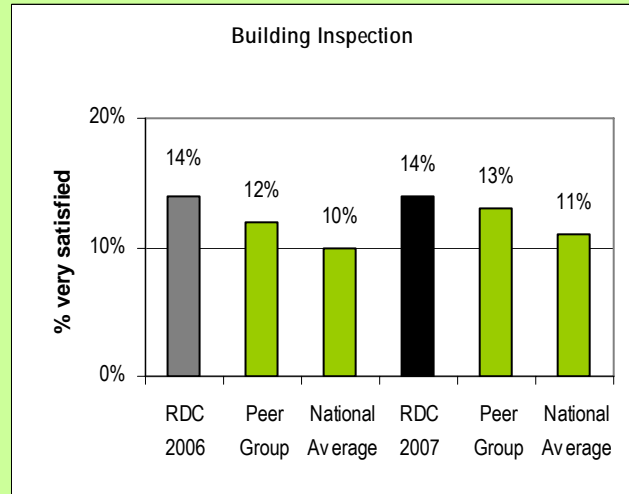
Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
Safe homes and streets	Buildings are constructed according to the Building Codes.	Department of Building and Housing audits.	Building consents are issued within the legislative timeframes.	Not achieved – 80% of consents were issued within the legislative timeframe.

NRB Community Survey

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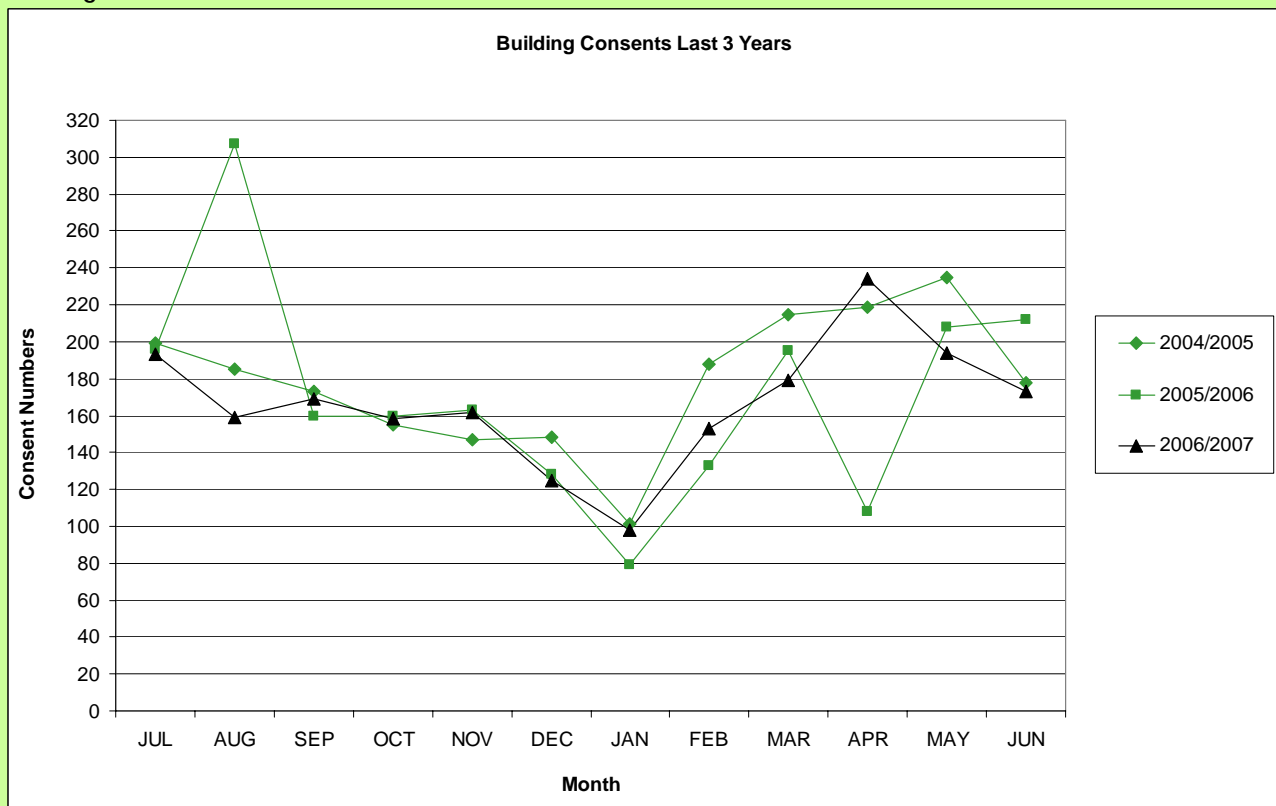
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This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last two years and compares it with our peer group and the national average.

Other Indicators

Building Consents Levels



Environmental Planning

Overall aim of the activity

To develop, manage, implement and monitor primary environmental and land use policies to maintain or improve the quality of the district's environment for current and future generations.

This year's highlights and achievements included

- District Plan Review – Research programme of District Plan review initiated, including ongoing eastern and western structure plan, completion of Rotorua basin landscape assessment, and beginning of northern and southern district assessment.
- Lakes Structures – Completion of lakes structure consent process Environment Bay of Plenty and Te Arawa Maori Trust Board.
- Rotorua Lakes Restoration and Rehabilitation Programme – Continued presence and input.
- Communities for Climate Change Protection Programme – Achievement of Milestone 1, and progression to Milestones 2.
- Plan Change 32 – Decision on airport plan change with only four appeals to Environment Court.
- Consent Processing – Continued improvements, highest ever achievement in compliance processing figures.

Activity purpose – why we provide the service

Council provides this service in order to comply with its statutory responsibility. Functions of Environmental Planning are derived primarily from the Resource Management Act 1991(RMA). Council's policies on the environment are set out in the Rotorua District Plan. The Council also provides input into Regional and National environmental planning documents, and acts as a community advocate. A growing focus is the need 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. The District Plan review cycle begins in 2005/06 with a target date for notification being 2008.
- Monitoring the state of the environment and reporting of environmental outcomes in the Council Long Term Community Plan (Ten Year Plan).
- Facilitation of input and data collection for the Rotorua Growth Model.
- Advice to Council on environmental issues.
- Consultation with the public, interest groups and affected parties where changes to policy are contemplated.
- Collaborative approach to environmental issues through strategic partnerships with other resource management agencies.

- Responding to central and regional government policy proposals where these affect land use and resource management within the District.

Implementation and administration of the District Plan includes activities such as:

- Receiving, assessing, processing, and making recommendations on land use and subdivision resource consents
- Providing an integral customer service function through the provision of information about the District Plan in response to public enquiries
- Regular monitoring of compliance with conditions attached to approved land use and subdivision consents.
- Where necessary undertake enforcement actions in accordance with the provisions of the District Plan and RMA.

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

A safe and caring community

Families and whanau are safe and strong, people are considerate and respect cultural diversity

- Safe homes and streets
- Providing safe public spaces

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.

- Looking after our air, land, and water resources
- Managing and protection geothermal resources and our springs, trout, lakes, forests, and geysers
- Historical sites and buildings are protected and promoted
- People using and enjoying our natural environment
- Improved lake water quality

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.

- More investment in our district
- Encouraging growth
- Celebrating and promoting our district's unique qualities

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.

- A community that recognises the value of partnerships including the Treaty of Waitangi
- Respecting Te Arawa as part of the unique heritage of the Rotorua district
- Preservation and sustainable development of Maori resources

Cost of Service

Planning Policy

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	1,362	1,977	1,125
Depreciation	7	9	8
Total Costs	1,369	1,986	1,133
REVENUE			
Subsidies and grants	0	0	33
Fees and charges	0	14	6
Total Revenue	0	14	39
Net Cost of Service	1,369	1,972	1,094

Planning Implementation

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	1,910	1,921	1,798
Depreciation	11	11	8
Total Costs	1,921	1,932	1,806
REVENUE			
Fees and charges	347	323	728
Total Revenue	347	323	728
Net Cost of Service	1,574	1,609	1,078

Capital Expenditure

Planning Policy

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Other renewals	0	25	6
Total Capital	0	25	6

Planning Implementation

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Other renewals	7	7	12
Total Capital	7	7	12

How we pay for this activity

Planning Policy

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	1,369	1,972	1,094
Less Depreciation for Capital	(7)	(9)	(8)
Total Rates for/(from) Operations	1,362	1,963	1,086
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	7	9	8
Loans from/(to) Corporate Funds	(7)	16	(2)
Total Capital	0	25	6

Planning Implementation

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	1,574	1,609	1,078
Less Depreciation for Capital	(11)	(11)	(8)
Total Rates for/(from) Operations	1,563	1,598	1,070
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	11	11	8
Loans from/(to) Corporate Funds	(4)	(4)	4
Total Capital	7	7	12

Variance from budget

Planning Policy

OPERATING COSTS: A number of projects now to be completed in 2007/08.

Planning Implementation

OPERATING COSTS: Savings in the net cost of service is due to an increase in consent fee revenue, and reduction in costs due to more work being performed in-house.

Performance for 2007

Planning Policy

OUTCOME PROMOTED – A community that respects its environment

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> Looking after our air, land and water resources. Managing and protecting geothermal resources and our springs, trout, lakes, forests, geysers. Historical sites and buildings are protected and promoted. Kaitiakitanga (guardianship) 	Operative District Plan that is updated regularly through changes and reviews responsive to the district's environmental issues.	<ul style="list-style-type: none"> Keep web based Plan Change Update page current (www.rdc.govt.nz) Report Plan Changes to Planning and Bylaws Committee regularly. Monthly update of web Plan Change schedule. 	Maintain Operative District Plan that is regularly updated.	Achieved.
People using and enjoying our natural environment.	From an environmental perspective advocate on behalf of the community to national and regional environmental on documents that will impact Rotorua.	<ul style="list-style-type: none"> Submissions prepared and presented in accordance with standard template and procedure. Project Plan reporting of key steps and milestones in process. Yearly matrix of community advocacy projects. 	Submissions lodged on time, and successful representation at national and local hearings.	Achieved.
Improved lake water quality.	Strategic research undertaken to keep abreast and be responsive to environmental issues.	Research projects completed on time and within budget as detailed in Project Plans..	Project Plan reporting of strategic research projects.	Achieved.

OUTCOME PROMOTED – A safe and caring community

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> Safe homes and streets. Providing safe public spaces. 	Well planned buildings, spaces, and areas.	<ul style="list-style-type: none"> CPTED assessment included in accompanying plan change Section 32 documentation. Policy Project Plan input checklist annual review. 	Crime Prevention Through Environmental Design (CPTED) principles incorporated into District Plan policy framework.	Achieved.

OUTCOME PROMOTED – A community that values its living Maori culture

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> • A community that recognises the value of partnerships including the Treaty of Waitangi. • Respecting Te Arawa as part of the unique heritage of Rotorua District. • Preservation and sustainable development of Maori resources. 	Tangata whenua input into decision making where activities impact Maori values.	<ul style="list-style-type: none"> • Maori input into policy development included in accompanying plan change Section 32 documentation. • Policy Project Plan input checklist annual review. 	Maori input is sought into the development of environmental policy.	Achieved.

OUTCOME PROMOTED – A prosperous community

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> • More investment in our district. • Encouraging growth. • Celebrating and promoting our district's unique qualities. 	District Plan acknowledges and provides for residential, commercial, industrial, and rural and urban growth.	Statistics NZ data and reports, industry reports, monthly monitoring reports.	Contribute to district growth through sound environmental policy.	Not measured.

Planning Implementation

OUTCOME PROMOTED – A safe and caring community

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
Safe homes and streets	Buildings, spaces, areas in district well planned and safe.	Sample survey of monthly consent reports.	Well planned buildings, spaces, and areas.	Not measured.

OUTCOME PROMOTED – A community that respects its environment

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> • Looking after our air, land and water resources. • Managing and protecting geothermal resources and our springs, trout, lakes, forests, geysers. 	Timely and consistent consent decisions that minimise impacts on the environment.	Quarterly report on consent processing figures forwarded to Council.	Non-notified consent applications processed within 20 working days of receipt of adequate information.	Not achieved: 98% (land use) 93% (other applications) 88% (223/224's) 86% (subdivision)
<ul style="list-style-type: none"> • Historical sites and buildings are protected and promoted. • Kaitiakitanga (guardianship). 	Appropriate community input sought for more complex applications.	Quarterly report on consent processing figures forwarded to Council.	Notified resource consents processed within statutory timeframes.	Not achieved.

OUTCOME PROMOTED – A community that values its living Maori culture

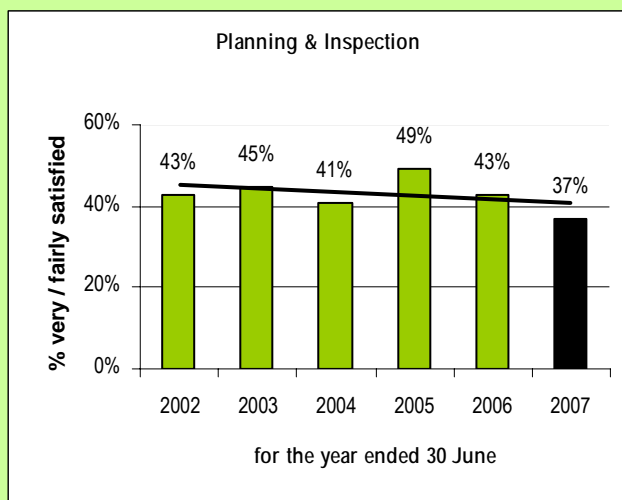
Compliance with consent conditions monitored.	Monthly consent monitoring report.	All consent conditions monitored to ensure compliance.	Achieved (monthly reports confirm compliance monitoring undertaken).
Prompt response to complaints about planning and environmental issues.	Monthly complaints monitoring response report.	Complaints received responded to in 24 hours.	Achieved (all complaints responded to within 24 hour period).

OUTCOME PROMOTED – A community that values its living Maori culture

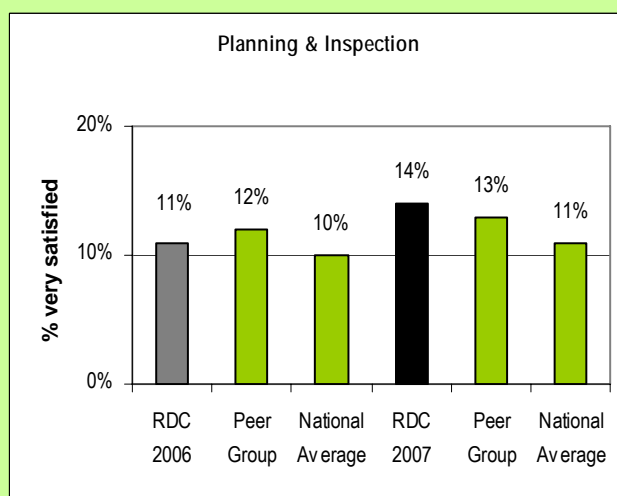
Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> A community that recognises the value of partnerships including the Treaty of Waitangi. Respecting Te Arawa as part of the unique heritage of Rotorua District. 	Tangata whenua input into decision making where activities impact Maori values.	Monthly update of Iwi Consultative Committee Register.	<ul style="list-style-type: none"> Regular meetings of the Iwi Consultative Committee. Consent applicants are aware of tangata whenua contacts for consultation purposes. 	<p>Achieved.</p> <p>Achieved.</p>

NRB Community Survey

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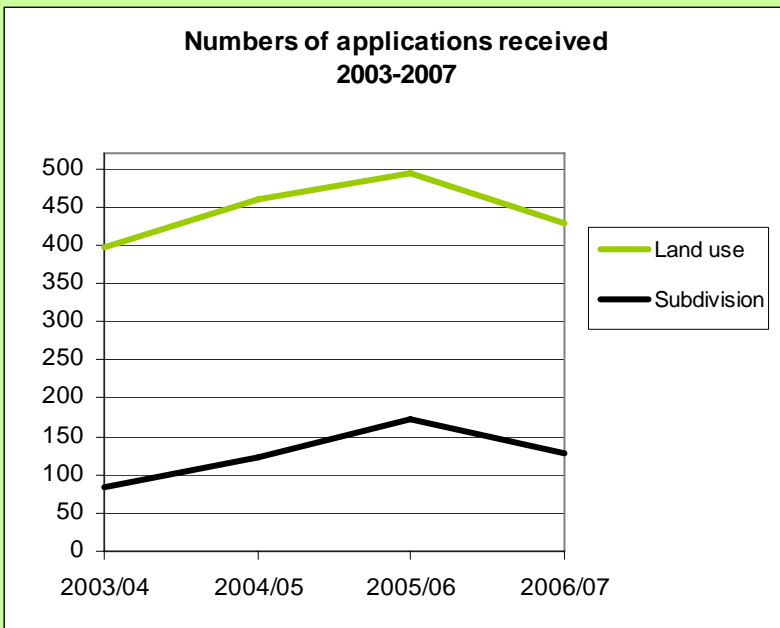
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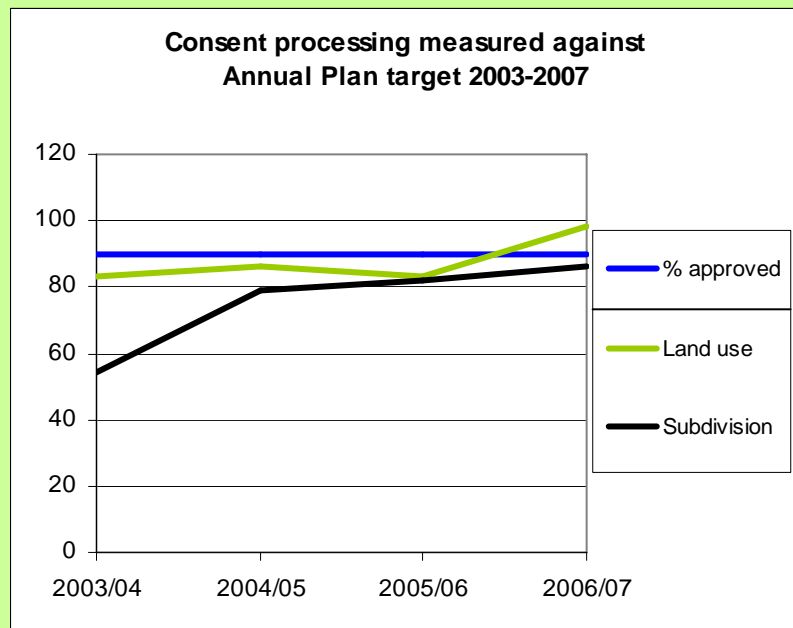
This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last two years and compares it with our peer group and the national average.

Other Indicators

Applications received



Consent processing



Inspection

Overall aim of the activity

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

This year's highlights and achievements included

- High (80%) level of satisfaction with Noise Control from NRB Survey.
- Livestock Movement Bylaw 2006 promulgated.
- Gambling Venue Policy review completed.

Activity purpose – 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

The role is confined to the administration of foreshore structures, during a period of transition of control from Council to Environment BOP. The activity is undertaken to ensure that foreshore structures are located, constructed and used in a safe manner that does not cause a nuisance to the public.

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, in public places and private dwellings.

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. The purpose is to keep the public safe from geothermal activity.

iv) General

The purpose of administering and enforcing the General Bylaws is to ensure there is a response capacity to deal with various things that can cause a nuisance to people. 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 activity involves the management of the District Licensing Agency as required by the Sale of Liquor Act. The purpose of this activity is to administer and enforce the Act, Regulations and Council's Liquor Policy to ensure managers and premises hold the appropriate liquor licence and to work towards a reduction of liquor abuse in the community.

vi) Environmental Health

The purpose of this activity is the promotion and conservation of public health. This is achieved by the enforcement of the provisions of the Health Act, Resource Management Act and bylaws. Activities include inspection of food 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 and sub-outcomes

A safe and caring community.

- Safe homes and streets.
- Providing safe public places.
- Organisations working together on agreed priorities.

A community that respects its environment

- Looking after our air, land and water resources.
- People using and enjoying our natural environment.
- Managing and protecting geothermal resources and our springs, trout, lakes, forests and geysers.

A healthy community

- Good access to health services.
- Safe drinking water.
- Improving health status for all.
- Improved youth health.
- Effective responses to developing health issues.
- Partnerships to promote healthy living.
- Healthy whanau, healthy communities.

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	1,279	1,456	1,245
Depreciation	21	37	73
Finance	0	0	1
Total Costs	1,300	1,494	1,319
REVENUE			
Fees and charges	363	352	372
Total Revenue	363	352	372
Net Cost of Service	937	1,142	947

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Other renewals	11	11	16
Total Capital	11	11	16

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	937	1,142	947
Less Depreciation for Capital	(21)	(37)	(73)
Total Rates for/(from) Operations	916	1,105	874
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	21	37	52
Loans from/(to) Corporate Funds	(10)	(26)	(142)
Asset sales	0	0	106
Total Capital	11	11	16

Variance from budget

OPERATING COSTS: Savings are due to less overall activity.

Performance for 2007

OUTCOME PROMOTED – A safe and caring community

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
Providing safe public spaces	General complaint investigation/ resolution.	Complaint response time analysis report.	To respond to general complaints within 1 working day.	100% achieved.
Organisations working together on agreed priorities	Ensure compliance by liquor licensees with condition of liquor licences.	Inspection frequency tracing report.	Inspect every premise licensed under Sale of Liquor Act at least once every 12 months.	100% achieved.

OUTCOME PROMOTED – A community that respects its environment

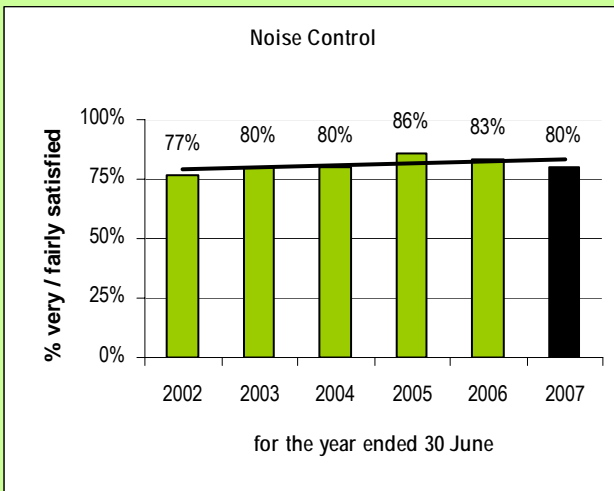
Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
Looking after our air, land and water resources	Litter complaint investigation/ resolution.	Complaint response time analysis report.	To respond to litter complaints within 1 working day.	100% achieved.
People using and enjoying our natural environment	Geothermal gas level monitoring service.	Complaint response time analysis report.	To respond to geothermal gas complaints within 1 working day.	100% achieved.
	Noise complaint investigation/ resolution.	Complaint response time analysis report.	Respond to noise complaints within 2 hours.	Not achieved – 96.6% of complaints responded to within 2 hours.

OUTCOME PROMOTED – A healthy community

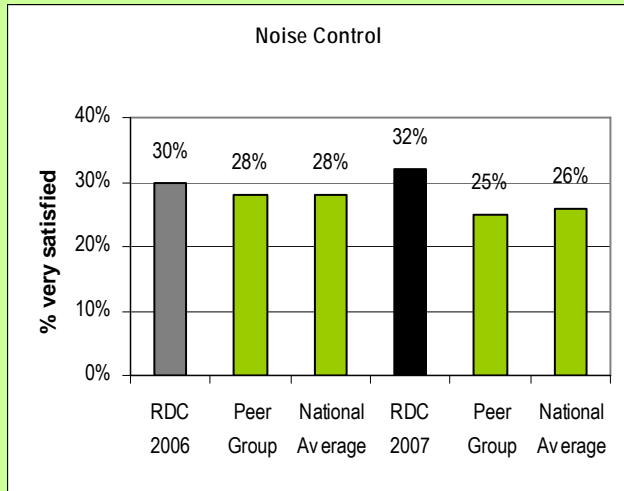
Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
Partnerships to promote healthy living	Health complaint investigation/ resolution.	Complaint response analysis report.	Respond to health complaints within 1.5 working days.	100% achieved.-
Improving health status for all	Food inspection/ registration of food premises	Premises inspection status report.	Register food premises.	100% achieved of food premises registered.

NRB Community Survey

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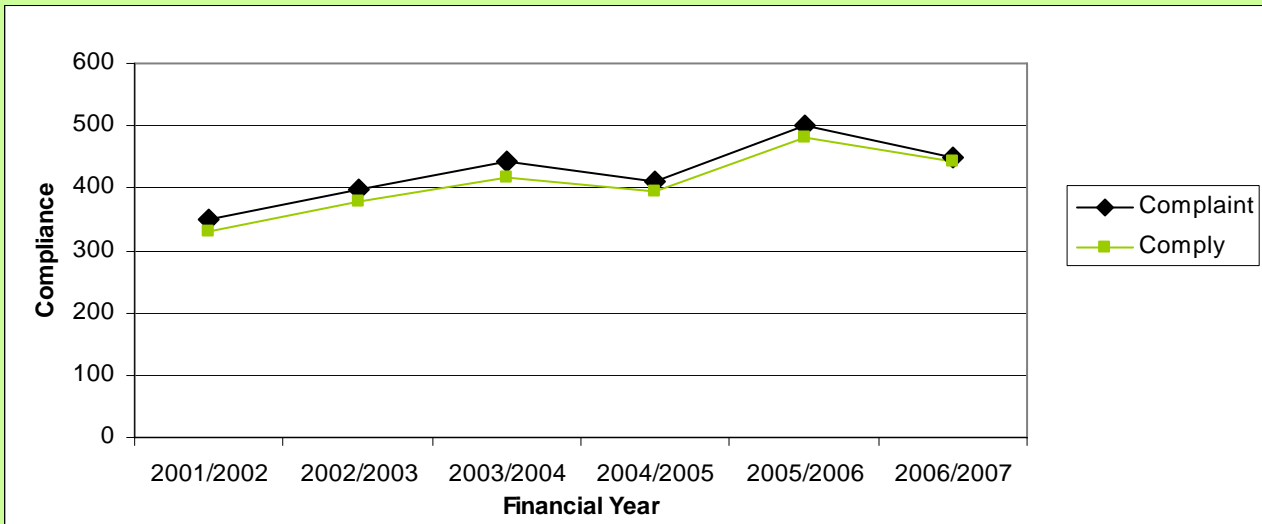
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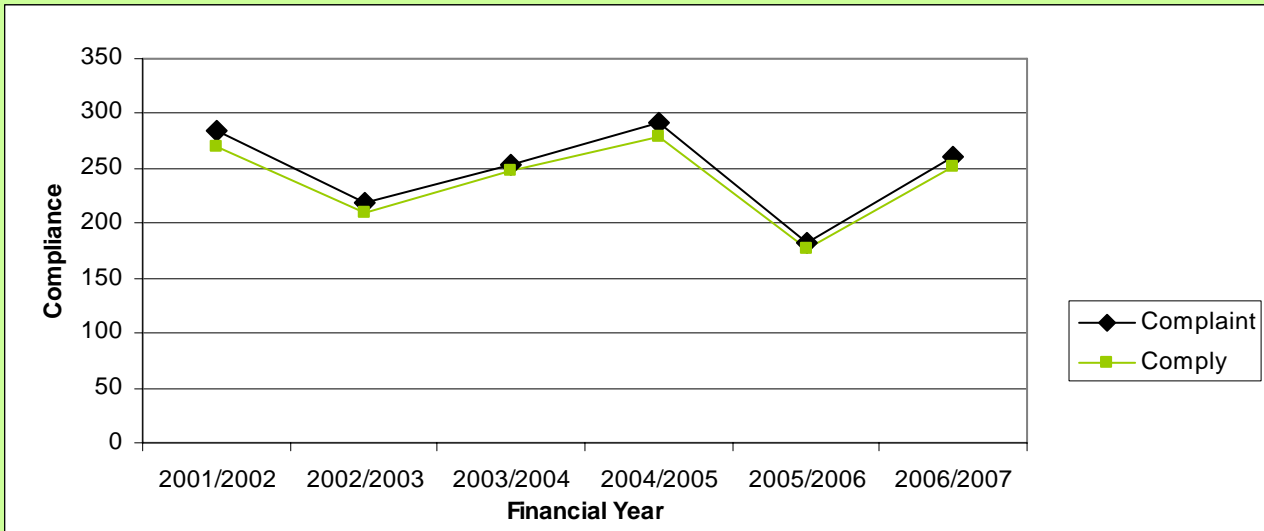
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Other Indicators

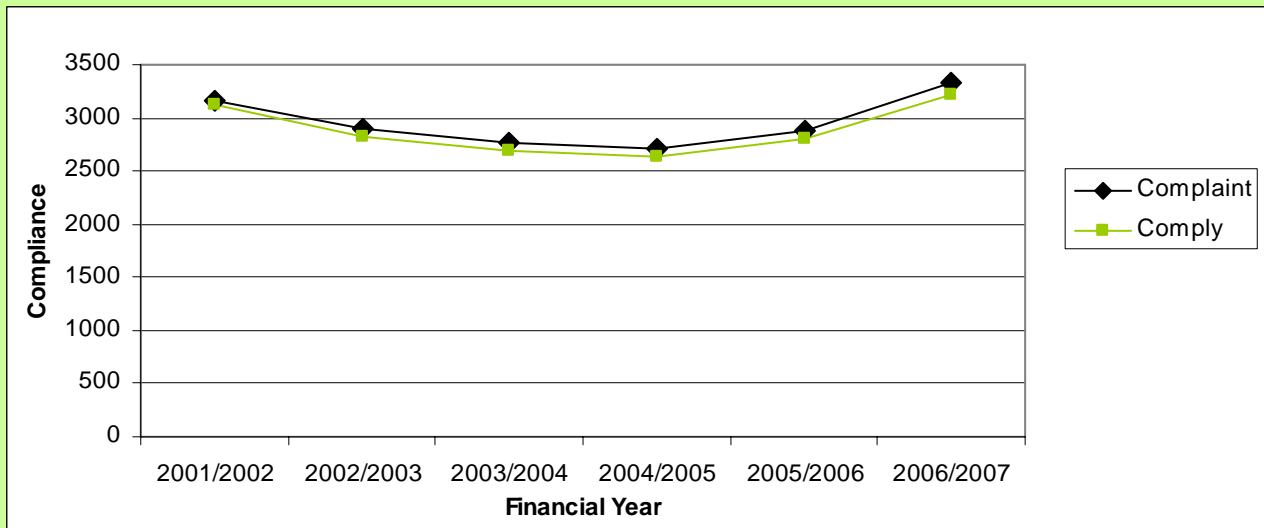
General Inspection Compliance Levels



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.

To check Warrants of Fitness to ensure safety of vehicles.

Activity purpose – why we provide the service

This activity is undertaken to ensure CBD retailing is provided with a regular turnover of parking spaces available for potential customers and to ensure safety of vehicles.

Enforcement is undertaken during the following hours:

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

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

A safe and caring community.

- Safe homes and streets.
- Fewer road accidents.

A prosperous community:

- More investment in our district.
- More new business.

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	898	916	803
Depreciation	11	13	8
Total Costs	909	928	811
REVENUE			
Fees and charges	1,508	1,428	1,365
Total Revenue	1,508	1,428	1,365
Net Cost of Service	(599)	(500)	(554)

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Other renewals	47	57	0
Total Capital	47	57	0

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	(599)	(500)	(554)
Less Depreciation for Capital	(11)	(13)	(8)
Total Rates for/(from) Operations	(609)	(512)	(562)
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	11	13	8
Loans from/(to) Corporate Funds	36	44	(8)
Total Capital	47	57	0

Performance for 2007

OUTCOMES PROMOTED – A safe and caring community – A prosperous community

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> • Safe homes and streets • Fewer road accidents • More investment in our district • More new business 	Enforce parking regime and vehicle roadworthiness.	1 in 7 parking spaces available.	Provide enforcement service 5½ days per week.	Achieved. 1 in 7 spaces available.

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
118	Destination Rotorua Economic Development	✓	✓		✓	✓	✓	✓	✓
123	Destination Rotorua Tourism Marketing		✓		✓		✓		
126	Tourism Rotorua Travel and Information		✓		✓		✓		

Overview of Group

This group is made up of the following activities of Council:

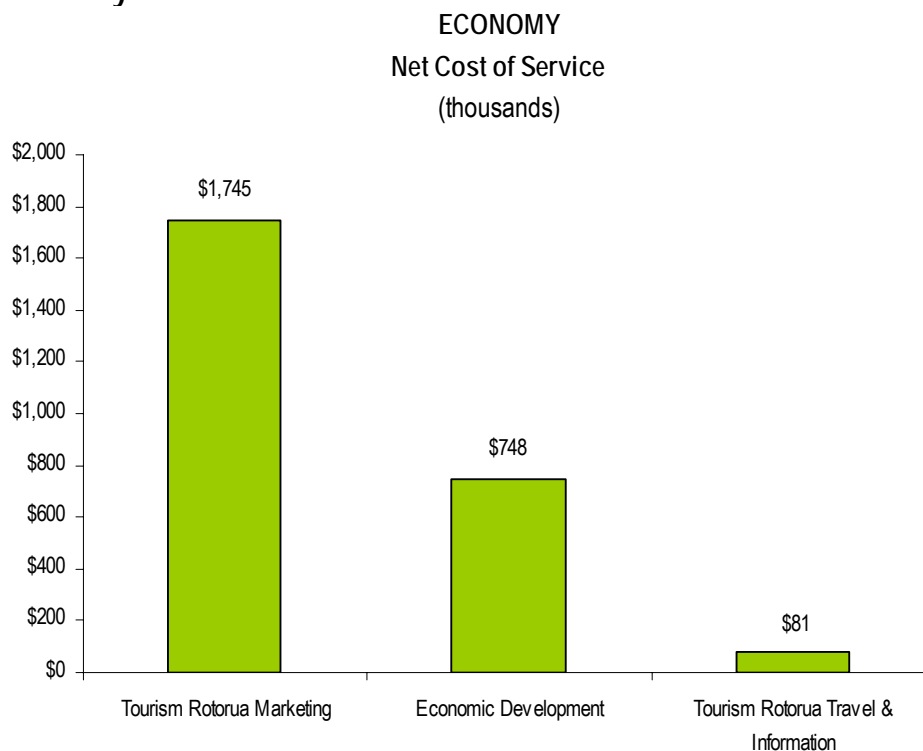
- Destination Rotorua Economic Development
- Destination Rotorua Tourism Marketing
- Tourism Rotorua Travel and Information

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

Potential Significant Negative Effects

This group of activities has not identified any significant negative effects.

How the Money is Used



Destination Rotorua Economic Development

Overall aim of the activity

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

This year's highlights and achievements included

- **Rotorua 'BrightEconomy' Project**
 - Rotorua BrightEconomy Advisory Board initiatives impacting of economic wellbeing.
 - Nine point framework recognising role of farming, forestry and wood processing, and tourism - and focus on six new opportunity areas where Rotorua has advantages: local energy generation, immigration and lifestyle investment, water, bio-materials, land use optimisation and research and development.
 - NZT&E funding approved for project scoping for Enterprise fund level of Natural Materials Innovation Centre.
 - EBoP funding approved for Rotorua Energy Champion Role.
 - Lake Health remediation trial in consent/funding process with Cumminscorp.
- **Rotorua Employment Skills Project**
 - Six cluster groups with 350 Rotorua businesses engaged, funding from MSD being confirmed for a further three years (mid Aug 07).
 - Settlement Support confirmed for second year to help integrate new skilled migrants.
 - Attracted over 930 skilled migrant relocation inquiries from NZ Opportunities Expo 2006 in London and Manchester, translated into fifteen actual relocations.
 - Engaged New Life New Zealand as new partner developing an on-line skilled migrant repository for Rotorua.
 - Rotorua Trust Young Enterprise Scheme in third year, consistent support from previous year working with Enterprise NZ Trust to develop and encourage participation from other Rotorua/Taupo schools in 2008.
 - Careers Month inaugural month (May 2007) attracted over 50 events for the month, looking to expand for 2008.
 - Settlement Support coordinator now in place and established, working with new migrants to get established in Rotorua
- **Rotorua CBD Retail Strategy**
 - Retail Rotorua contract with Chamber of Commerce as Governance role now confirmed, great success to date with new initiatives very well supported by CBD businesses.
 - CBD revitalisation project underway. Will provide a platform to build the public/private partnerships required. Next stage public consultation circa Oct 07.

- **Rotorua Business Mentors NZ Scheme:**
 - 186 clients and 26 mentors engaged in the program.
 - An increase in client satisfaction of 41%.
 - Nationally Rotorua/Taupo program has moved in ranking of client satisfaction of 6th from 58 Mentor Regions
- **Film Volcanic**
 - Regional initiative promoting Central North Island as location for world class screen production.
 - Contract with Volcanic Locations now completed July 07
 - Destination Rotorua Economic Development developing a commercially sustainable model (Cluster) in the next stage of Film Volcanic focusing on output rather than enquiry and location scouting.
- **Marketing Strategy**
 - www.rotorua-business.com / www.rotorua-living.com website upgraded and recording around 20,000 unique visits per month, up from around 13,000 (53% increase).
 - Generated 300 business and relocation inquiries, up from around 250 in 2005.
 - Updated Rotorua Marketing Plan with APR. Now able to define level of business and resident satisfaction and define game breakers for implementation into business plan.
- **Nanjing Rotorua Town Project**
 - Included in purchase price of each property is trip to Rotorua for all 2000 properties – around 5,000 visitors over 3-4 years. To date 40 pax have visited Rotorua and engaged with business partners.
 - Development includes point of sale for tourism, tertiary education services to Chinese market, and showcasing Partner businesses.

Activity purpose – why we provide the service

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

The operations of Destination Rotorua Economic Development are guided by the Rotorua BrightEconomy strategy, which is the Rotorua regional economic development strategy developed through a comprehensive programme of research and consultation with key Rotorua business people and organisations. The strategy was prepared to provide a framework from an economic perspective, to create future wealth and prosperity for the people of Rotorua.

The primary purpose of the activity is to facilitate and encourage sustainable economic development since this will lead to a prosperous Rotorua community. This activity stimulates sound investments, encourages and embraces economic growth, more employment opportunities, higher incomes and a greater lifestyle quality for residents.

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

A safe and caring community

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

A community that respects its environment

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

A prosperous community

Destination Rotorua Economic Development focuses on:

- Providing public access to timely, accurate and relevant Rotorua economic information.
- Facilitating private sector access to economic development initiatives, networks and activity within Rotorua.
- Marketing Rotorua as a great place to live, work, invest and do business nationally and internationally.
- Working with the key economic sector groups to develop an environment that will stimulate growth.
- Ensuring that the private sector has a key role in advising Council on business and economic development related issues.
- Working with local industry to minimise the impact of skill shortages on their business and the Rotorua economy.
- Facilitating the opening up of more business land in the Rotorua District.
- Building partnerships between key local, regional and central government agencies and the Rotorua business community.

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 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.

A learning community

- Works with the local industry and education providers to try and minimise the impact of skill shortages on their businesses and the wider Rotorua community.

A “happening” community

- Promoting and facilitating the Central North Island as a world class screen production location.
- Facilitation of the promotion and revitalisation of the Rotorua CBD.

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	995	1,113	867
Depreciation	4	6	3
Total Costs	999	1,118	870
REVENUE			
Subsidies and grants	183	190	138
Fees and charges	68	11	4
Total Revenue	251	201	142
Net Cost of Service	748	917	728

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Other renewals	8	4	3
Total Capital	8	4	3

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	748	917	728
Less Depreciation for Capital	(4)	(6)	(1)
Total Rates for/(from) Operations	744	912	727
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	4	6	3
Loans from/(to) Corporate Funds	4	(2)	0
Total Capital	8	4	3

Variance from budget

OPERATING COSTS: The reduction in the net cost of service is due to the retail plan project now to be completed in 2007/08, while contributions were received from Nanjing Rotorua Town visit.

Performance for 2007

OUTCOME PROMOTED – A prosperous community

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> • More investment in our district • More new business 	Provide public access to timely, accurate and relevant Rotorua economic information.	Website statistics.	<ul style="list-style-type: none"> • Website visits to reach 10,000 per month by June 2007. 	Achieved.
<ul style="list-style-type: none"> • Celebrating and promoting our districts unique qualities • Encouraging Growth • Encouraging development of Maori Land • Reducing unemployment rate • More employment opportunities 	Facilitate public access to economic development initiatives, networks and activity within Rotorua	<ul style="list-style-type: none"> • Inquiry database system. • BITC¹ database and tracking system. • Inquiry database and client management system. 	<ul style="list-style-type: none"> • Respond to 95% of business and relocation inquiries within 3 working days. • Attract and maintain 70 new clients into the BITC¹ program. • Attract \$100K business development funding into Rotorua companies from Government Business Development Programs. 	<p>Achieved.</p> <p>Achieved.</p> <p>Achieved.</p>
	Market Rotorua as a great place to live, work, invest and do business nationally and internationally.	<ul style="list-style-type: none"> • Website statistics. • Skilled migrant inquiry tracking database. • Inquiry database system. 	<ul style="list-style-type: none"> • Website visits to reach 10,000 per month by June 2007. • Generate 500 UK skilled migrant relocation inquiries – NZ Opportunities Expo 2006. • Generate 400 new Rotorua specific business and relocation inquiries by June 2007. 	<p>Achieved.</p> <p>Achieved.</p> <p>Achieved.</p>
	Work with the local forest and wood processing industry to develop an environment that will stimulate and grow the sector.	<ul style="list-style-type: none"> • NZTE² MRI³ process. • Amount of investor ready industrial land available. 	<ul style="list-style-type: none"> • To facilitate successfully attracting \$1 million government investment to assist in developing a major industry initiative by 2007. • To contribute to the opening up of 30 hectares of investor ready business land by June 2007. 	<p>Achieved.</p> <p>Delayed due to changed opportunities.</p>
	Advisory board to lead implementation of the BrightEconomy Strategy and advise council on business and economic development related issues.	<ul style="list-style-type: none"> • BrightEconomy appointment and review panel board performance appraisal. • Monitor BEAB⁴ Project achievement against strategy targets. 	<ul style="list-style-type: none"> • To attract \$150K government and private sector funding to assist in implementing the Bright-Economy Strategy. • To develop the BEAB⁴ focus work program for 2006/07. 	<p>Not achieved.</p> <p>Achieved.</p>

OUTCOME PROMOTED – A “happening” community

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> Lots of events including sporting, cultural, festivals, arts. Leading edge activity events. Foster artistic expression, art, music, dancing, public performances and exhibitions. 	Promote and facilitate the Central North Island as a location for world class screen production.	Film volcanic screen production inquiry system.	To contribute to generating at least 30 screen production inquiries within the region by June 2007.	Not achieved.

OUTCOME PROMOTED – A learning community

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> Learning activities accessible to everyone. Addressing skill shortages through the right training. Increasing participation in tertiary education. 	Work with the local industry to try and minimise the impact of skill shortages on their business and Rotorua through the Rotorua Employment Skills Project (RESP).	<ul style="list-style-type: none"> RESP* database system and action plans. Lion Foundation – Rotorua Energy Charitable Trust Young Enterprise Scheme database system. 	<ul style="list-style-type: none"> Have 350 businesses involved in the Rotorua Employment Skills cluster program. Have 100 students involved in the Rotorua Young Enterprise Scheme. Attract \$120K external funding towards the implementation of the RESP⁵. 	<p>Achieved.</p> <p>Achieved.</p> <p>No longer applicable.</p>

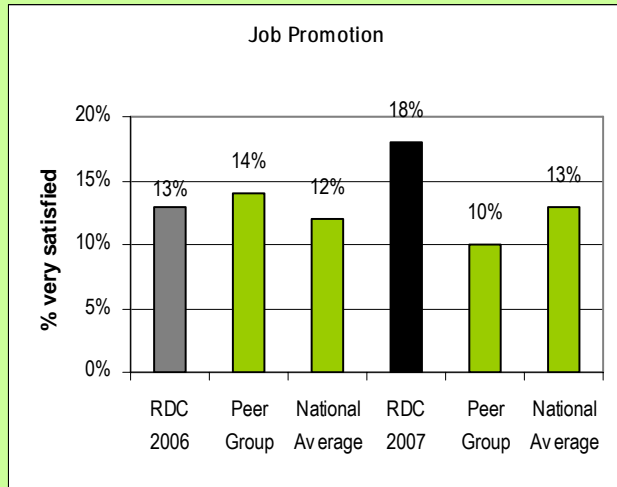
1 BITC = Business Mentors NZ
 2 NZTE = New Zealand Trade and Enterprise
 3 MRI = Major Regional Initiative
 4 BEAB = BrightEconomy Advisory Board
 5 RESP = Rotorua Employment Skills Project

NRB Community Survey

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



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



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



Local and national media scrambled to interview Mayor Kevin Winters when he called a forum during the year to seek a community response to the national issue of family violence

Destination Rotorua Tourism Marketing

Overall aim of the activity

A visitor sector that is making a maximum contribution to Rotorua's economic, social, cultural and environmental well-being by continually promoting Rotorua as an exciting, vibrant and high quality destination to existing and new markets. A key focus is to encourage visitors to stay longer and spend more so that new money is brought into the local economy which in turn will create more jobs within the District.

This year's highlights and achievements included

- **TRENZ 2007 in Rotorua** – Tourism Rendezvous New Zealand (TRENZ) is New Zealand's most significant annual international tourism tradeshow. First time this event has been held in Rotorua at the new Energy Events Centre. Feedback on how well Rotorua performed has been outstanding. DRTM invested in city theming and a Rotorua function highlighting the history of tourism in Rotorua. DRTM also worked very closely with Te Puia and Event Impressions to ensure a memorable and unique, highly successful welcome function.
- **Australia Market Growth** – Year ending May 2007 a 6.4% increase in Australian visitor nights spent in Rotorua's commercial accommodation. By contrast the growth in Australian visitor arrivals to New Zealand was up 3.9% for the same period.
- **Domestic campaign** – Year ending May 2007 domestic visitor nights spent in Rotorua's commercial accommodation and private homes were collectively up 6.7%.
- **Conference and Incentive** – For the year ending March 2007 a 45% increase in conferences hosted in Rotorua.
- **Rotorua Sustainable Tourism Charter** – Championed by DRTM by completing the Ministry of Tourism Environmental Sustainable Tourism Project exceeding the membership target set for Rotorua by 16% and securing new funding sources to enable current activities to continue for the foreseeable future.
- **www.rotoruaNZ.com** – Reached historic milestone with 1,021,155 unique user visits recorded in the 12 months to March 2007. A 329.5% increase on the first year of the sites operation in October 2001/02.
- **Branded stamp booklets** – Launch of two Feel the Spirit and www.rotoruaNZ.com website branded stamp booklets featuring Rotorua destinational images chosen by DRTM.

Activity purpose – 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 and sub-outcomes

A community that respects its environment

- Managing and protecting geothermal resources and springs, trout, lakes, forests and geysers
- People using and enjoying our natural environments

A prosperous community

- Celebrating and promoting our district's unique qualities
- More employment opportunities

A community that values its living Maori culture

- Fostering Maori cultural activities and expression
- A community that recognises the value of partnerships including the Treaty of Waitangi

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	2,158	2,497	2,046
Depreciation	34	25	27
Finance	0	1	0
Total Costs	2,193	2,523	2,073
REVENUE			
Fees and charges	448	731	555
Total Revenue	448	731	555
Net Cost of Service	1,745	1,792	1,518

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Other renewals	16	27	5
Total Capital	16	27	5

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	1,745	1,792	1,518
Less Depreciation for Capital	(34)	(25)	(27)
Total Rates for/(from) Operations	1,711	1,767	1,491
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	34	25	27
Loans from/(to) Corporate Funds	(19)	2	(22)
Total Capital	16	27	5

Performance for 2007

OUTCOME PROMOTED – A prosperous community

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07	
<ul style="list-style-type: none"> Celebrating and promoting our district's unique qualities More employment opportunities 	Marketing Rotorua as a destination to international, domestic and C & I markets	Support and backing of Marketing Plan by TAB	Produce and implement international marketing campaigns in Australia, Japan, Asia, India UK/ Europe, US in partnership with key stakeholders	Achieved.	
		Update to Finance and Strategic Planning Committee			
		Media placement and campaign activity plan		Run extended low/shoulder season domestic promotional campaign	Achieved.
		Bid Log		Facilitate the attraction of 12 conferences per annum to Rotorua	Achieved.
		Analysis of monthly visitor arrival statistics	Contribute to 1.33 million visitors staying on average 2.3 nights and spending \$233 per day/person	Achieved. 1.4 million visitors staying on average 2.45 nights and spending \$302 per person.	

OUTCOME PROMOTED – A community that values its living Maori culture

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> Fostering Maori cultural activities and expression A community that recognises the value of partnerships including Treaty of Waitangi 	Maori cultural elements and the concept of Manaakitanga will underpin all marketing	Produce and distribute cultural heritage brochure	Marketing collateral includes increased Maori product - produce cultural heritage brochure	Āchieved.

OUTCOME PROMOTED – A community that respects its environment				
Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> Managing and protecting geothermal resources and springs, trout, lakes, forests and geysers People using and enjoying our natural environments 	Market and promote major events taking place in Rotorua District.	Log of events	20 Events marketed and promoted per year	Achieved.

Rotorua Tourism Advisory Board



(L-R): Pam McGrath, Don Gunn, Renee Nathan, George White, Warren Harford (Chairperson), Kay Clarke, Bryan Hughes, Mike Johnson, Trevor Maxwell, Doug Tamaki, Mike McVicker, Neville Nicholson
 Absent: Geoff Kenny

Tourism Rotorua Travel and Information

Overall aim of the activity

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

This year's highlights and achievements included

- Visitor Survey December 2006/January 2007 – Visitors asked "How do you rate the service at Tourism Rotorua?" 88.4% said service was 'very good' or 'excellent' and 11.6% stated the service was 'good'.
- The Organiser Branch – Location was set up in Sydney on 15 January 2007.
- Visitor Information Conference – Was secured for Rotorua September 2007.

Activity purpose – why we provide the service

Council undertakes this activity to meet community expectations and to provide information and booking requirements for visitors to encourage them to stay longer and increase spending so that as many Rotorua businesses as possible, benefit from this activity.

The Tourism Rotorua Travel Office operates 364 days a year.

The office is active not only in information provision but also offers a comprehensive domestic travel reservation service available to local residents and visitors. Commercial returns are earned through commissions on sightseeing and travel sales.

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

A community that respects its environment

- Managing and protecting geothermal resources and springs, trout, lakes, forests and geysers
- People using and enjoying our natural environments

A prosperous community

- Celebrating and promoting our district's unique qualities
- More employment opportunities

A community that respects if living Maori culture

- Fostering Maori cultural activities and expression
- A community that recognised the value of partnerships in Treaty of Waitangi

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	1,526	1,552	1,417
Depreciation	64	82	20
Finance	5	6	0
Total Costs	1,594	1,640	1,437
REVENUE			
Investment income	86	12	62
Fees and charges	1,427	1,328	1,401
Total Revenue	1,513	1,340	1,463
Net Cost of Service	81	300	(26)

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Buildings Upgrade			
Level of Service Charge/Backlog	0	81	3
Other renewals	26	57	29
Total Capital	26	138	32

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	81	300	(26)
Less Depreciation for Capital	(64)	(82)	(20)
Total Rates for/(from) Operations	18	219	(46)
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	64	82	20
Loans from/(to) Corporate Funds	(38)	57	12
Total Capital	26	138	32

Variance from budget

OPERATING COSTS: An increase in commissions and rack sales, interest received, and savings in operating expenditure have contributed to this favourable result.

Performance for 2007

OUTCOME PROMOTED – A prosperous community

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> • Celebrating and promoting our district's unique qualities • More employment opportunities 	Booking services are provided to visitors to Rotorua to encourage extended length of stay and visitor spend	Financial report of Travel Office	Achieve at least approx 900,000 visitors per annum through the travel office.	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
130	Engineering Compliance		✓			✓			
132	Land Drainage		✓			✓			
134	Rotorua Regional Airport				✓	✓			
136	Rural Fire	✓							
137	Transport	✓	✓		✓	✓			
141	Transport (Road Safety)	✓		✓					
143	Transport (State Highway Administration)	✓				✓			
145	Waste Management		✓			✓			
149	Wastewater		✓	✓		✓			
152	Water			✓		✓			

Overview of Group

This group is made up of the following activities of Council:

- Engineering Compliance
- Land Drainage
- Rotorua Regional Airport
- Rural Fire
- Transport
- Transport (Road Safety)
- Transport (State Highway Management)
- Waste Management
- Wastewater
- Water

The Infrastructural Group activities included 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.

Potential Significant Negative Effects

Land Drainage

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

Rotorua Regional Airport

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

Rural Fire

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

Transport

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

Transport (State Highway Management)

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

Waste Management

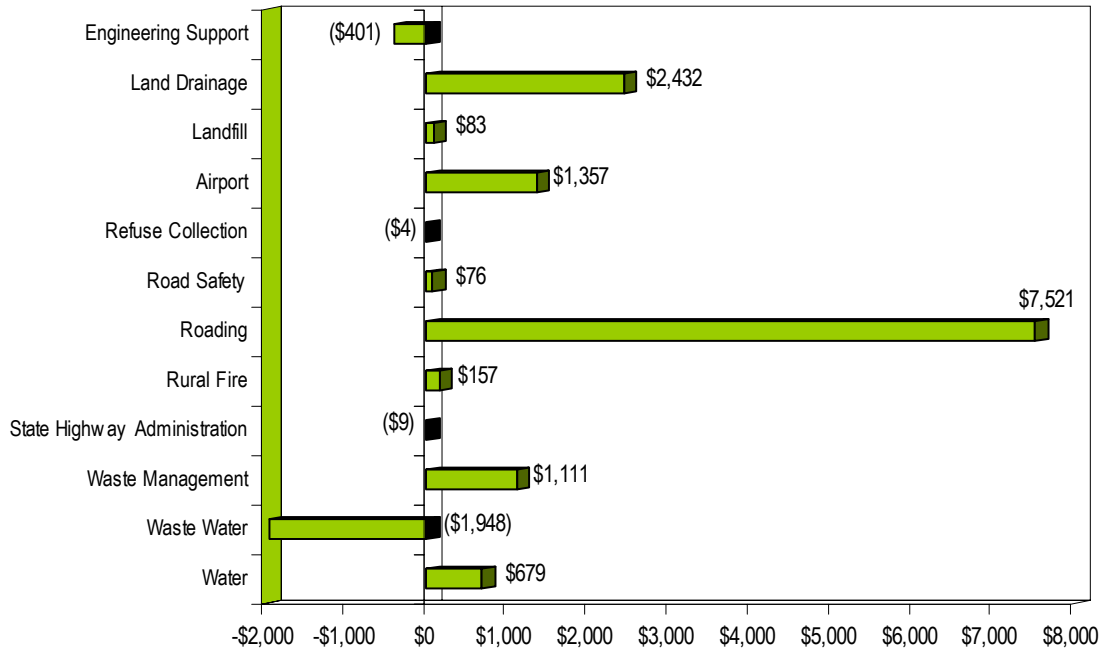
Waste has a negative effect on the environment and management is aimed at reducing that waste. The balance between affordability and funding is key in that high costs lead to illegal dumping. This is an ongoing issue.

Water

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

How the Money is Used

INFRASTRUCTURAL Net Cost of Service (thousands)



Engineering Compliance

Overall aim of the activity

To ensure all Council works comply with Engineering Standards (RCEIS) and Trade Waste Discharge Policies.

Activity purpose – why we provide the service

The Council has a legislative responsibility to control the quality of works undertaken and/or vested in Council, and to control discharges to the community drains.

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

A community that respects its environment

- Looking after our air, land and water resources
- Waste reduction

A community with excellent facilities and services

- Good, safe, maintained services and roads
- Good quality infrastructure for the future

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	230	120	175
Depreciation	139	173	88
Finance	4	4	3
Total Costs	373	297	266
REVENUE			
Fees and charges	775	603	728
Total Revenue	775	603	728
Net Cost of Service	(402)	(306)	(462)

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Engineering Lifelines			
Renewal	0	20	0
Other renewals	166	161	224
Total Capital	166	181	224

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	(402)	(306)	(462)
Less Depreciation for Capital	(139)	(173)	(88)
Total Rates for/(from) Operations	(542)	(480)	(551)
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	139	173	88
Loans from/(to) Corporate Funds	423	316	137
Reserves net	(396)	(308)	0
Total Capital	166	181	224

Performance for 2007

OUTCOME PROMOTED – A community that respects its environment

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> • Looking after our air, land and water resources • Waste reduction 	Manage and control discharges to the community waste systems, to protect the systems and environment.	Pollution Control Database.	<ul style="list-style-type: none"> • Reduce the impact of illegal discharges by ensuring that 40% of consented trade waste premises are audited annually. • 90% of urgent complaints are responded to within two hours. 	<p>Achieved – 48% (359 of 750) premises audited.</p> <p>Achieved (92.7% of urgent complaints responded to within 2 hours)..</p>

OUTCOME PROMOTED – A community with excellent facilities and services

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> • Good, safe, maintained services and roads • Good quality infrastructure for the future 	Ensuring the quality of infrastructural assets.	Compliance reporting.	Vested infrastructural assets comply with RCEIS.	Achieved.

Land Drainage

Overall aim of the activity

To protect property from flood damage and provide protection for the District's Lakes, rivers and streams.

This year's highlights and achievements included

- Commencement of renewal works in Bennetts Road / Whittaker Road area.
- Installed drainage system in Edean Road which was subject to storm damage.

Activity purpose – 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 and sub-outcomes

A community that respects its environment

- Improved Lake Water Quality

A community with excellent facilities and services

- Good quality Infrastructure for future

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	1,162	1,264	1,116
Depreciation	1,028	1,015	1,010
Finance	374	512	291
Total Costs	2,564	2,791	2,417
REVENUE			
Fees and charges	118	100	99
Capital grants and contributions	3	7	0
Total Revenue	120	107	99
Net Cost of Service	2,444	2,684	2,318

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Stormwater Renewals			
Renewal	243	479	207
City Stormwater Upgrades			
Provision for Growth	530	496	645
Total Capital	773	975	852

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	2,444	2,684	2,318
Plus Capital Grants and Contributions	3	7	0
Net Cost of Service	2,446	2,691	2,318
Less Depreciation for Capital	(1,028)	(1,015)	(1,010)
Total Rates for/(from) Operations	1,418	1,676	1,308
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	1,028	1,015	1,010
Loans from/(to) Corporate Funds	(255)	(47)	(158)
Capital Grants	0	5	0
Development contributions	3	2	0
Reserves net	(3)	0	0
Total Capital	773	975	852

Variance from budget

OPERATING COSTS: Savings are due to corporate support costs, and less capital expenditure resulting in less capital finance charges.

CAPITAL COSTS: stormwater renewals are now being carried out in the 2007/08 year.

Performance for 2007

OUTCOME PROMOTED – A community that respects its environment

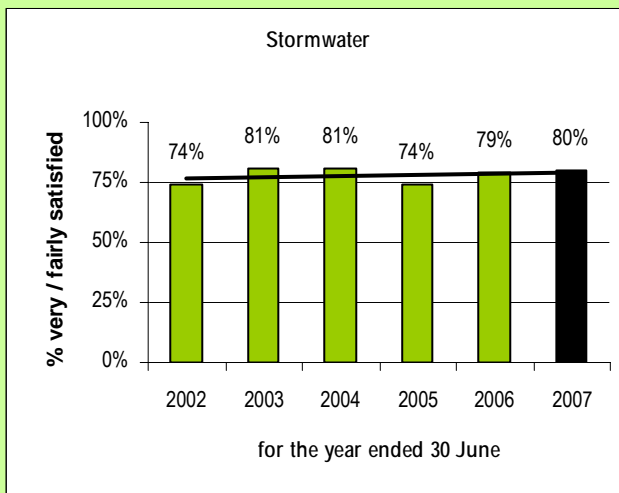
Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
Improved lake water quality	Provision of a stormwater network to minimise the impact on the environment.	<ul style="list-style-type: none"> • Environment Waikato • EBOP • Compliance reports 	Contribution to improved lake water quality by complying with discharge consents.	Achieved.

OUTCOME PROMOTED – A community with excellent facilities and services

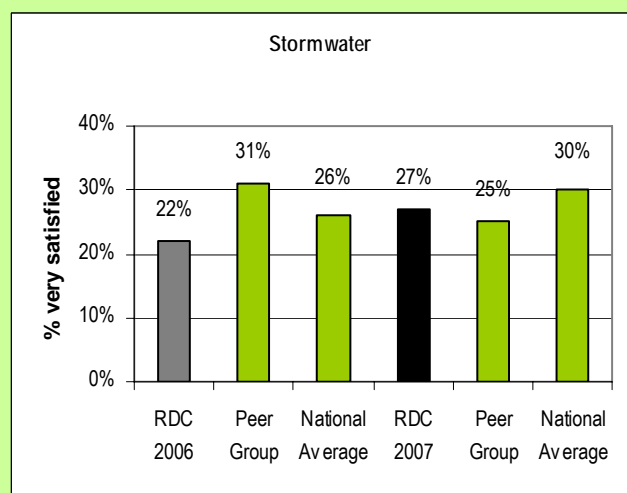
Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
Good quality infrastructure for future	To minimise the impact of flooding to property.	Annual flooding report.	No habitable building inundated in a 50 year return period event.	Achieved.

NRB Community Survey

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



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



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

Rotorua Regional Airport

Overall aim of the activity

To provide an Airport that optimises the social and economic benefits to the community shareholder.

This year's highlights and achievements included

- Northern starter runway extension completed in November 2006.
- New jet departure/arrivals lounge, which includes Customs and MAF areas, constructed.

Activity purpose – why we provide the service

The Council, representing the wider community, is taking a leadership role to develop and manage the Rotorua Regional Airport for the overall benefit of the Rotorua and wider Bay of Plenty catchment community.

Rotorua District Council owns the assets at the Rotorua Regional Airport, and leases them to an operating company Rotorua Regional Airport Ltd [RRAL] – a Council-Controlled Trading Organisation in accordance with the Local Government Act 2002.

This Activity Plan is focussed on the optimal management of the assets for the overall benefit of the community through their utilisation by the operating company.

The Activity Plan for the operating company [RRAL] is summarised in the Statement of Intent which is contained within the LTCCP documentation.

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

A prosperous community

- More employment opportunities.
- Encouraging growth.

A community with excellent facilities and services

- Good, safe, maintained services and roads.
- Great Airport.

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	141	97	65
Depreciation	1,041	557	259
Finance	1,429	1,260	1,072
Total Costs	2,612	1,914	1,396
REVENUE			
Fees and charges	1,255	1,429	1,075
Capital grants and contributions	0	3,500	0
Total Revenue	1,255	4,929	1,075
Net Cost of Service	1,357	(3,015)	321

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Southern Extension			
Level of Service Change	310	130	51
Security Fencing			
Level of Service Change	0	0	144
Strengthen Aprons			
Level of Service Change	0	0	1,029
New Aprons/Taxiway			
Level of Service Change	43	0	0
Runway			
Renewal	7	46	21
Other Improvements (Non Trans-Tasman)			
Level of Service Change	6	93	0
Wetlands Mitigation			
Level of Service Change	101	40	99
New Terminal Stage 1			
Level of Service Change	0	80	391
Secure Lounge Extension			
Level of Service Change	1,937	1,070	29
Road & Carpark			
Level of Service Change	249	49	1,340
Moving Leases			
Level of Service Change	0	80	0
Stat. Planning Trans Tasman Development			
Level of Service Change	418	120	187
Northern Starter			
Level of Service Change	1,350	2,000	879
Property Purchases			
Level of Service Change	0	400	358
Other Costs/Consultants			
Level of Service Change	1	0	0
Total Capital	4,421	4,108	4,528

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	1,357	(3,015)	321
Plus Capital Grants and Contributions	0	3,500	0
Net Cost of Service	1,357	485	321
Less Depreciation for Capital	(1,041)	(557)	(259)
Total Rates for/(from) Operations	315	(72)	62
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	1,041	557	259
Loans from/(to) Corporate Funds	3,373	51	4,269
Capital Grants	0	3,500	0
Asset sales	7	0	0
Total Capital	4,421	4,108	4,528

Variance from budget

OPERATING COSTS: Environment Bay of Plenty funding is now expected in 2007/08; while increases in capital finance charges, depreciation and asset disposals have impacted on the net cost of service.

CAPITAL COSTS: work on extensions to the terminal lounge and carpark, and statutory planning/hearings have resulted in increased costs..

Performance for 2007

OUTCOME PROMOTED – A community with excellent facilities and services

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> • Good, safe, maintained services and roads • A great airport 	Safe and efficient infrastructure supporting air transport	Annual Audit.	Infrastructure available 100% of the time subject to weather	Achieved.

Rural Fire

Overall aim of the activity

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

This year's highlights and achievements included

- Volunteer rural fire forces attended more than 20 incidents during the year.
- Volunteers from Lake Okareka and Castlecorp Response Unit spent several days at a non-permitted burn that got out of control at Ngakuru. This fire cost the landowner over \$40,000.

Activity purpose – why we provide the service

Council provides this service in order to meet legislative requirements under the Forest and Rural Fires Act and community expectations. The Rotorua District Council Rural Fire Authority covers over 120,000 hectares of rural land.

Rotorua District has established 3 Volunteer Rural Fire Forces that are located within rural communities in the District. These volunteer forces are well trained and resourced to enable them to effectively respond to and manage various fire and other emergency incidents that occur within their callout areas. Along with these community initiatives, RDC has a well trained and equipped first response unit, within its business unit, Castlecorp.

A large number of people volunteer their time to ensure that their community, and our district, remains "a safe and caring community".

The activity contributes towards sustainable development by promoting the following community outcome and sub-outcomes

Safe and caring community

- Safe homes and streets
- Organisations working together on agreed priorities
- Providing safe public places

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	192	116	124
Depreciation	37	33	40
Finance	2	3	2
Total Costs	231	152	166
REVENUE			
Subsidies and grants	30	5	24
Fees and charges	44	1	0
Total Revenue	74	6	24
Net Cost of Service	157	146	142

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Volunteer Rural Fire Forces (VRFF)			
Renewal	4	21	40
Total Capital	4	21	40

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Net Cost of Service	157	146	142
Less Depreciation for Capital	(37)	(33)	(40)
Total Rates for/(from) Operations	120	113	102
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	37	33	40
Loans from/(to) Corporate Funds	(33)	(12)	0
Total Capital	4	21	40

Performance for 2007

OUTCOME PROMOTED – A safe and caring community

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> • Safe homes and streets • Organisations working together on agreed priorities • Providing safe public places 	Protection for people, property and the environment from the hazards of fire	Updated and certified annual fire plan available.	Prevention suppression and control of fires in the rural area by updating annual fire plan by 1 October.	Achieved.

Transport

Overall aim of the activity

To plan, develop and maintain an integrated, safe, responsive and sustainable Land Transport Network in accordance with the principles of the Land Transport Management Act 2003.

This year's highlights and achievements included

- Completion of draft Travel Demand Management Study.
- Designation of urban roads.
- Completed seal extensions in Poutakataka Road, Parsons Road, Twist Road and Bryce Road.
- Completed upgrade of South Road in Mamaku from Railway to Tarena Street.
- Completed Major realignment and upgrade of Rerewhakaaitu Road from State Highway 38 to Brett Road.
- Completed upgrade of Mokoia Drive.
- Completed realignment of Tarawera Road and Okareka Loop Road where a number of accidents have occurred.
- Completed 67 kms of reseals.
- Completed footpaths in Parawai Road and Kaponga Road.

Activity purpose – why we provide the service

- Management of the transport network is undertaken as a statutory requirement of the Local Government and Land Transport Management Acts.
- The transport network also provides a corridor for the installation and management of utility services inclusive of telecommunications, power services, water sewerage and stormwater under a range of legislation covering utilities.
- The transport activity will not be inconsistent with the Regional Land Transport Strategy, the National Energy Efficiency and Conservation Strategy and the Road Safety Strategy 2010.
- There is also community and commercial expectation of a safe and efficient transport network for the transport of people, goods and services.
- This activity includes footpath and verge maintenance and construction in both the urban and rural areas along with the undertaking of non-subsidised transport 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 activity contributes towards sustainable development by promoting the following community outcomes and sub-outcomes

A safe and caring community

- Fewer road crashes

A community that respects its environment

- Look after our land, air and water resources

A prosperous community

- Encouraging growth
- More investment in our District

A community with excellent facilities and services

- Easy to get from place to place
- Good safe maintained services and roads

Cost of Service

Subsidised Roading

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	5,358	5,194	5,211
Depreciation	12	12	0
Finance	1	1	1
Total Costs	5,371	5,207	5,212
REVENUE			
Subsidies and grants	4,510	2,247	2,240
Fees and charges	16	3	23
Capital grants and contributions	116	2,338	1,731
Total Revenue	4,642	4,588	3,994
Net Cost of Service	729	619	1,218

Works General & Unsubsidised Roading

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	1,314	1,592	1,251
Depreciation	5,544	5,010	5,410
Finance	885	1,168	1,057
Total Costs	7,743	7,770	7,718
REVENUE			
Subsidies and grants	640	660	641
Fees and charges	24	5	0
Capital grants and contributions	419	3	141
Total Revenue	1,083	669	783
Net Cost of Service	6,660	7,102	6,935

Capital Expenditure

Subsidised Rooding

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Bus Shelter New			
Backlog	23	0	35
Cycleway Construction			
Backlog	22	20	10
Major Drainage Control			
Backlog	102	0	79
Minor Safety Projects			
Backlog	555	630	574
Preventative Maintenance			
Backlog	181	194	0
Project Investigation/Planning			
Provision for Growth	191	150	79
Seal Widening			
Backlog	496	540	293
Renewals	3,292	3,198	2,505
Total Capital	4,861	4,732	3,576

Works General & Unsubsidised Rooding

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Contributions to Development			
Provision for Growth	18	50	103
Footpath Renewals			
Renewal	125	124	95
Kerb & Channel Renewals			
Renewal	18	48	3
Land Acquisition			
Backlog	131	48	59
Maori Road & Unformed Road Lines			
Backlog	1	80	97
Minor Safety Improvements			
Backlog	62	30	30
Parks Rooding Renewals			
Renewal	63	35	106
Rural Seal Extensions			
Backlog	1,228	1,110	954
Rural Street Improvements			
Backlog	616	360	401
Security Lighting			
Backlog	295	0	18
Tyron Street Upgrade			
Backlog	0	0	57
Urban Street Improvements			
Backlog	579	480	276
Urban Streetlight Undergrounding			
Backlog	0	0	157
Total Capital	3,137	2,364	2,357

How we pay for this activity

Subsidised Rooding

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	729	619	1,218
Plus Capital Grants and Contributions	116	2,338	1,731
Net Cost of Service	845	2,958	2,949
Less Depreciation for Capital	(12)	(12)	0
Total Rates for/(from) Operations	833	2,945	2,949
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	12	12	0
Loans from/(to) Corporate Funds	4,733	2,381	1,845
Capital Grants	37	2,285	1,731
Development contributions	79	53	0
Total Capital	4,861	4,732	3,576

Works General & Unsubsidised Rooding

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	6,660	7,102	6,935
Plus Capital Grants and Contributions	419	3	141
Net Cost of Service	7,079	7,105	7,076
Less Depreciation for Capital	(5,544)	(5,010)	(5,410)
Add back half share rooding depreciation	2,426	2,497	2,445
Total Rates for/(from) Operations	3,961	4,592	4,111
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	5,544	5,010	5,410
Loans from/(to) Corporate Funds	(400)	(153)	(749)
Capital Grants	407	0	141
Development contributions	12	3	0
Rooding half depreciation funded by grants	(2,426)	(2,497)	(2,445)
Total Capital	3,137	2,364	2,357

Variance from budget

OPERATING COSTS: external funding for CBD security lighting was received.

CAPITAL COSTS: cost escalations brought on by the increasing cost of petroleum-based materials have resulted in over expenditure.

Performance for 2007

OUTCOME PROMOTED – A safe and caring community

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
Fewer road accidents	Provision of a transport network that meets nationally accepted safety standards.	<ul style="list-style-type: none"> A database of accident blackspots prioritised annually through the minor safety programme Triennial LTNZ audits. Scrim testing for skid resistance Geometric design standards. 	Contribute to fewer road crashes by: <ul style="list-style-type: none"> Annually re-assess accident blackspots and propose solutions for following year. Roads maintained to LTNZ standards. 95% of arterial network compliant. Design of all new works meet standard. 	Achieved. Achieved. Achieved – 97.2% Achieved.

OUTCOME PROMOTED – A community that respects its environment

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
Looking after our land, air and water resources	Minimise the impact of the transport network on the environment.	EBOP and EW show no non-compliance. Compliance reports.	<ul style="list-style-type: none"> Compliance with Air Discharge Standards. Compliance with water discharge consents. 	Achieved. Achieved.

OUTCOME PROMOTED – A community with excellent facilities and services

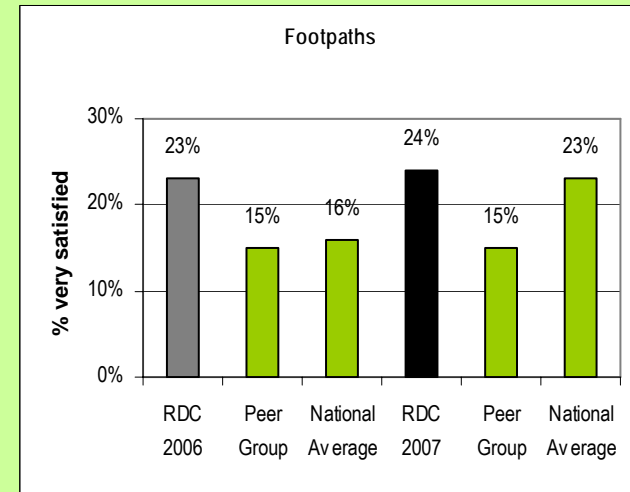
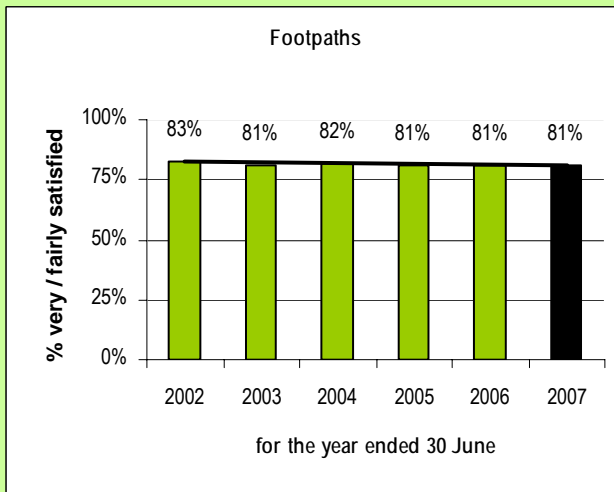
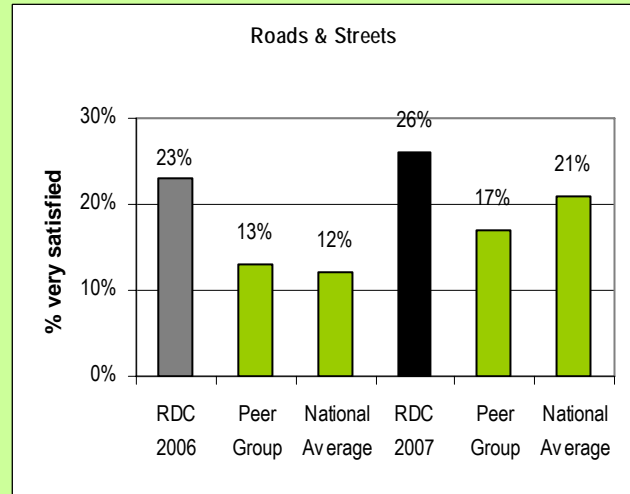
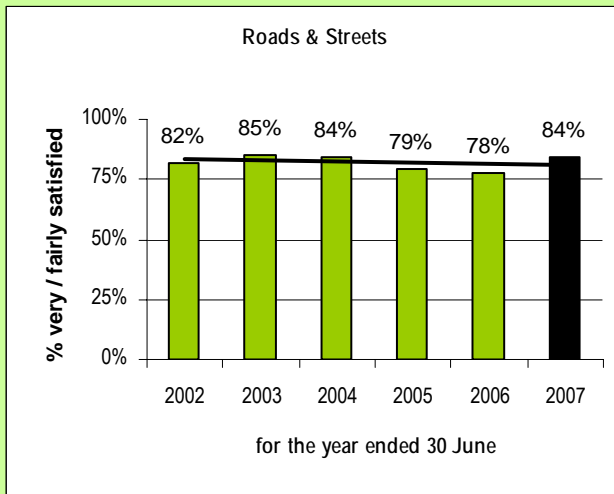
Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> Easy to get from place to place Good, safe, maintained services and roads 	Provision of maintenance of a transport network that is easy to get around and does not result in driver frustration	LOS D ¹ at peak times and LOS C ² at off-peak times. National benchmarking surveys.	Minimise travel delay and congestion by maintaining LOS for 95% of the network. Ride quality in top 50% of national benchmarking survey.	Achieved – approximately 98%. Compliant June 2006. (Survey for June 2007 not yet available).

¹ LOS D is close to the limit of stable flow and approaching unstable flow. All drivers are severely restricted in their freedom to select their desired speed and manoeuvre within the traffic stream. The general level of comfort and convenience is poor and small increases in traffic flow will generally cause operational problems. LOS D is acceptable for short periods of high demand, such a peak commuting periods but is unlikely to be acceptable for long periods.

² LOS C is in the zone of stable flow but most drivers are restricted to some extent in their freedom to select their desired speed and manoeuvre within the traffic stream. The general level of comfort and convenience declines noticeably at this level.

NRB Community Survey

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



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

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

Transport (Road Safety)

Overall aim of the activity

To reduce the incidence and severity of crashes in the District through advocacy, encouragement and providing education initiatives.

This year's highlights and achievements included

- Decreasing crash rate continuing over time (up to 30 June 2006).
- Increased budget for 2007/08 safety / sustainability programme developed and approved (130% increase).
- Large expansion of Ruben the Road Safety Bear (3000 children visited) in two languages.
- Cycling promotion, Council winning Bikeweek, Council bike pool set up.
- Travel planning programme commenced.
- Community accessible fund developed, expanded Drivewise committee role.

Activity purpose – why we provide the service

This activity is in response to community expectations and the need for Council to provide a leadership and co-ordination role. In addition to Council's own funds, the Crown provides funds for a number of Road Safety initiatives that can be brought to the District if Council acts in this role. This activity is split into two interrelated areas.

- 1) This activity provides for the delivery, co-ordination and facilitation of road safety programmes and initiatives.
 - Council has a District Road Safety Strategy. This outlines the key issues / problems in terms of road safety locally. This includes Central Government Agencies, Regional Authorities and Community Groups.
 - Council employs a fulltime Road Safety Co-ordinator to co-ordinate, facilitate and manage local efforts to address identified road safety issues / problems in the areas of education and encouragement. Additionally 30% of an officer's time is committed in a supervisory capacity.

Examples of programmes in operation are Safe with Age, Safe Cycling, Speed, Kidz "n" Cars and Walking School Bus.

- Council's Safety Management System (or SMS) is maintained within this activity. A SMS outlines the engineering focus on safety.
- Each year specific Land Transport resources for the District are agreed between Land Transport NZ; Police and Council. This activity area oversees and manages this delivery.

Council is committed to achieving the goals in the National 2010 Strategy and the District Strategy reflects this – incorporating the 3E's of Road Safety, (Education, Engineering and Enforcement), at a local level.

- 2) Council has a Cycleway Policy. This activity area acts as the "champion" for this document.

The Policy sets the framework for future cycling needs locally in terms of current national strategy, standards and encouragement initiatives.

The Cycling Policy has the intention of increasing the level of cycling through increased infrastructure, encouragement and better integration with other modes of transport including public transport.

It has direct links with the District Road Safety Strategy above and the Rotorua Transportation Plan (under development).

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

A safe and caring community

- Fewer road crashes
- Providing safe public places

A healthy community

- Improving health status
- Increasing recreational opportunities

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	196	151	167
Depreciation	0	1	0
Total Costs	196	152	167
REVENUE			
Subsidies and grants	71	70	98
Capital grants and contributions	49	0	0
Total Revenue	120	70	98
Net Cost of Service	76	82	69

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Other renewals	0	0	1
Total Capital	0	0	1

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	76	82	69
Plus Capital Grants and Contributions	49	0	0
Net Cost of Service	125	82	69
Less Depreciation for Capital	0	(1)	0
Total Rates for/(from) Operations	125	81	69
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	0	1	0
Loans from/(to) Corporate Funds	(49)	(1)	1
Capital Grants	49	0	0
Total Capital	0	0	1

Performance for 2007

OUTCOMES PROMOTED - A safe and caring community - A healthy community

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> Fewer road crashes. Providing safe public places. 	Develop, co-ordinate and facilitate Road Safety programmes.	Equal or lower crash rates of peer districts as shown in LTNZ annual reports.	Contribute to fewer road crashes by providing education programmes.	LTNZ data not available yet for 2006/07.
<ul style="list-style-type: none"> Improving health status Increasing recreational opportunities 	Plan & direct programmes and encourage walking and cycling and integration with other modes.	5 yearly counts at key sites as per strategy	Increased numbers walking and cycling compared with previous count.	On target. Updated count due in 2009.

Transport (State Highway Administration)

Overall aim of the activity

To plan, develop and maintain the district State Highway system as the asset manager in a way that contributes to an integrated, safe and responsive transport network.

This year's highlights and achievements included

- \$5 million maintenance programme delivered.
- Increased budget for 2007/08 maintenance programme developed and approved, to \$8.5 million.
- SH5 Rainbow Mountain realignment project completed (\$3 million).
- Advancement of SH36 projects including Mangorewa Gorge project and one lane bridges.
- Advancement of Fairy Springs 4 laning project to design.

Activity purpose – why we provide the service

The management and administration of the physical highway network within the district is undertaken by Council. This is a unique situation, normally this would be by Transit NZ, the crown highway agency. Council has been delegated the role of Asset Manager. This allows a co-ordinated overview of roading and transport modes to be undertaken. While still working within the national Transit NZ system for funding and policy, the delegation allows for the integration, development and promotion of Rotorua projects and maintenance needs across the road transport network.

This activity area provides both leadership and management capability for the Asset Manager role. Additionally the area provides a wider relationship for planning interaction both locally and regionally for different modes and the land transport network.

Much of the output of this function (highway asset management) is undertaken by external parties by way of professional services contracts with Council. Council receives an income stream for providing this service based on the value of all works expenditure.

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

A safe and caring community

- Fewer road crashes.

A community with excellent facilities and services

- Good safe maintained services and roads.
- Good quality infrastructure for future.

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	109	119	103
Depreciation	1	1	1
Total Costs	110	120	104
REVENUE			
Fees and charges	119	119	99
Total Revenue	119	119	99
Net Cost of Service	-9	1	5

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Other renewals	3	4	0
Total Capital	3	4	0

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	-9	1	5
Less Depreciation for Capital	-1	-1	-1
Total Rates for/(from) Operations	-10	0	4
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	1	1	1
Loans from/(to) Corporate Funds	2	3	-1
Total Capital	3	4	0

Performance for 2007				
OUTCOME PROMOTED – A safe and caring community				
Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
Fewer road crashes	Plan, develop and advocate for safer district SH network.	Fewer road crashes by:		
		A database of current crash black spots is maintained and prioritised annually for the minor safety works programme.	Identifying, prioritising and programming black spots rectification.	Achieved.
		Development and acceptance of a highway Annual Plan to Transit standard each year.	Maintaining roads to national standards.	Achieved.
		Scrim testing to ensure network meets national skid resistance level.	Ensuring good stopping distances.	Achieved.
		Design of new works in accordance with current geometric design standards.	Designing any new works for safety.	Achieved.
OUTCOME PROMOTED – A community with excellent facilities and services				
Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> • Good, safe maintained services and roads. • Good quality infrastructure for future. 	Manage and administer the district SH network.	Annual benchmarking (Transit NZ).	Advance and manage the network locally within the national/local policy framework of Transit NZ and Council.	Achieved.

Waste Management

Overall aim of the activity

To manage the collection, re-use and disposal of waste in an environmentally sustainable manner.

This year's highlights and achievements included

- Completion of new landfill cell.

Activity purpose – why we provide the service

The activity covers refuse collection, recycling, landfill and all aspects of waste management. The activity is undertaken to provide a District wide integrated approach to waste management, to protect public health and provide cost effective disposal facilities. There is also a public expectation that Council provide such services.

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

A community that respects its environment

- Waste reduction
- Looking after our air, land and water resource

A community with excellent facilities and services

- Good quality infrastructure for future

Cost of Service

Waste Management

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	1,081	1,088	1,075
Depreciation	23	21	18
Finance	7	10	4
Total Costs	1,111	1,119	1,097
REVENUE	0	0	0
Net Cost of Service	1,111	1,119	1,097

Landfill

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	1,403	1,279	1,412
Depreciation	729	651	665
Finance	47	28	5
Total Costs	2,179	1,957	2,082
REVENUE			
Subsidies and grants	0	0	20
Fees and charges	2,070	1,828	1,982
Capital grants and contributions	26	0	0
Total Revenue	2,096	1,828	2,002
Net Cost of Service	83	129	80

Refuse Collection

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	1,863	1,881	1,643
Total Costs	1,863	1,881	1,643
REVENUE			
Targeted rates	1,639	1,631	1,392
Investment income	15	3	14
Fees and charges	213	230	241
Total Revenue	1,867	1,864	1,647
Net Cost of Service	(4)	17	(4)

Capital Expenditure

Waste Management

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Rural Transfer Station Development Backlog	31	300	0
Total Capital	31	300	0

Landfill

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Landfill Capital Development Renewal	1,867	1,300	626
Other renewals	0	0	1
Total Capital	1,867	1,300	627

How we pay for this activity

Waste Management

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	1,111	1,119	1,097
Less Depreciation for Capital	(23)	(21)	(18)
Total Rates for/(from) Operations	1,088	1,098	1,079
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	23	21	18
Loans from/(to) Corporate Funds	8	279	(18)
Total Capital	31	300	0

Landfill

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	83	129	80
Plus Capital Grants and Contributions	26	0	0
Net Cost of Service	110	129	80
Less Depreciation for Capital	(729)	(651)	(665)
Total Rates for/(from) Operations	(619)	(521)	(585)
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	729	651	665
Loans from/(to) Corporate Funds	1,112	649	(38)
Capital Grants	26	0	0
Total Capital	1,867	1,300	627

Refuse Collection

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	(4)	17	(4)
Total Rates for/(from) Operations	(4)	17	(4)

Variance from budget

Landfill

CAPITAL COSTS: landfill capital development costs have increased due to source drainage materials from outside the district, and costs on emergency system.

Waste Management

CAPITAL COSTS: rural transfer station development will now be undertaken in 2007/08.

Performance for 2007

OUTCOME PROMOTED – A community that respects its environment

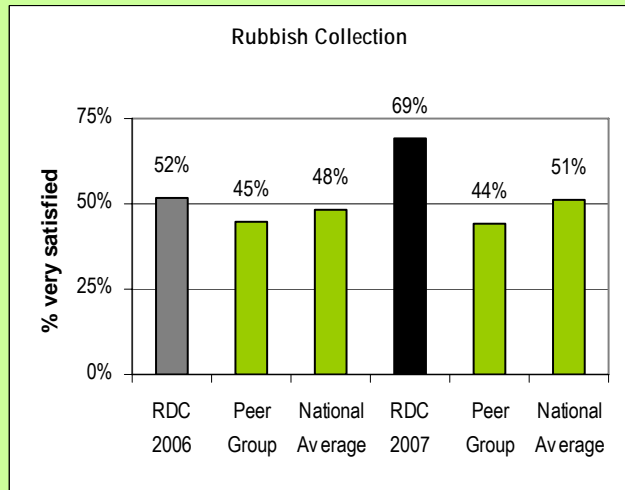
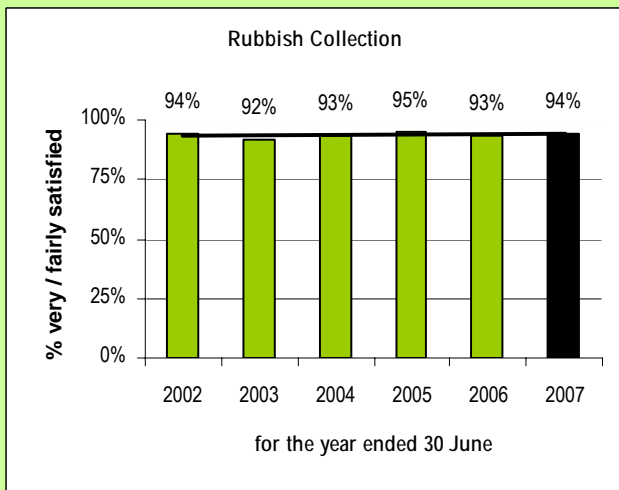
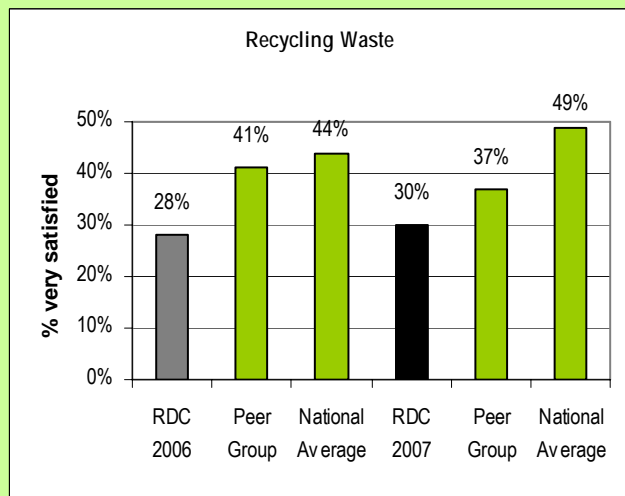
Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> Waste reduction Looking after our air, land and water resource 	Managing the collection, re-use and disposal of waste to always have landfill capacity available.	Annual waste statistics.	Decrease in landfilled waste.	Achieved.
		EBOP compliance reports.	Compliance with consent conditions.	Achieved.

OUTCOME PROMOTED – A community with excellent facilities and services

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
Good quality infrastructure for future	Provision of collection, disposal and recycling facilities.	Monthly capacity surveys.	Always have landfill capacity available.	Achieved. Approximately 2 years capacity available.
		Surveys.	95% of population within 13kms of recycling facilities.	Achieved – 96%.
		Contractor records.	To complete weekly refuse collection as scheduled.	Achieved.

NRB Community Survey

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

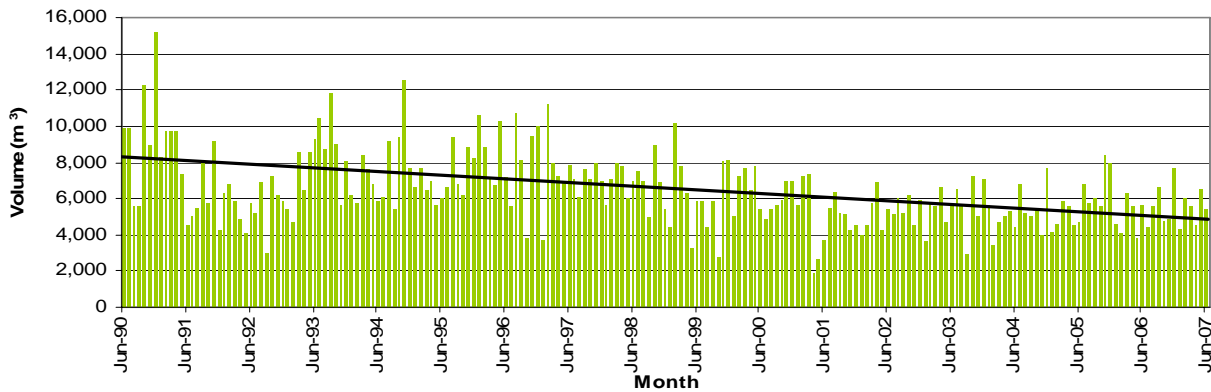


These graphs show the percentage of survey respondents that are very or fairly satisfied with this service over the last six years. There is a trend line which helps show the general direction of service satisfaction over time.

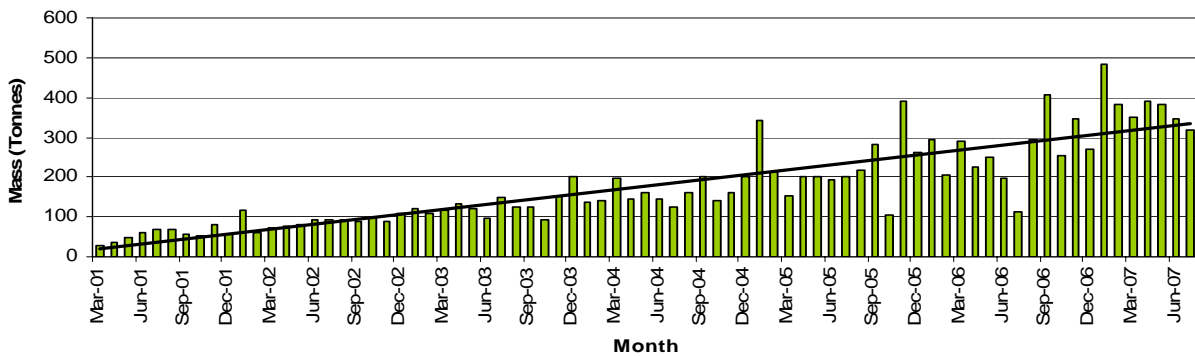
These graphs show the percentage of survey respondents that are "very" satisfied with these services over the last two years and compares it with our peer group and the national average.

Other Indicators

MONTHLY LANDFILL VOLUME TO JUNE 2007

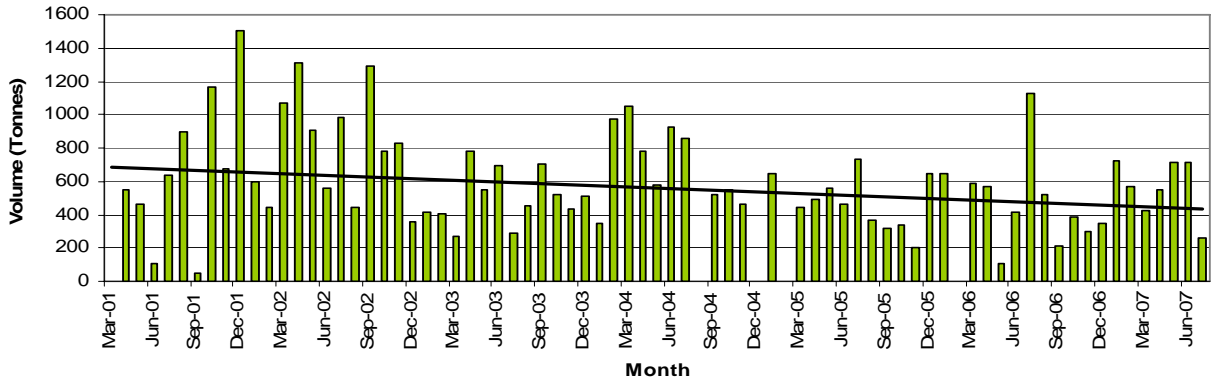


MONTHLY RECYCLING EXCLUDING CONCRETE AND GREENWASTE TO JUNE 2007



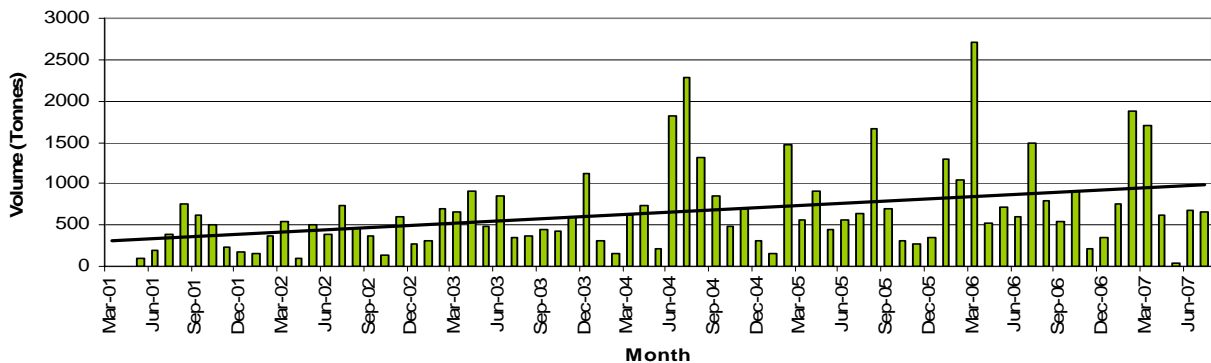
NOTE: Only volumes of product that have gone off the site for recycling/processing are shown on this graph.

MONTHLY GREENWASTE AND WOODWASTE RECYCLING TO JUNE 2007



NOTE: Only volumes of product that have gone off the site for recycling/processing are shown on this graph.

MONTHLY CONCRETE RECYCLING TO JUNE 2007



NOTE: Only volumes of product that have gone off the site for recycling/processing are shown on this graph.

WasteWater

Overall aim of the activity

To provide for existing and future generations an environmentally safe and efficient collection, treatment and disposal of water borne waste and by products in a sustainable operation to safe guard the environment and public health.

This year's highlights and achievements included

- 6.8 million cubic metres of sewage containing 1,000 tonnes of nitrogen and 150 tonnes of phosphorus was collected and treated.
- The resource consent target for sewage derived nutrients entering Lake Rotorua of less than 30 tonnes of nitrogen and 3 tonnes of phosphorus was achieved for the first time.
- Mourea and Okawa Bay communities were connected to the urban sewerage system, reducing the load of nutrients entering the Rotorua lakes.
- The number of sewerage pumping stations was increased from 54 to 67.
- Policy for the implementation, operation and maintenance of a low pressure grinder pump sewerage system was completed and adopted.

Activity purpose – why we provide the service

The services under the wastewater activity areas 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 provision of the service is covered by several Council policies.

Legislations such as the Local Government Act, Resource Management Act and Health Act also requires Council to provide this service.

Several plans and strategies are in place that reflects the long term programme for the provision of this service.

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

A community that respects its environment

- Looking after our air, land , water resources
- Improved lake water quality.

A healthy community

- Improving health status for all

A community with excellent facilities and services

- Good safe maintained services and roads
- Good quality infrastructure for the future

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	5,348	5,739	5,371
Depreciation	4,335	4,337	4,264
Finance	513	763	403
Total Costs	10,196	10,838	10,038
REVENUE			
Targeted rates	8,871	8,814	7,886
Investment income	251	0	81
Fees and charges	543	250	430
Capital grants and contributions	2,478	6,079	2,882
Total Revenue	12,143	15,144	11,280
Net Cost of Service	(1,947)	(4,306)	(1,242)

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Hamurana Sewerage			
Backlog/Growth	0	200	0
Hinehopu Sewerage			
Backlog/Growth	1	650	0
Okareka Sewerage			
Backlog/Growth	209	2,400	149
Capital Overheads			
Growth/Backlog	183	183	24
Septic Tank Reticulation			
Growth/Backlog	30	53	24
Sewer Renewals			
Renewal	316	2,062	252
Pump Stations Renewals			
Renewal	592	728	204
Treatment Plant Renewals			
Renewal	582	1,168	472
Land Treatment Renewals			
Renewal	141	207	151
Land Treatment Improvements			
Provision for Growth	0	100	0
Pump Station Capital Improvements			
Growth/Backlog	0	50	0
WWTP Upgrade			
Backlog/Growth	38	158	130
Reticulation Extension			
Growth/Backlog	61	218	23
Pipeline Reimbursement			
Renewal	0	0	(255)
Eastern Trunk Line			
Growth/Backlog	70	40	4,584
Share Wastewater Treatment Plant Upgrade			
Growth/Backlog	0	0	255
Brunswick/Rotokawa Sewerage			

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Growth/Backlog	1,050	6,063	223
Mourea Sewerage Backlog/Growth	77	0	462
Okawa Bay Sewerage Backlog	0	0	1
Okere Falls/Otaramarae Sewerage Backlog/Growth	82	100	31
Capital Overheads Growth/Backlog	396	396	535
Other renewals	18	14	7
Total Capital	3,846	14,790	7,271

Variance from budget

OPERATING COSTS: Funding from the Ministry of Health is now expected to be received in 2007/08.

CAPITAL COSTS: \$11 million of the capital projects will now be completed in 2007/08.

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	(1,947)	(4,306)	(1,242)
Plus Capital Grants and Contributions	2,478	6,079	2,882
Net Cost of Service	531	1,774	1,641
Less Depreciation for Capital	(4,335)	(4,337)	(4,264)
Total Rates for/(from) Operations	(3,804)	(2,563)	(2,623)
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	4,334	4,337	4,264
Loans from/(to) Corporate Funds	(3,295)	4,065	125
Capital Grants	2,401	6,011	2,882
Development contributions	77	68	0
Reserves net	329	308	0
Total Capital	3,846	14,790	7,271

Performance for 2007

OUTCOME PROMOTED – A healthy community

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
Improve health status for all.	Provision of an efficient collection treatment and disposal system for community wastewater from service areas.	Monitoring data	<ul style="list-style-type: none"> Continuous (24/7) operation of the wastewater service (flush and gone) Zero sewage overflows under normal operation conditions 	<p>Achieved.</p> <p>One overflow, but contained before escape into overflow bund.</p>

OUTCOME PROMOTED – A community that respects its environment

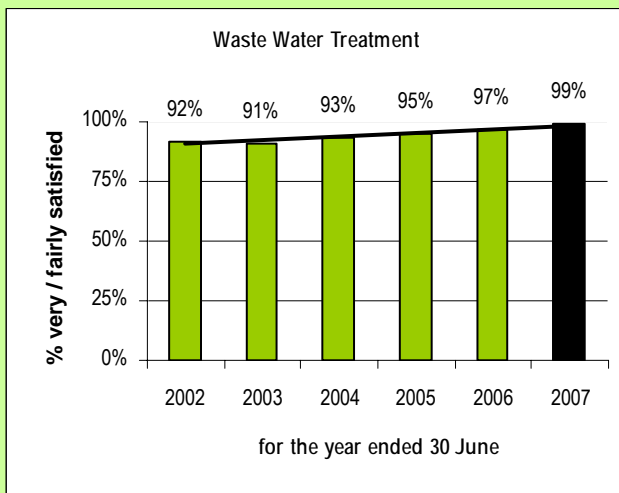
Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> Looking after our air, land and water resources. Improved Lake Water quality. 	Implementation and management of schemes to minimise impact on the environment.	Annual compliance report from Regional Council.	<ul style="list-style-type: none"> Compliance with air discharge requirement Compliance with water discharge standards 	<p>Achieved.</p> <p>Achieved.</p>

OUTCOME PROMOTED – A community with excellent facilities and services

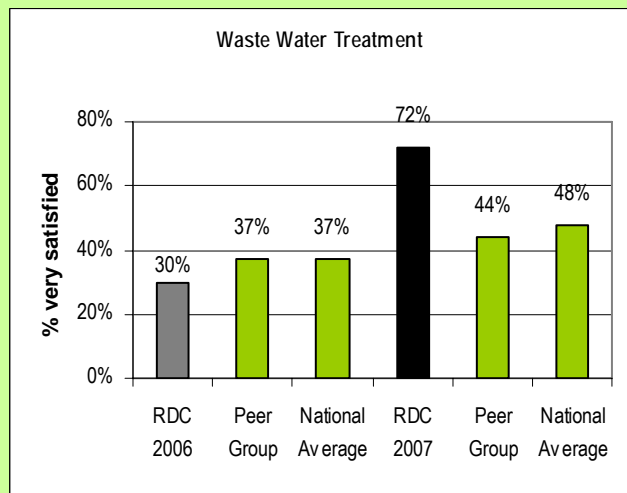
Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> • Good safe maintained services and roads • Good quality infrastructure for the future 	Planning provision and maintenance of appropriate network and treatment facilities.	Project and contract progress reports to Council regarding renewal and improvement programme	Continuous (24/7) operation of the wastewater services for existing and future generations (Flush and gone)	Achieved.

NRB Community Survey

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



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



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

Water

Overall aim of the activity

To provide in a cost-effective manner an adequate supply of water of sufficient quality to meet the needs of communities within the District.

This year's highlights and achievements included

- Rotorua Basin water supply strategy completed and adopted.
- Completed Public Health Risk Management Plans for Central, Eastern, Ngongotaha and Rotorua supplies.
- A sealant repair project was carried out on five concrete reservoirs.
- 8.1 kilometres of water pipelines were replaced.
- 13.9 million cubic metres of drinking water was supplied to 23,800 connections on the ten water supplies.

Activity purpose – why we provide the service

The Health Act 1956 (Section 23) requires Councils to improve, promote and protect public health. Whilst not expressly requiring Councils to provide a public water supply, the provision of a safe, potable water supply to dwellings contributes significantly towards this.

The community expectation is that Council will, in areas where it is cost-effective to do so, provide a supply of drinking water which is "safe." Council has the resources and knowledge to provide leadership in this area.

The commercial / industrial sector, including dairy farming, also expects Council in currently-served areas to ensure there is adequate water provided for these businesses to operate and develop.

Moreover, the community expects that Council will ensure, through strategies and sound planning, that these services will continue to be available to areas of the District in which growth and development is expected.

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

A healthy community

- Safe drinking water
- Healthy whanau, healthy communities

A community with excellent facilities and services

- Good quality infrastructure for the future
- Good, safe, maintained services and roads

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	3,645	3,858	3,304
Depreciation	2,396	1,986	2,118
Finance	98	223	112
Total Costs	6,139	6,067	5,534
REVENUE			
Targeted rates	5,416	5,474	5,008
Investment income	18	11	17
Fees and charges	27	22	30
Less internal water billing	(184)	(153)	(179)
Capital grants and contributions	185	640	0
Total Revenue	5,462	5,994	4,876
Net Cost of Service	677	73	658

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Urban Water			
Renewals	931	1,226	964
Capital Improvements			
Backlog/Growth	64	0	14
Reticulation Improvements			
Backlog/Growth	326	425	425
Backflow Preventors			
Backlog/Growth	0	634	0
Water Treatment			
Backlog/Growth	66	53	0
Source Development			
Provision for Growth	19	53	0
Reservoirs			
50% Growth/50% Backlog	0	634	0
Water Conservation			
Provision for Growth	0	0	0
Eastern Trunk Line			
Growth/Backlog	0	750	0
Mamaku Water			
Renewals	1	2	2
Capital Improvements			
Backlog/Growth	12	0	0
Rotoiti Water			
Renewals	1	29	23
Capital Improvements			
Backlog/Growth	0	0	1
Rotoma Water			
Renewals	0	1	3
Capital Improvements			
Backlog/Growth	0	0	1
Kaharoa Water			
Renewals	5	24	44
Capital Improvements			
Backlog/Growth	0	0	3

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Reporoa Water			
Renewals	9	208	8
Capital Improvements			
Backlog/Growth	102	987	90
Hamurana Water			
Renewals	0	1	1
Capital Improvements			
Backlog/Growth	0	0	2
Okareka Water			
Renewals	0	1	0
Total Capital	1,539	5,027	1,581

How we pay for this activity

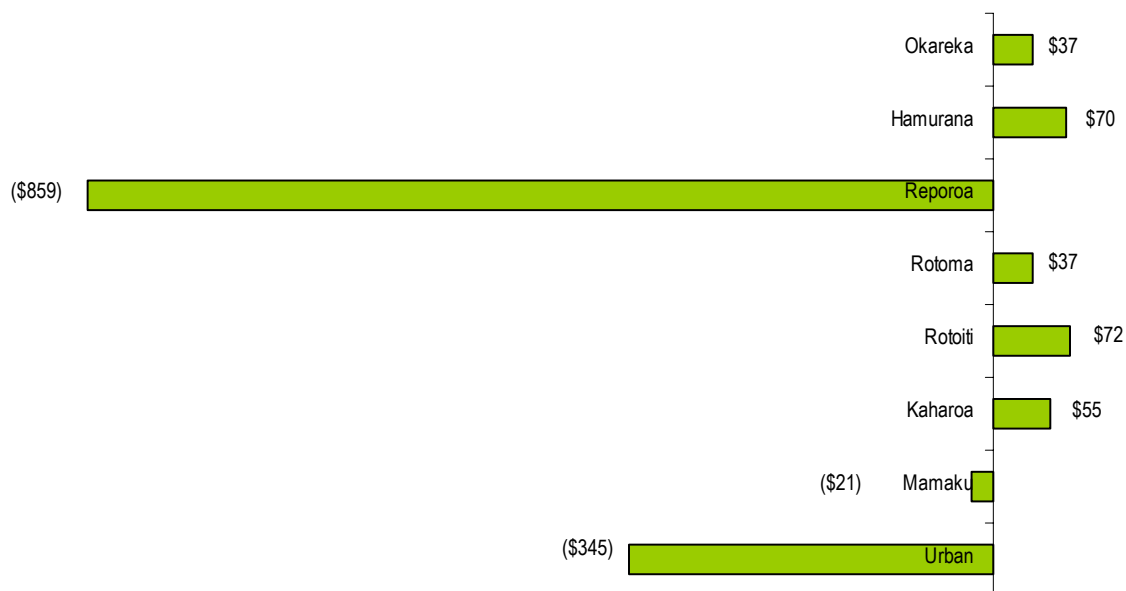
For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	677	73	658
Plus Capital Grants and Contributions	185	640	0
Net Cost of Service	862	713	658
Less Depreciation for Capital	(2,396)	(1,986)	(2,118)
Total Rates for/(from) Operations	(1,534)	(1,273)	(1,460)
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	2,388	1,986	2,118
Loans from/(to) Corporate Funds	(1,007)	2,401	(644)
Capital Grants	147	600	0
Development contributions	38	40	0
Reserves net	(38)	0	0
Asset sales	10	0	107
Total Capital	1,539	5,027	1,581

Variance from budget

OPERATING COSTS: Revenue from backflow replacements now expected 2007/08.

CAPITAL COSTS: Approximately \$3.4 million of capital projects are now scheduled to be completed in 2007/08.

WATER Self-Funding Account Balances As at 30 June 2007



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

Performance for 2007

OUTCOME PROMOTED – A healthy community

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> • Safe drinking water. • Healthy whanau, healthy communities. 	Provision of safe drinking water for the following water schemes: Central Urban Ngongotaha Rotokawa Mamaku Rotoiti Rotoma Kaharoa Reporoa/Mihi Hamurana Okareka	Sampling and laboratory testing records. WINZ database records.	100% compliance with the monitoring requirements of the current DWSNZ.	99% achieved. Minor technical departures from exact schedule.

OUTCOME PROMOTED – A community with excellent facilities and services

Sub outcomes (Key result areas)	Service provided	How We Will Measure	Target for 2006/07	Achievement as at 30.06.07
<ul style="list-style-type: none"> • Good quality infrastructure for the future • Good safe, maintained services and roads 	Provision of excellent water network and treatment facilities for the following water schemes:	Routine pressure flow tests. Hydraulic model analysis.	95% of connections will meet following:	
	Central Urban		Min 30 litres/ min minimum flow for domestic connections. Min 30 metres pressure head. Max 90 metres pressure head.	Achieved.
	Eastern Area		Min 1,500 litres/ day flow. Min 10 metres pressure head. Max 90 metres pressure head.	Achieved.
	Rotokawa		Min 5 metres pressure head. Max 90 metres pressure head.	Achieved.
	Mamaku		20 litres/min flow for domestic connections. Min 20 metres pressure head. Max 90 metres pressure head.	Achieved.
	Rotoiti		20 litres/min minimum flow for residential connections. Min 20 metres pressure head. Max 90 metres pressure head.	Achieved.

Performance for 2007

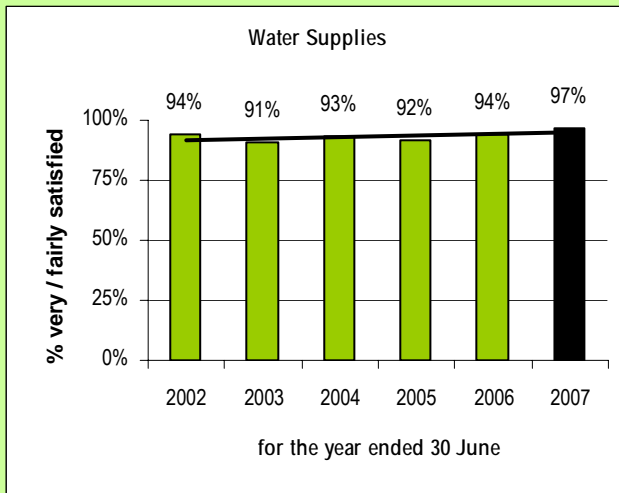
OUTCOME PROMOTED – A healthy community

Rotoma		20 litres/min flow for residential connections. Min 20 metres pressure head. Max 90 metres pressure head.	Achieved.
Kaharoa		450 litres/ha/ day flow for dairy. 250 litres/ha/ day for sheep/ beef. No minimum pressure. Max 90 metres pressure head.	Achieved.
Reporoa/Mihi		20 litres/min minimum flow for residential. 505 litres/ha/ day farming. 3600m ³ /day factory. Min 15 metres pressure head. Max 90 metres pressure head.	Achieved.
Hamurana		20 litres/min minimum flow for residential connections. Min 15 metres pressure head. Max 90 metres pressure head.	Achieved.
Okareka		20 litres/min minimum flow for residential connections. Min 20 metres pressure head. Max 90 metres pressure head.	Achieved.
To provide adequate fire fighting water supply to the following areas: Central Urban Mamaku	NZFS Code of Practice	95% of fire hydrants comply.	Achieved.

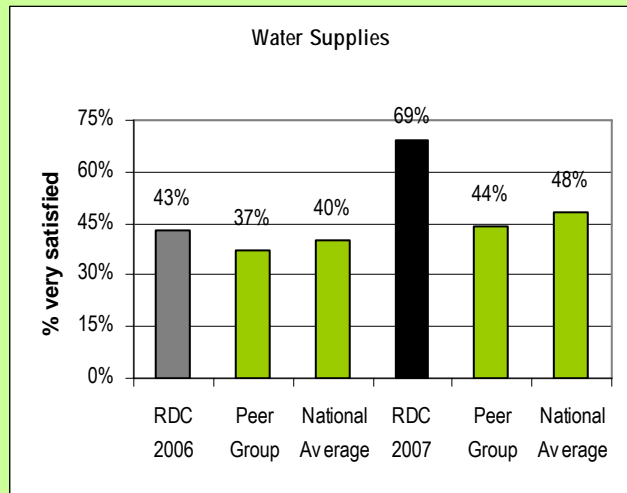
Note: Flow/pressure figures are at point of supply.

NRB Community Survey

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



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



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



Contribution to Outcomes

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

Overview of Group

Range of activity

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

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:

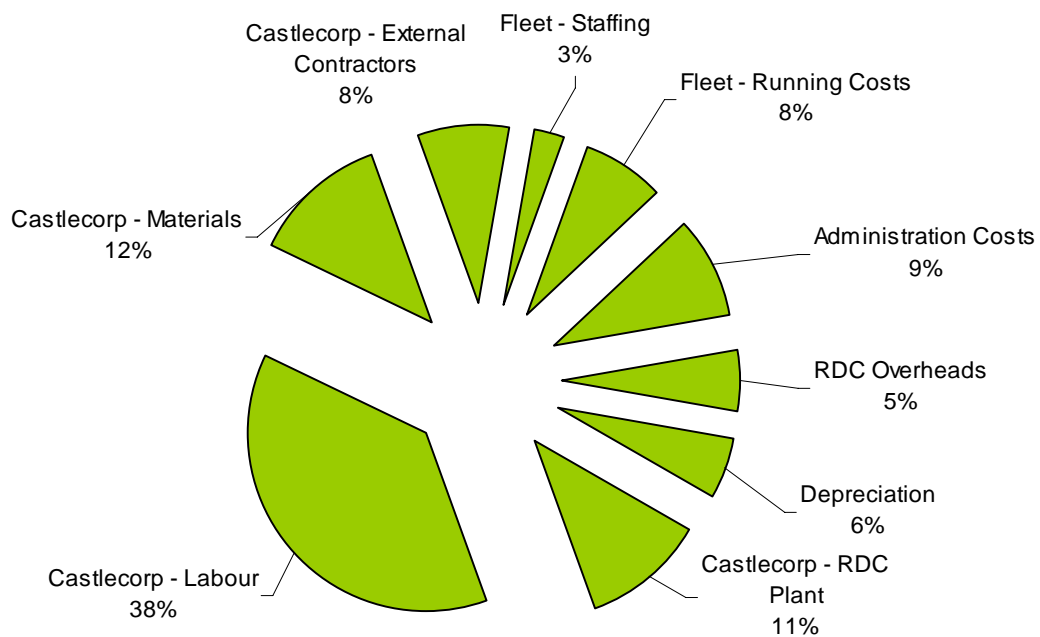
- a stylised mirror of a letter "R".
- cogs of a wheel in motion, representing the work ethic.
- fronds of a ponga, representing the environmental aspects of our role.
- turrets of a castle, linking the "keep" and "Castle" theme.

Potential Significant Negative Effects

Any significant effects will be identified in the activity area for which Castlecorp provides services

How the Money is Used

BUSINESS UNIT CASTLECORP Operating Expenditure (Before Internal Recoveries)



Leak detection equipment – noise loggers which detect water leaks at night time, a leak correlator which is used to pinpoint exact location of water leaks, and a ground microphone used to confirm size

Castlecorp Business Unit

Overall aim of the activity

Improving the quality of life for residents and visitors through the provision of quality services and the maintenance of essential infrastructure, through sound business practises based on continuous improvement that meet or exceed the quality and cost effectiveness of the private sector.

Castlecorp's purpose is to provide infrastructural services to the residents of the Rotorua District, therefore Castlecorp represents Council as the main service provider.

This year's highlights and achievements included

- **Environmental Strategies** – The development of a compliance role over the last year has increased the awareness of environmental responsibility and lead to initiatives such as on site recycling and environmental management plans for construction work.
- **Waka Pounamu** – An action plan for the reduction of fossil fuel use was adopted which included seven strategies to reduce fuel use and emissions. The purchase of two hybrid vehicles and the introduction of vehicle pooling initiatives are two strategies already proving successful.
- **Water Efficiencies** – A new staff member and the regular deployment of noise logging equipment has seen the locating and repair of water leaks throughout the district return to be the focus of a dedicated leak detection crew. Savings over the last nine months have exceeded the equivalent of \$80 000 per annum.
- **Marketing Successes** – A unique marketing opportunity was realised when Castlecorp's entry to the Wearable Creations and Colour Awards, Tiger Lilly, took out the First Prize for the Corporate Section and also Supreme Winner for the 2006 competition.
- **Process Review** – The continuous review of processes with a view to efficiency gains has seen the purchase of a smaller refuse compactor that better matches the vehicle to the work being carried out, while addressing the ever increasing level of refuse and litter collection.

Activity purpose – 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 that 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
- Cemetery maintenance and operation and management of crematorium
- Sportsfield and reserve maintenance
- Public Garden and horticultural maintenance
- Purchasing and maintenance of small plant and fleet vehicles

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

A safe and caring community

- Providing safe public spaces

A community that respects its environment

- Looking after our air, land and water resources
- Waste reduction

A community with excellent facilities and services

- Good quality infrastructure for future
- Good, safe, maintained services and roads

A happening community

- Lots of events including sporting, cultural, festivals, arts
- Leading edge activity events
- Provision of good quality event, conference and tourism facilities

Cost of Service

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATING COSTS			
Direct costs	(535)	(665)	(434)
Depreciation	699	790	713
Finance	17	22	21
Total Costs	181	147	300
REVENUE			
Fees and charges	346	147	282
Total Revenue	346	147	282
Net Cost of Service	(165)	0	18

Capital Expenditure

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
Fleet & Plant			
Renewal	1,113	1,169	758
Other renewals	51	72	17
Total Capital	1,164	1,241	775

How we pay for this activity

For the year ending 30 June: (thousands)	2007 Actual	2007 Budget	2006 Last Year
OPERATIONAL FUNDING			
Net Cost of Service	(165)	0	18
Less Depreciation for Capital	(699)	(790)	(713)
Total Rates for/(from) Operations	(863)	(791)	(695)
CAPITAL FUNDING			
Capital funded by:			
Rates funding (depreciation equivalent)	660	790	674
Loans from/(to) Corporate Funds	375	257	(122)
Asset sales	129	193	223
Total Capital	1,164	1,241	775



Tiger Lily – Castlecorp entry in 2006 Wearable Creations and Colour Awards
First Prize in Corporate Section
Overall Supreme Winner



Refuse truck purchased for the emptying of drums in reserves around the District and to supplement our existing two larger refuse compactors

ROTORUA REGIONAL AIRPORT LTD (RRAL) 2006/2007

Overview

The 2006/2007 financial year has been another successful financial year for RRAL. In August 2006 construction started on the new jet-aircraft terminal, including border agency offices and screening areas. In February 2007 the new secure departure lounge was opened.

All car parks and ring-road have been hot mix sealed, which will reduce the annual seal maintenance cost and leaves the car parks looking professional.

We have already experienced days when the car park has been full and we are currently looking at other options to accommodate the cars during peak periods.

The new northern runway extension was completed in December 2006. We have seen an increase in private jets arriving at the airport which has produced a demand for additional overnight parking. In the coming year the Board will address the issue of how to better utilise our existing aprons to cater for these new customers who are high end spenders in Rotorua during their stay.

RRAL and the Rotorua District Council have continued to make process towards changes to the Rotorua District Plan which are required to see the Airport progress. The proposed Plan Changes will enable an extension of the runway to the south to bring the Airport's operational capability into line with other New Zealand Regional Airports. The process continues with the Environment court to hear Appeals to our Plan Change, set to take place on the 12th of November 2007.

Passenger Movements

The 2006/07 financial year showed a 4.7% growth in arriving passengers and a 2.8% growth in departing passengers, with a combined overall 3.79% growth in total passenger movements.

The growth in passenger numbers has been helped by Air New Zealand's innovative "Grab a Seat" marketing campaign.

Financial

This was the second financial year under the new RRAL asset management structure. RRAL increased its Revenue by \$275,542 (10.74%) and paid a total of \$1.23 million in rent to the landlord, Rotorua District Council. This is a 20% increase on the previous year and equates to an additional \$211,626 for the financial year. The net surplus for the year increased to \$326,000.

The increase in revenue delivered a low 7% profit retention to the Company, however after adding back the increased rent paid to RDC, the overall retention is a very healthy 83.5%.

Management & Governance

No company governance changes have been made during the 2006/07 financial year, with the Board comprising Chairman Neil Oppatt, Bob Martin, Ray Cook, Bill Kingi and Mike McVicker.

2006/07 DRAFT Results

Statement of Financial Performance

For the year ended 30 June: (thousands)	2007	2006	2005
Revenue	2,842	2,636	2,128
Expenditure	2,516	2,338	2,631
Surplus	326	298	(503)
Taxation	0	0	0
Net surplus	326	298	(503)

Statement of Financial Position

For the year ended 30 June: (thousands)	2007	2006	2005
Current assets	1,873	1,446	4,352
Current liabilities	454	268	3,477
Working capital	1,419	1,177	875
Plant, property and equipment	304	230	239
	1,723	1,407	1,114
Financed by:			
Equity	1,723	1,407	1,114
Debt			
	1,723	1,407	1,114

Financial Forecasts & Performance Targets

Year ending 30 June: (thousands)	Budget 2007	Actual 2007
Total Revenue	2,709	2,842
Total Costs	2,430	2,516
Surplus/deficit before tax	279	326
Provision for tax	0	0
Surplus/deficit after tax	279	326
Total liabilities	280	454
Total assets	1,953	2,177
Total shareholders funds	1,674	1,723
Net profit after tax to average shareholders funds	18%	21%
Shareholders funds to total assets	0.85:1	0.79:1

Forecast to Actual variance

RRAL has performed remarkably well against budgets this financial year.

Conclusion

The 2006/2007 financial year was another successful year for RRAL, the company has been able to deliver to the Landlord significant rental income above expectation.

Construction is continuing on the extended secure arrivals terminal. The building has been designed to serve as an arrivals lounge for both Domestic and International Jet-aircraft. It is scheduled for completion in November 2007. The new building will allow the company to grow the number of international charter flights and develop scheduled trans-Tasman flights on completion of the proposed southern runway extension.

In September 2006, independent commissioners heard submissions regarding the proposal to extend the southern end of the runway. Their recommendations are now open to appeal and an environment court date to hear appeals has been set for November 2007. A final decision from the Environment Court is expected early in 2008. The southern runway extension will provide Rotorua Airport with similar operating capability to other regional airports and provide for full trans-Tasman services. The construction of the arrivals terminal is a huge step for the community and the Board wishes to thank the Rotorua District Council for this investment in the future of the Airport.

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

LOCAL AUTHORITY SHARED SERVICES LTD

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

In the year to June 2007, LASS has built an effective platform for the delivery of a range of shared service opportunities. LASS provides an effective structure that can promote such developments to the benefit of those councils that choose to be actively involved in a particular joint service. Each council

owns an equal number of shares in LASS and as such has an equal say in its development.

The shared valuation database service (SVDS) has been developed to enable the construction of a database service that is available online with updated valuation data. The short-term aim is to incorporate all property data for the whole of the Waikato region in this single database to enable competition and improvements in the VPS market.

The following performance measures were incorporated into the Statement of Intent for the 2005/06 financial year.


Performance Measure	Actual Outcome
Initial performance targets are shown as best estimates and will be fully reviewed year by year to ensure that the services offered continue to provide state-of-the-art, cost effective processes for shareholders.	The performance targets have been reviewed and changed in line with comments received from the shareholders and after debate by the directors. With the intent of keeping the LASS operational costs to a minimum, the new performance targets have been reduced in number and focus on financial management and customer satisfaction.
All shared services to be fully costed, including development costs, and recovered from revenue over a maximum of five years.	The full costs of SVDS have been determined. These include development costs of the initial application, data load processes and refinement of business processes. The medium to long-term operational costs have been determined based on the existing numbers of properties and confirmed contracts. Two of the SVDS shareholders are in the process of implementation. One new service (Waikato Regional Transport Model) WRTM has been accepted by the directors for implementation in the next financial year. The directors required a full business case to be presented for their endorsement prior to acceptance. All services are required to have business plans which must include a full cost breakdown of development and operational costs and identify how these costs are to be funded.
The company will enter into long-term contracts of at least three years with each participating party for any service development to ensure costs of development are spread equitably between the partners and over a realistic time frame.	Contracts are presently being negotiated between LASS and various service providers including Waikato Regional Council. Waikato Regional Council is currently providing company management and support services.
The participating parties will guarantee to provide capital and cash requirements of the organisation and provide guarantees to the company based on prevailing interest rates in the market to cover the cost of new service development	The cost of development of services has been financed by those councils that are participating in the services. The ongoing development of the SVDS is being financed by councils through a service levy. Expenditure in excess of budget in 2005/06 was funded by a loan at prevailing interest rates. In the 2006/07 financial year the SVDS ended the year under budget and the surplus cash will be used to partly repay the loan.
Positive cash flow will be maintained so that equity ratio is maintained at least 40 per cent.	Funding for the LASS is provided by Waikato Regional Council and Hamilton City Council. \$73,098 was realised in data sales for the year. The debt/equity ratio at 30 June 2007 is 16 per cent.
Customers will be surveyed annually to ensure that there is at least 90 per cent satisfaction with the services provided.	Sales contracts are in the final process of signing at the end of this financial year. No customer surveys were undertaken.

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.

Statement of Changes 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 Cashflows

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.

Notes to the Financial Statements

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



STATEMENT OF FINANCIAL PERFORMANCE

		Council 2007 Actual	Council 2007 Annual Plan	Council 2006 Actual	Group 2007 Actual	Group 2007 Annual Plan	Group 2006 Actual
	for the year ended 30 June: (thousands)						
Income							
Rates Revenue	Note 4	56,400	55,941	52,436	56,367	55,908	52,405
Other Revenue	Note 4	33,042	37,472	45,207	34,721	39,180	46,785
Other Gains / (Losses)	Note 4	635	-	6,391	321	-	6,097
Total Income	Note 3	90,077	93,413	104,034	91,409	95,088	105,287
Expenditure							
Employee Benefit Expenses	Note 5	27,676	27,411	25,273	27,676	27,411	25,273
Depreciation and Amortisation	Note 5	22,676	21,795	21,012	22,714	21,828	21,051
Other Expenses	Note 5	31,643	33,099	30,340	32,937	34,462	31,557
Finance Costs	Note 5	4,596	5,583	4,263	4,596	5,583	4,263
Total Expenditure	Note 3	86,591	87,888	80,888	87,923	89,284	82,144
Surplus before Taxation		3,486	5,525	23,146	3,486	5,804	23,143
Taxation	-	-	-	5	-	-	5
Net Surplus after Taxation		3,486	5,525	23,141	3,486	5,804	23,138

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June: (thousands)	Council 2007 Actual	Council 2007 Annual Plan	Council 2006 Actual	Group 2007 Actual	Group 2007 Annual Plan	Group 2006 Actual
Opening balance	736,261	730,781	713,101	736,254	730,781	713,097
<i>Property, Plant and Equipment</i>						
- Revaluations gains/(losses) taken to equity	24,649	-	-	24,649	-	-
<i>Financial Assets at Fair Value through Equity</i>						
- Valuations gains/(losses) taken to equity	24	-	19	24	-	19
<i>Other Movements</i>						
- Previous year's consolidation differences	-	-	-	7	-	-
Net income/(expense) recognised directly in equity	24,673	-	19	24,680	-	19
Surplus/(deficit) for the year	3,486	5,525	23,141	3,486	5,804	23,138
Total recognised income/(expense) for the year	28,159	5,525	23,160	28,166	5,804	23,157
Closing balance	764,420	736,306	736,261	764,420	736,585	736,254

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

STATEMENT OF FINANCIAL POSITION

		Council 2007 Actual	Council 2007 Annual Plan	Council 2006 Actual	Group 2007 Actual	Group 2007 Annual Plan	Group 2006 Actual
	as at 30 June: (thousands)						
Assets							
Current Assets							
Cash and Cash Equivalents	Note 7	2,978	1,964	6,756	4,605	3,225	7,738
Trade and Other Receivables	Note 8	10,886	11,085	13,354	11,130	11,548	13,709
Inventories	Note 9	1,182	1,125	1,238	1,182	1,125	1,238
Provision for Taxation		-	-	(5)	-	-	(5)
Non-Current Assets Held for Sale		-	85	60	-	85	60
Total Current Assets		15,046	14,259	21,403	16,917	15,983	22,740
Non-Current Assets							
Trade and Other Receivables	Note 8	29	-	40	29	-	40
Property, Plant and Equipment	Note 10	845,400	836,983	797,216	845,702	837,210	797,444
Intangible Assets	Note 11	1,729	2,693	1,181	1,731	2,695	1,183
Forestry Assets	Note 12	414	856	382	414	856	382
Other Financial Assets	Note 13	2,063	1,932	1,754	341	537	348
Total Non-Current Assets		849,635	842,464	800,573	848,217	841,298	799,397
Total Assets		864,681	856,723	821,976	865,134	857,281	822,137
Liabilities							
Current Liabilities							
Trade and Other Payables	Note 14	18,539	11,317	18,188	18,972	11,578	18,338
Provisions	Note 15	600	60	600	600	60	600
Employee Benefit Liabilities	Note 16	3,865	2,430	3,282	3,885	2,448	3,300
Borrowings	Note 17	23,217	9,007	15,400	23,217	9,007	15,400
Total Current Liabilities		46,221	22,814	37,470	46,674	23,093	37,638
Non-Current Liabilities							
Provisions	Note 15	1,673	540	1,764	1,673	540	1,764
Employee Benefit Liabilities	Note 16	732	970	839	732	970	839
Borrowings	Note 17	51,635	96,093	45,642	51,635	96,093	45,642
Total Non-Current Liabilities		54,040	97,603	48,245	54,040	97,603	48,245
Total Liabilities		100,261	120,417	85,715	100,714	120,696	85,883
Equity							
Retained Earnings	Note 18	771,895	420,327	756,001	771,895	420,606	755,994
Self-Funding Reserves	Note 18	(34,352)	(41,646)	(21,118)	(34,352)	(41,646)	(21,118)
Council Created Reserves	Note 18	182	48	27	182	48	27
Restricted Reserves	Note 18	1,890	76	1,216	1,890	76	1,216
Sinking Fund Reserves		-	-	3	-	-	3
Fair Value through Equity Reserve	Note 18	156	-	132	156	-	132
Asset Revaluation Reserve	Note 18	24,649	357,501	-	24,649	357,501	-
Total Equity		764,420	736,306	736,261	764,420	736,585	736,254

Mayor

Kevin Winters

Chief Executive

P. J. Green

Date 5 October 2007

Date 5 October 2007

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

STATEMENT OF CASHFLOWS

	Council 2007 Actual	Council 2007 Annual Plan	Council 2006 Actual	Group 2007 Actual	Group 2006 Actual
	for the year ended 30 June: (thousands)				
Cash Flows from Operating Activities					
Receipts from Rates Revenue	55,966	56,071	51,694	55,933	51,663
Interest Received	368	32	1,130	455	1,193
Dividends Received	1	-	17	1	17
Receipts from Other Revenue	35,563	34,819	34,086	37,313	35,594
Payments to Suppliers and Employees	(59,345)	(70,694)	(56,919)	(62,546)	(58,040)
Net Movement in Agencies	(431)	-	(717)	(431)	(717)
Interest Paid	(4,599)	(5,583)	(4,113)	(4,599)	(4,113)
Income Tax Paid	-	-	-	-	(29)
Goods and Services Tax (net)	(1,077)	-	2,222	1,075	68
Net Cash from Operating Activities	26,446	14,645	27,400	27,201	25,636
Cash Flows from Investing Activities					
Proceeds from Sale of Property, Plant and Equipment	617	363	782	620	205
Proceeds from Sale of Intangible Assets	50	-	-	50	-
Collection on Advances	20	686	146	20	146
Purchase of Property, Plant and Equipment	(43,845)	(58,274)	(40,395)	(43,956)	(40,395)
Purchase of Intangible Assets	(1,064)	-	(284)	(1,066)	(284)
Loan Advances Made	-	(21)	(43)	-	(43)
Net Movement Sinking Funds	-	(1,108)	(129)	-	(130)
Net Cash from Investing Activities	(44,222)	(58,354)	(39,923)	(44,332)	(40,501)
Cash Flows from Financing Activities					
Proceeds from Borrowings	15,188	53,242	38,080	15,188	38,080
Repayment of Borrowings	(10,400)	(10,409)	(24,425)	(10,400)	(25,061)
Change in Usage of Registered Security Stock Facility	9,210	-	(16,700)	9,210	(16,700)
Net Cash from Financing Activities	13,998	42,833	(3,045)	13,998	(3,681)
Net (decrease)/increase in Cash, Cash Equivalents and Bank overdraft	(3,778)	(876)	(15,568)	(3,133)	(18,546)
Cash, Cash Equivalents and Bank Overdrafts at the beginning of the year	6,756	2,840	22,324	7,738	26,284
Cash, Cash Equivalents and Bank Overdrafts at the end of the year	2,978	1,964	6,756	4,605	7,738

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

Note 1: Statement Of Accounting Policies

Reporting Entity

Rotorua District Council is a territorial local authority governed by the Local Government Act 2002.

The Rotorua District Council group (Group) consists of Rotorua District Council (Council) and its 100% owned subsidiary Rotorua Regional Airport Ltd (RRAL). The RRAL subsidiary is incorporated in New Zealand.

The primary objective of the Rotorua District Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, the Council has designated itself and the Group as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the Rotorua District Council group are for the year ended 30 June 2007. The financial statements were authorised for issue by Council on 5 October 2007.

Basis of preparation

The financial statements of the Rotorua District Council group have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

This is the first set of financial statements prepared using NZ IFRS and comparatives for the year ended 30 June 2006 have been restated to NZ IFRS accordingly. Reconciliations of equity and net surplus/(deficit) for the year ended 30 June 2006 under NZ IFRS to the balances reported in the 30 June 2006 financial statements are detailed in note 2.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS statement of financial position as at 1 July 2005 for the purposes of the transition to NZ IFRS.

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings,

infrastructural assets, collections, biological assets and financial instruments.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of Rotorua District Council group is New Zealand dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the statement of financial performance.

Standards and interpretation issued and not yet adopted
 There are no standards, interpretations, and amendments that have been issued, but are not yet effective, that Rotorua District Council group has not yet applied.

Subsidiaries

Rotorua District Council consolidates as subsidiaries in the group financial statements all entities where the Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where the Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the Council or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

Rotorua District Council measures the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, in exchange for control of the subsidiary plus any costs directly attributable to the business combination.

Any excess of the cost of the business combination over the Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If the Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the statement of financial performance.

Basis of consolidation

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income and expenses on a

line-by-line basis. All significant intragroup balances, transactions, income and expenses are eliminated on consolidation.

The Rotorua District Council's investment in its subsidiaries are carried at cost in the the Council's own "parent entity" financial statements.

Revenue

Revenue is measured at the fair value of consideration received.

Rates revenue

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

Other revenue

Water billing revenue is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Traffic and parking infringements are recognised when tickets are paid.

The Rotorua District Council receives government grants from Land Transport New Zealand, which subsidises part of Council's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Sales of goods are recognised when a product is sold to the customer. Sales are usually in cash / Eftpos or by credit card. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other expenses.

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in the Council are recognised as revenue when control over the asset is obtained.

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

Interest income is recognised using the effective interest method.

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

Development contributions are classified as part of "Other Revenue".

Borrowing costs

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

Grant expenditure

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

Discretionary grants are those grants where the Group has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Group's decision.

Income Tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantially enacted by balance date.

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

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

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

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantially enacted by balance date.

Current tax and deferred tax is charged or credited to the statement of financial performance, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

Leases

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, the Group recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Group will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Trade and other receivables

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

Loans, including loans to community organisations made by the Group at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the statement of financial performance as a grant.

A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Inventories

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost and current replacement cost.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the FIFO method.

The write down from cost to current replacement cost or net realisable value is recognised in the statement of financial performance.

Financial assets

The Group classifies its financial assets into the following four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and financial assets at fair value through equity. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the statement of financial performance.

Purchases and sales of investments are recognised on trade-date, the date on which the Rotorua District Council group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The four categories of financial assets are:

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this

category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values. Gains or losses on remeasurement are recognised in the statement of financial performance.

Currently, the Group does not hold any financial assets in this category.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the statement of financial performance. Loans and receivables are classified as "Trade and Other Receivables" in the statement of financial position.

Held to maturity investments

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the statement of financial performance.

Currently, the Group does not hold any financial assets in this category.

Financial assets at fair value through equity

Financial assets at fair value through equity are those that are designated as fair value through equity or are not classified in any of the other categories above.

This category encompasses:

- Investments that the Group intends to hold long-term but which may be realised before maturity; and
- Shareholdings that the Group holds for strategic purposes. The Council's investments in its subsidiary is not included in this category as they are held at cost (as allowed by NZ IAS 27 *Consolidated and Separate Financial Statements*) whereas this category is to be measured at fair value.

After initial recognition these investments are measured at their fair value.

Gains and losses are recognised directly in equity except for impairment losses, which are recognised in the statement of financial performance. In the event of impairment, any cumulative losses previously recognised in equity will be removed from equity and recognised in the statement of

financial performance irrespective that the asset has not been derecognised.

On derecognition the cumulative gain or loss previously recognised in equity is recognised in the statement of financial performance.

Impairment of financial assets

At each balance sheet date the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the statement of financial performance.

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the statement of financial performance.

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

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Property, plant and equipment

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Additions

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

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of financial performance. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent costs

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

Accounting for revaluations

The Group accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this result in a debit balance in the asset revaluation reserve, this balance is expensed in the statement of financial performance. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the statement of financial performance will be recognised first in the statement of financial performance up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Land and Buildings

Land and Buildings are recorded at fair value at highest and best use as at 1 July 2006. Quotable Value New Zealand Ltd has certified that these valuations are appropriate for financial reporting purposes. Asset additions since 1 July 2006 are valued at historic cost. The fair value of Land and Buildings is reviewed at three yearly intervals.

Infrastructural Assets

Infrastructural Assets (roading network, bridges, drains and sewerage reticulation systems) have been valued by Council's engineers at replacement cost. An estimate for accumulated depreciation has then been deducted to give a depreciated replacement value as at 1 July 2005. The water reticulation is recorded at fair value at highest and best use as at 1 July 2006.

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 has been certified as correct by Beca Valuation Services Ltd. All capital expenditure on these assets (except water reticulation) since 1 July 2005 have been capitalised at historic cost. Water reticulation capital expenditures have been capitalised at historic cost since 1 July 2006.

The value of all of Council's infrastructural assets will be revised at three yearly 'rolling' intervals.

Vested infrastructural assets

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.

Collections

The library collection was valued at estimated depreciated replacement cost as at 1 July 2005 as estimated by Council's library staff. The basis of these in-house valuations has been certified as correct by Beca Valuation Services Ltd. All library purchases since 1 July 2005 have been capitalised at

historical cost. The value of the library collection is revised at three yearly intervals.

The collections of the Rotorua Museum of Art & History are valued at 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.

Airport assets

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 1 July 2006 by Quotable Value New Zealand Ltd at fair value.

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

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
Bathhouse building	40
Buildings (other)	50
Plant and Equipment	10 to 15
Office Equipment	5
Furniture and Fittings	10 to 20
Computer Systems	3 to 5
Library Books (excl Reference)	2 to 15
Parking	10 to 50
Landfill Improvements	3 to 100
Wastewater Reticulation	
Man holes	110
Treatment Plant	10 to 100
Pump Stations	10 to 75
Pipes	100

Water Reticulation	Years
Pipes	50 to 90
Motors/Pumps	20 to 30
Reservoirs and other	
Water-Retaining Structures	50 to 100
Meters	15 to 100
Parks	
Street and Outdoor Furniture	15
Street Signals	15
Fencing and Related Structures	15
Playgrounds	25
Jetties and Related Structures	20
Irrigation Pipes and Sprinklers	6 to 50
Park roads, paths	20 to 100
Kerbs	100
Bridges	70 to 100
Top surface (seal)	1 to 15
Pavement (basecourse)	20 to 100
Drainage	100
Shoulders/Feathers	20 to 100
Culverts	100
Footpaths (concrete)	100
Footpaths (bitumen)	10 to 15
Stormwater systems	
Pipes	70 to 100
Manholes, Cesspits	70 to 100
Service connections and outlets	70 to 100
Airport	
Runway 150mm AC surface	10 to 15

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

Intangible assets

Software acquisition and development

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

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by the Group, are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Easements

Easements are recognised at cost, being the costs directly attributable in bringing the asset to its intended use. Easements have an indefinite useful life and are not amortised, but are instead tested for impairment annually.

Amortisation

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

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

Computer software 3-5 years 33-20%

Forestry assets

Forestry assets are independently revalued annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the statement of financial performance.

The costs to maintain the forestry assets are included in the statement of financial performance.

Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace it's remaining future economic benefits or service potential.

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

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the statement of financial performance.

For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of financial performance.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in statement of financial performance, a reversal of the impairment loss is also recognised in the statement of financial performance.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the statement of financial performance.

Employee benefits

Short-term benefits

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

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Group recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Group anticipates it will be used by staff to cover those future absences.

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term benefits

Long service leave and retirement leave

Entitlements that are payable beyond 12 months, such as long service leave 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 of 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 8% and an inflation factor of 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.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of financial performance as incurred.

Defined benefit schemes

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

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is

no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme. Further information on this scheme is disclosed in note 21.

Provisions

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

Provisions are not recognised for future operating losses.

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

Financial guarantee contracts

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

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received a provision is recognised based on the probability the Group will be required to reimburse a holder for a loss incurred, discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation, however if the Group assesses that it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Equity

Equity is the community's interest in the Rotorua District Council group and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Retained earnings
- Self-funding reserves
- Council created reserves

- Restricted reserves
- Sinking fund reserves
- Fair value through equity reserves
- Asset revaluation reserves

Restricted and Council created reserves

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

Restricted reserves are those subject to specific conditions accepted as binding by the Group and which may not be revised by the Group without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

The Group's objectives, policies and processes for managing capital are described in note 27.

Good and Service Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the Council at the beginning of the year in the annual plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Group for the preparation of the financial statements.

Cost allocation

The Rotorua District Council group has derived the cost of service for each significant activity of the Group using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which

cannot be identified in an economically feasible manner, with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

Critical accounting estimates and assumptions

In preparing these financial statements the Group has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Provisions

Note 15 discloses an analysis of the exposure of the Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision and the rates refund provision.

Infrastructural assets

There are a number of assumptions and estimates used when performing DRC valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- estimating any obsolescence or surplus capacity of an asset; and
- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or under estimating the annual depreciation charge recognised as an expense in the statement of financial performance. To minimise this risk the Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives the Council further assurance over its useful life estimates.

Experienced independent valuers certify the infrastructural asset revaluations performed by the Council's engineers.

Critical judgements in applying the Group's accounting policies

Management has exercised the following critical judgements in applying the Council's accounting policies for the period ended 30 June 2007:

Classification of property

The Council owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of discounted market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of

the Council's social housing policy. These properties are accounted for as property, plant and equipment.

The Council has land in its ownership which is classified as property, plant and equipment and currently leased for farm grazing. This land has been identified by the Council as a potential site for the development of a new cemetery. The final decision as to the suitability of the site as a cemetery is still dependent on the outcomes of community consultation and resource consent processes. If the site is not suitable for a cemetery, then the Council will reassess the best use of the land, which could include commercial leases or disposal.

Note 2: Explanation of transition to NZ IFRS

Rotorua District Council group's financial statements for the year ended 30 June 2007 are the first financial statements that comply with NZ IFRS. The Group has applied NZ IFRS 1 in preparing these financial statements.

Rotorua District Council group's transition date is 1 July 2005. The Group prepared its opening NZ IFRS balance sheet at that date. The reporting date of these financial statements is 30 June 2007. The Rotorua District Council group's NZ IFRS adoption date is 1 July 2006.

In preparing these consolidated financial statements in accordance with NZ IFRS 1, Rotorua District Council group has applied the mandatory exceptions and certain optional exemptions from full retrospective application of NZ IFRS.

Exemptions from full retrospective application elected by Rotorua District Council group

Rotorua District Council group has elected to apply the following optional exemptions from full application:

- a. Business combinations exemption
 Rotorua District Council has applied the business combinations exemption in NZ IFRS 1. It has not

restated business combinations that took place prior to the 1 July 2005 transition date.

- b. Deemed cost exemption
 Rotorua District Council has fully applied the deemed cost exemption for all of its Property, Plant and Equipment recorded at fair value as at transition date.
- c. Designation of financial assets and financial liabilities exemption
 Rotorua District Council group designated various securities as financial assets at fair value through equity at the date of transition to NZ IFRS.

Rotorua District Council group is required to make the following mandatory exception from retrospective application:

- a. Estimates exception
 Estimates under NZ IFRS at 1 July 2005 are consistent with estimates made for the same date under previous NZ GAAP.

Reconciliation of equity

The following tables show the changes in equity for the Council as well as the Group, resulting from the transition from previous NZ GAAP to NZ IFRS as at 1 July 2005 and 30 June 2006.

Reconciliation of Equity – Council

		Previous NZ GAAP 1 July 2005 \$000	Effect on transition to NZ IFRS 1 July 2005 \$000	NZ IFRS 1 July 2005 \$000	Previous NZ GAAP 30 June 2006 \$000	Effect on transition to NZ IFRS 30 June 2006 \$000	NZ IFRS 30 June 2006 \$000
Assets							
Current Assets							
Cash and Cash Equivalents	a	1,080	21,244	22,324	790	5,966	6,756
Trade and Other Receivables	b,c	11,885	(108)	11,777	13,182	172	13,354
Inventories		1,125	-	1,125	1,238	-	1,238
Other Financial Assets	a	21,244	(21,244)	-	5,966	(5,966)	-
Provision for Taxation		-	-	-	(5)	-	(5)
Capital Projects under Construction	d	15,591	(15,591)	-	27,266	(27,266)	-
Non-Current Assets Held for Sale	e	55	(55)	-	60	-	60
Total Current Assets		50,980	(15,754)	35,226	48,497	(27,094)	21,403
Non-Current Assets							
Trade and Other Receivables	b	-	62	62	-	40	40
Property, Plant and Equipment	d,e,f	580,397	14,684	595,081	770,099	27,117	797,216
Intangible Assets	f	-	1,754	1,754	-	1,181	1,181
Forestry Assets	g	-	350	350	-	382	382
Other Financial Assets	b,h	1,888	(575)	1,313	2,253	(499)	1,754
Deferred Taxation		-	-	-	-	-	-
Non-Current Assets Held for Sale	e	792	(792)	-	1,032	(1,032)	-
Total Non-Current Assets		583,077	15,483	598,560	773,384	27,189	800,573
Total Assets		634,057	(271)	633,786	821,881	95	821,976
Liabilities							
Current Liabilities							
Trade and Other Payables	i,j	16,989	1,921	18,910	16,102	2,086	18,188
Accruals	j	5,127	(5,127)	-	5,887	(5,887)	-
Provisions	c,j	-	60	60	-	600	600
Employee Benefit Liabilities	i,,j,k	-	2,979	2,979	-	3,282	3,282
Borrowings		29,416	-	29,416	15,400	-	15,400
Total Current Liabilities		51,532	(167)	51,365	37,389	81	37,470
Non-Current Liabilities							
Provisions	j,l	1,421	(625)	796	2,345	(581)	1,764
Employee Benefit Liabilities	l	-	881	881	-	839	839
Borrowings	m	36,051	-	36,051	47,022	(1,380)	45,642
Total Non-Current Liabilities		37,472	256	37,728	49,367	(1,122)	48,245
Total Liabilities		89,004	89	89,093	86,756	(1,041)	85,715
Equity							
Retained Earnings	b,g,k,m,n	375,596	181,982	557,578	404,134	351,867	756,001
Self-Funding Reserves		(15,728)	-	(15,728)	(21,118)	-	(21,118)
Council Created Reserves		46	-	46	27	-	27
Restricted Reserves		1,653	-	1,653	1,216	-	1,216
Sinking Fund Reserves		1,031	-	1,031	3	-	3
Fair Value through Equity Reserve	h	-	113	113	-	132	132
Asset Revaluation Reserve	n	182,455	(182,455)	-	350,863	(350,863)	-
Total Equity		545,053	(360)	544,693	735,125	1,136	736,261

Reconciliation of Equity - Group

	Note	Effect on			Effect on		
		Previous NZ GAAP 1 July 2005 \$000	transition to NZ IFRS 1 July 2005 \$000	NZ IFRS 1 July 2005 \$000	Previous NZ GAAP 30 June 2006 \$000	transition to NZ IFRS 30 June 2006 \$000	NZ IFRS 30 June 2006 \$000
Assets							
Current Assets							
Cash and Cash Equivalents	a	5,040	21,244	26,284	906	6,832	7,738
Trade and Other Receivables	b,c	11,304	(108)	11,196	13,537	172	13,709
Inventories		1,125	-	1,125	1,238	-	1,238
Other Financial Assets	a	21,244	(21,244)	-	6,832	(6,832)	-
Provision for Taxation		226	-	226	(5)	-	(5)
Capital Projects under Construction	d	15,591	(15,591)	-	27,266	(27,266)	-
Non-Current Assets Held for Sale	e	55	(55)	-	60	-	60
Total Current Assets		54,585	(15,754)	38,831	49,834	(27,094)	22,740
Non-Current Assets							
Trade and Other Receivables	b	-	62	62	-	40	40
Property, Plant and Equipment	d,e,f	580,630	14,681	595,311	770,329	27,115	797,444
Intangible Assets	f	-	1,757	1,757	-	1,183	1,183
Forestry Assets	g	-	350	350	-	382	382
Other Financial Assets	b,h	778	(575)	203	847	(499)	348
Deferred Taxation		6	-	6	-	-	-
Non-Current Assets Held for Sale	e	792	(792)	-	1,032	(1,032)	-
Total Non-Current Assets		582,206	15,483	597,689	772,208	27,189	799,397
Total Assets		636,791	(271)	636,520	822,042	95	822,137
Liabilities							
Current Liabilities							
Trade and Other Payables	i,j	17,716	3,914	21,630	16,083	2,255	18,338
Accruals	j	7,130	(7,130)	-	6,063	(6,063)	-
Provisions	c,j	-	60	60	-	600	600
Employee Benefit Liabilities	i,j,k	-	2,997	2,997	-	3,300	3,300
Borrowings		29,416	-	29,416	15,400	-	15,400
Total Current Liabilities		54,262	(159)	54,103	37,546	92	37,638
Non-Current Liabilities							
Provisions	j,l	1,421	(625)	796	2,345	(581)	1,764
Employee Benefit Liabilities	l	-	881	881	-	839	839
Borrowings	m	36,051	-	36,051	47,022	(1,380)	45,642
Total Non-Current Liabilities		37,472	256	37,728	49,367	(1,122)	48,245
Total Liabilities		91,734	97	91,831	86,913	(1,030)	85,883
Equity							
Retained Earnings	b,g,k,m,n	375,600	181,974	557,574	404,138	351,856	755,994
Self-Funding Reserves		(15,728)	-	(15,728)	(21,118)	-	(21,118)
Council Created Reserves		46	-	46	27	-	27
Restricted Reserves		1,653	-	1,653	1,216	-	1,216
Sinking Fund Reserves		1,031	-	1,031	3	-	3
Fair Value through Equity Reserve	h	-	113	113	-	132	132
Asset Revaluation Reserve	n	182,455	(182,455)	-	350,863	(350,863)	-
Total Equity		545,057	(368)	544,689	735,129	1,125	736,254

Explanatory notes – Reconciliation of Equity

a. Cash and Cash Equivalents

Those term deposits with maturities less than three months have been reclassified as cash and cash equivalents.

b. Community loans

Under previous NZ GAAP community suspensory loans issued had been valued at the original loan principal amount, less any loan repayments received and write-offs. NZ IAS 39 requires community suspensory loans to be initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. The effect of this has been a reduction in the suspensory loan receivable carrying value of \$734,000 as at transition date and \$669,000 as at 30 June 2006.

In addition, the non-current portion of the community loans has been reclassified from Other Financial Assets to Trade and Other Receivables.

c. Trade and Other Receivables

The 2006 provision for rate refunds is reclassified as Provisions.

d. Capital Projects under Construction

The Capital Projects under Construction have been reclassified as Property, Plant and Equipment.

e. Non-Current Assets Held for Sale

In accordance with NZ IFRS 5 and NZ IAS 16 the Non-Current Assets Held for Sale have been reclassified as Property, Plant and Equipment

f. Computer software

NZ IAS 38 requires a reclassification of computer software and databases from Property, Plant & Equipment to Intangible Assets.

g. Forestry Assets

The Forestry Assets were not recognised under previous NZ GAAP. NZ IAS 41 requires Rotorua District Council to recognise these biological assets amounting to \$350,000 as at transition date and \$382,000 as at 30 June 2006.

h. Other Financial Assets

The Council's investments in NZ Local Govt Insurance Corporation Ltd and Local Authority Shared Services Ltd were recognised at the lower of cost and net realisable value under previous NZ GAAP. The Council has designated these investments as fair value through equity under NZ IAS 39. The effect on transition to NZ IFRS is an increase in the carrying value of the investments and Fair Value through Equity Reserve of \$113,000 as at transition date and \$132,000 as at 30 June 2006.

i. Trade and Other Payables

The employee benefit related payables have been reclassified as Employee Benefit Liabilities.

j. Accruals

The accrual for employee entitlements has been reclassified as Employee Benefit Liabilities. The accruals for landfill aftercare costs and rates refund have been reclassified as Provisions. The remaining accruals are shown as part of Trade and Other Payables.

k. Sick leave

Sick leave was not recognised as a liability under previous NZ GAAP. NZ IAS 19 requires the Group to recognise employees unused sick leave entitlement that can be carried forward at balance date, to the extent that the Group anticipates it will be used by staff to cover future absences. The sick leave liability amounts to \$89,000 as at transition date (Group: \$97,000) and \$89,000 as at 30 June 2006 (Group: \$100,000).

l. Provisions

The Long term payroll provision for long service leave and retirement gratuities has been reclassified as Employee Benefit Liabilities.

m. Borrowings

Under previous NZ GAAP the borrowings had been valued at the original borrowing principal amount less any borrowing repayments. NZ IAS 39 requires the Group to initially recognise its borrowings at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. The effect of this has been a reduction in the suspensory loan payable carrying value of \$1,380,000 as at 30 June 2006.

n. Deemed cost

The Council has fully applied the deemed cost exemption for all of its Property, Plant transition date. This exemption allows the Council to measure an item of Property, Plant of Equipment at its fair value, and use that value as its deemed cost on transition to NZ IFRS. The effect of this change is to transfer revaluation reserves attributed to these items to retained earnings. There has been no adjustment to the carrying amount to these items in applying this exemption under NZ IFRS 1.

Reconciliation of surplus for the year ended 30 June 2006

	Note	Council			Group		
		Previous NZ GAAP 2006 \$000	Effect on transition to NZ IFRS 2006 \$000	NZ IFRS 2006 \$000	Previous NZ GAAP 2006 \$000	Effect on transition to NZ IFRS 2006 \$000	NZ IFRS 2006 \$000
Income							
Rates Revenue		52,436	-	52,436	52,405	-	52,405
Other Revenue	a	43,827	1,380	45,207	45,405	1,380	46,785
Other Gains / (Losses)	b	6,359	32	6,391	6,065	32	6,097
Total Income		102,622	1,412	104,034	103,875	1,412	105,287
Expenditure							
Employee Benefit Expenses	c	25,273	-	25,273	25,270	3	25,273
Depreciation and Amortisation		21,012	-	21,012	21,051	-	21,051
Other Expenses	d	30,405	(65)	30,340	31,622	(65)	31,557
Finance Costs		4,263	-	4,263	4,263	-	4,263
Total Expenditure		80,953	(65)	80,888	82,206	(62)	82,144
Surplus before Taxation		21,669	1,477	23,146	21,669	1,474	23,143
Taxation		5	-	5	5	-	5
Net Surplus after Taxation		21,664	1,477	23,141	21,664	1,474	23,138

Explanatory notes - Reconciliation of Surplus

a. Borrowings

Under previous NZ GAAP the Borrowings had been valued at the original borrowing principal amount less any borrowing repayments. NZ IAS 39 requires the Group to initially recognise its borrowings at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. The effect of this has been a reduction in the suspensory loan payable carrying value of \$1,380,000 which has been expensed for the year.

b. Forestry Assets

The Forestry Assets were not recognised under previous NZ GAAP. NZ IAS 41 requires the Council to recognise these biological assets and to record the change in fair value less estimated point of scale costs in the statement of financial performance.

c. Sick leave

Sick leave was not recognised as a liability under previous NZ GAAP. NZ IAS 19 requires the Group to recognise employees unused sick leave entitlement that can be carried forward at balance date, to the extent that the Group anticipates it will be used by staff to cover future absences. The change in this liability is recognised in the statement of financial performance.

d. Community loans

Under previous NZ GAAP community suspensory loans had been valued at the original loan principal amount, less any loan repayments made and write-offs. NZ IAS 39 requires community suspensory loans to be initially recognised at fair value and subsequently measured at amortised cost. The effect of this has been a reduction in the suspensory loan receivable carrying value which has been expensed for the year.

Statement of Cash Flows

On transition to NZ IFRS the Statement of Cash Flows for the year ended 30 June 2006 presents the short term deposits with maturities less than 3 months as part of Cash and Cash Equivalents. The purchase of software is separately shown as a purchase of Intangible Assets.

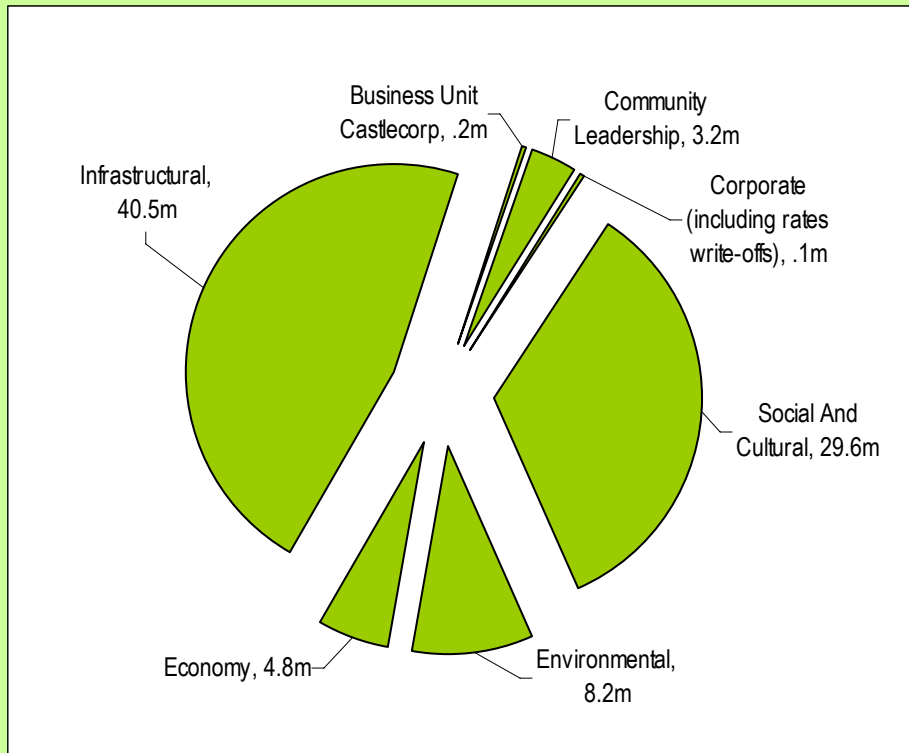
There have been no other material adjustments to the Statement of Cash Flows for the year ended 30 June 2006, on transition to NZ IFRS.

Note 3: Performance by Council Activity

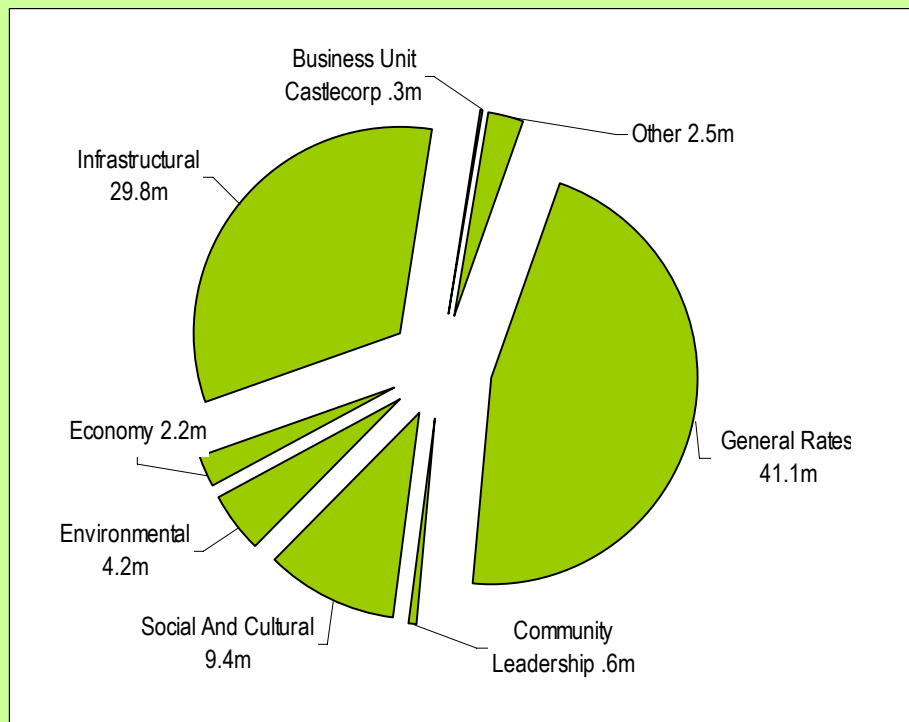
	Expenditure			Income			Net Cost Of Service		
	for the year ended 30 June:	2007	2007	2006	2007	2006	2007	2007	2006
	Actual	Annual Plan	Last Year	Actual	Annual Plan	Last Year	Actual	Annual Plan	Last Year
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Rates									
General Rates		-	-	41,867	40,952	39,091	(41,867)	(40,952)	(39,091)
Rate Write-offs	817	800	774				817	800	774
Internal Rates	(772)	(777)	(763)	(772)	(777)	(763)	-	-	-
	45	23	11	41,095	40,175	38,328	(41,050)	(40,152)	(38,317)
Community Leadership									
Democracy	1,652	1,848	2,472	31	20	32	1,621	1,828	2,440
Policy & Support Services	1,281	1,526	2,357	519	662	1,359	762	864	998
Kaupapa Maori	217	293	181	4	-	-	213	293	181
	3,150	3,667	5,010	554	682	1,391	2,596	2,985	3,619
Social And Cultural									
Aquatic Facilities	2,468	2,545	2,448	1,022	1,193	925	1,446	1,352	1,523
Cemeteries/Crematorium	337	347	297	217	173	177	120	174	120
Central Business District Operations	2,602	2,474	1,983	1,447	1,579	1,575	1,155	895	408
Civil Defence Emergency Management	280	323	274	14	21	18	266	302	256
Community Assistance	1,096	1,178	1,147	107	111	44	989	1,067	1,103
Community Halls	289	310	250	17	15	14	272	295	236
Community Policy & Resources	1,099	1,139	1,034	126	92	120	973	1,047	914
Event Venues	5,293	4,749	3,770	2,332	1,589	14,023	2,961	3,160	(10,253)
Pensioner Housing	912	894	812	742	606	1,892	170	288	(1,080)
Public Gardens/General Reserves	9,218	9,305	8,205	1,845	1,576	1,321	7,373	7,729	6,884
Public Library	3,316	3,569	3,279	431	409	329	2,885	3,160	2,950
Rotorua Museum of Art and History	2,736	2,751	2,572	1,111	1,059	1,314	1,625	1,692	1,258
	29,646	29,584	26,071	9,411	8,423	21,752	20,235	21,161	4,319
Environmental									
Animal Control	818	849	783	505	561	462	313	288	321
Building Control	1,921	1,884	1,603	1,456	1,424	1,208	465	460	395
Environmental Planning	3,290	3,918	2,939	347	337	767	2,943	3,581	2,172
Inspection	1,300	1,494	1,319	363	352	372	937	1,142	947
Parking Enforcement	909	928	811	1,508	1,428	1,365	(599)	(500)	(554)
	8,238	9,073	7,455	4,179	4,102	4,174	4,059	4,971	3,281
Economy									
Economic Development	999	1,118	870	251	201	142	748	917	728
Tourism Rotorua Marketing	2,193	2,523	2,073	448	731	555	1,745	1,792	1,518
Tourism Rotorua Travel & Information	1,594	1,640	1,437	1,513	1,340	1,463	81	300	(26)
	4,786	5,281	4,380	2,212	2,272	2,160	2,574	3,009	2,220
Infrastructural									
Engineering Support	373	297	266	775	603	728	(402)	(306)	(462)
Land Drainage	2,564	2,791	2,417	120	107	99	2,444	2,684	2,318
Landfill	2,179	1,957	2,082	2,096	1,828	2,002	83	129	80
Airport	2,612	1,914	1,396	1,255	4,929	1,075	1,357	(3,015)	321
Refuse Collection	1,863	1,881	1,643	1,867	1,864	1,647	(4)	17	(4)
Road Safety	196	152	167	120	70	98	76	82	69
Roading	13,115	12,978	12,930	5,725	5,256	4,777	7,390	7,722	8,153
Rural Fire	231	152	166	74	6	24	157	146	142
State Highway Administration	110	120	104	119	119	99	(9)	1	5
Waste Management	1,111	1,119	1,097	-	-	-	1,111	1,119	1,097
Waste Water	10,196	10,838	10,038	12,143	15,144	11,280	(1,947)	(4,306)	(1,242)
Water	6,139	6,067	5,534	5,462	5,994	4,876	677	73	658
	40,689	40,266	37,840	29,756	35,920	26,705	10,933	4,346	11,135
Business Unit Castlecorp									
Castlecorp	181	147	300	346	147	282	(165)	-	18
	181	147	300	346	147	282	(165)	-	18
Other									
Assets Vested in Council	-	-	-	1,872	1,692	4,333	(1,872)	(1,692)	(4,333)
Other Non Operational Income	-	-	-	306	-	4,583	(306)	-	(4,583)
Other Non Operational Expenditure	40	-	-	-	-	-	40	-	-
Reversal impairment loss on subsidiary RRAL	-	-	-	314	-	294	(314)	-	(294)
Increase fair value of forestry assets	-	-	-	32	-	32	(32)	-	(32)
Internal Profit within Costs	(184)	(153)	(179)	-	-	-	(184)	(153)	(179)
	(144)	(153)	(179)	2,524	1,692	9,242	(2,668)	(1,845)	(9,421)
Total Per Statement Financial Performance	86,591	87,888	80,888	90,077	93,413	104,034	(3,486)	(5,525)	(23,146)



**OPERATING EXPENDITURE BY SIGNIFICANT ACTIVITY
 FOR THE YEAR ENDED 30 JUNE 2007**



**OPERATING INCOME BY SIGNIFICANT ACTIVITY
 FOR THE YEAR ENDED 30 JUNE 2007**



Note 4: Income by Category

	Council 2007 \$000's	Council 2006 \$000's	Group 2007 \$000's	Group 2006 \$000's
Rates				
General Rates	41,867	39,470	41,867	39,470
Refuse Rates	1,639	1,392	1,639	1,392
Sewerage Rates	8,407	7,540	8,407	7,540
Water Rates (including water by meter)	5,415	5,008	5,415	5,008
Lakes Enhancement Rate	382	347	382	347
Eastern Sewerage Capital Rates	82	-	82	-
Less Rates Paid by Council / Group	(772)	(763)	(805)	(794)
Less Water by Meter Paid by Council	(184)	(179)	(184)	(179)
Less Rate Remissions	(436)	(379)	(436)	(379)
Total Rates	56,400	52,436	56,367	52,405
Other Revenue				
Airport			2,829	2,531
Assets recognised for first time	130	-	130	-
Dividend	1	17	1	17
Interest- Bank	364	1,079	451	1,142
Interest-Advances	1	1	1	1
Interest-Sinking Funds	-	44	-	44
Other Revenue	2,850	4,607	1,613	3,591
Subsidies & Grants	10,041	21,342	10,041	21,342
Development Contributions	270	-	270	-
Fees & Charges	4,937	4,650	4,937	4,650
Trading Revenue	14,448	13,467	14,448	13,467
Total Other Revenue	33,042	45,207	34,721	46,785
Other Gains				
Gain on changes in fair value of Forestry Assets (note 12)	32	32	32	32
Gain on disposal of Property, Plant and Equipment	102	102	102	102
Gain on changes in fair value of suspensory loans payable (notes 17 and 21)	187	1,380	187	1,380
Reversal impairment loss of Property, Plant and Equipment	-	4,583	-	4,583
Reversal impairment loss of Other Financial Assets	314	294	-	-
Total Other Gains	635	6,391	321	6,097
	90,077	104,034	91,409	105,287

Note 5: Expenditure by Category

	Council 2007 \$000's	Council 2006 \$000's	Group 2007 \$000's	Group 2006 \$000's
Employee Benefit Expenses				
Salaries and Wages	26,584	24,508	26,584	24,508
Severance Payments *	21	35	21	35
Employer contributions to multi-employer defined benefit plans	595	528	595	528
Increase/(decrease) in employee benefit liabilities	476	202	476	202
Total Employee Benefit Expenses	27,676	25,273	27,676	25,273
Depreciation and Amortisation				
Depreciation on Property, Plant and Equipment	20,694	19,465	20,730	19,499
Depreciation on Intangible Assets	584	657	586	658
Loss on disposal	1,398	890	1,398	894
Total Depreciation and Amortisation	22,676	21,012	22,714	21,051
Other Expenses				
Audit fees for Annual Audit	83	80	94	90
Audit fees for NZ IFRS transition	5	-	5	-
Audit fees for Other Services	13	46	13	46
Change in Rates Refund Provision	(45)	582	(45)	582
Councillor Remuneration (includes Mileage)	558	513	558	513
Directors' Fees	-	-	59	48
Donations, grants and contributions	1,185	1,089	1,185	1,089
Impairment of Trade and Other Receivables	179	(272)	199	(270)
Impairment of Property, Plant and Equipment	-	-	-	-
Insurance Premiums	835	833	920	893
Inventory	-	-	-	-
Other Expenditure	27,918	26,559	29,037	27,606
Research and Development	681	659	681	659
Rent & Leasing Costs	231	251	231	301
Total Other Expenses	31,643	30,340	32,937	31,557
Finance Costs				
Discount unwinding (note 15 Provisions)	32	20	32	20
Interest on borrowings	4,564	4,243	4,564	4,243
Total Finance Costs	4,596	4,263	4,596	4,263
	86,591	80,888	87,923	82,144

* Payments of \$1,000, \$7,000 and \$13,000 were made to three employees paid by the Rotorua District Council to 30 June 2007, per Section (1)(19), Schedule 10 of the Local Government Act 2002. (2006: payments of \$7,540 and \$27,610 to two employees).

Note 6: Taxation

	Council 2007 \$000's	Council 2006 \$000's	Group 2007 \$000's	Group 2006 \$000's
Components of Tax Expense				
Current Tax Expenses	-	5	-	5
Adjustments to current tax in prior year	-	-	-	-
Deferred tax expenses	-	-	-	-
Income Tax Expense	-	5	-	5
Relationship between tax and accounting profit				
Surplus/(deficit) before tax	3,486	23,146	3,486	23,143
Tax @ 33%	1,150	7,638	1,150	7,637
Non-deductible expenditure	(1,523)	(8,017)	(1,523)	(7,866)
Non-taxable income	-	-	-	-
Tax loss not recognised	373	384	373	384
Prior year adjustment	-	-	-	(150)
Tax Expense	-	5	-	5

A deferred tax asset has not been recognised in relation to deductible temporary differences of \$Nil

A deferred tax asset has not been recognised in relation to unused tax losses of \$830,998.

Imputation credits of \$42,525 are available to impute distributions from subsidiaries.

Note 7: Cash and Cash Equivalents

	Council 2007 \$000's	Council 2006 \$000's	Group 2007 \$000's	Group 2006 \$000's
Cash at bank and in hand	1,573	790	1,615	885
Short term deposits maturing three months or less from date of acquisition	1,405	5,966	2,990	6,853
Total cash and cash equivalents	2,978	6,756	4,605	7,738

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

The total value of cash and cash equivalents that can only be used for a specified purpose as outlined in the relevant trust deeds is \$Nil (2006 \$2,000). These relate to Sinking Funds.

Refer to note 13 for weighted average effective interest rate for cash and cash equivalents.

Cash and bank overdrafts include the following for the purposes of the cash flow statement:

Cash at bank and in hand	1,573	790	1,615	885
Short term bank deposits maturing within three months	1,405	5,966	2,990	6,853
Bank overdrafts	-	-	-	-
	2,978	6,756	4,605	7,738

Note 8: Trade and Other Receivables

	Council 2007 \$000's	Council 2006 \$000's	Group 2007 \$000's	Group 2006 \$000's
Rates receivables	2,518	2,084	2,518	2,084
Other receivables	7,953	10,474	8,174	10,766
Prepayments	451	320	460	375
Community Loans	41	61	41	61
GST Receivable	1,050	1,374	1,068	1,387
	12,013	14,313	12,261	14,673
Less: Provision for Impairment of Receivables	(1,098)	(919)	(1,102)	(924)
	10,915	13,394	11,159	13,749
Less non-current portion:				
Community Loans	29	40	29	40
Total non-current portion	29	40	29	40
Current portion	10,886	13,354	11,130	13,709

The carrying value of trade and other receivables approximates their fair value.

The face value of Community Loans is \$632,000 as at 30 June 2007 (\$730,000 as at 30 June 2006).

There is no concentration of credit risk with respect to receivables outside the group, as the group has a large number of customers.

As of 30 June 2007 and 2006, all overdue receivables have been assessed for impairment and appropriate provisions applied. Rotorua District Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired other than various powers under the Local Government (Rating) Act 2002 to recover any outstanding rates debts. Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place debts are discounted to the present value of future repayments if material.

These powers allow Rotorua District Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

The impairment provision has been calculated based on expected losses for Rotorua District Council's pool of debtors. Expected losses have been determined based on an analysis of Council's losses in previous periods, and review of specific debtors.

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

	Council 2007 \$000's	Council 2006 \$000's	Group 2007 \$000's	Group 2006 \$000's
At 1 July	(919)	(1,192)	(924)	(1,192)
Additional provisions made during the year	(1,046)	(625)	(1,045)	(630)
Receivables written off during period	867	898	867	898
At 30 June	(1,098)	(919)	(1,102)	(924)

Note 9: Inventories

	Council 2007 \$000's	Council 2006 \$000's	Group 2007 \$000's	Group 2006 \$000's
Inventories held for distribution or consumption in the provision of services	949	915	949	915
Inventories held for use in the production of goods and services on a commercial basis	233	323	233	323
Total Inventories	1,182	1,238	1,182	1,238
Water and sewerage reticulation spare parts	257	255	257	255
Street furniture	16	34	16	34
Nursery store	572	557	572	557
Vehicle workshop & fuel	46	36	46	36
Other inventories held for distribution	58	33	58	33
Museum retail stock	135	139	135	139
Solid waste refuse bags	38	121	38	121
Other commercial inventories	60	63	60	63
Total Inventories	1,182	1,238	1,182	1,238

The carrying amount of inventories held for distribution that are measured at current replacement cost as at 30 June 2007 amounted to \$Nil (2006 \$Nil).

The carrying amount of commercial inventories that are measured at net realisable value is \$Nil (2006 \$Nil).

The write-down of inventories held for distribution amounted to \$Nil (2006 \$Nil), while reversals of write-downs amounted to \$Nil (2006 \$Nil).

The write-down of commercial inventories amounted to \$Nil (2006 \$Nil), while reversals of write-downs also amounted to \$Nil (2006 \$Nil).

The carrying amount of inventories pledged as security for liabilities is \$Nil (2006 \$Nil).

Note 10: Property, Plant and Equipment

2007

Classification											Accumulated depreciation and		
	Cost / revaluation 1 July 2006 \$000's	impairment charges 1 July 2006 \$000's	Carrying amount 1 July 2006 \$000's	Current year additions \$000's	Current year disposals \$000's	Current year impairment charges \$000's	Current year depreciation \$000's	Revaluation surplus \$000's	Other movements \$000's	Cost / revaluation 30 June 2007 \$000's	impairment charges 30 June 2007 \$000's	Carrying amount 30 June 2007 \$000's	
Art Collections	5,726	(15)	5,711	4	-		(3)		-	5,730	(18)	5,712	
Bridges	13,136	(230)	12,906	-	-		(230)		1	13,137	(460)	12,677	
Buildings	80,991	(3,094)	77,897	28,984	(332)		(3,544)	7,309	1,678	115,607	(3,615)	111,992	
City Focus	230	(82)	148	-	-		(9)		1	230	(90)	140	
Computer Equipment	3,775	(2,706)	1,069	907	(86)		(637)		1	4,261	(3,007)	1,254	
Environmental	2	(1)	1	-	-				(1)	1	(1)	-	
Footpaths	25,080	(460)	24,620	1,136	(155)		(461)		(5)	26,053	(918)	25,135	
Furniture & Fittings	4,726	(3,934)	792	606	(25)		(163)		-	5,034	(3,824)	1,210	
General Works Assets	316	(142)	174	426	-		(47)		(1)	741	(189)	552	
Land	34,216	-	34,216	214	(105)			4,985	12	39,322		39,322	
Land Restricted	84,949	-	84,949	1,304	(4)			7,271	(400)	93,120		93,120	
Landfill	4,460	(1,185)	3,275	1,847	-		(714)		1	6,305	(1,896)	4,409	
Library Collection	2,954	(467)	2,487	486	(19)		(418)		-	3,384	(848)	2,536	
Motor Vehicles	6,935	(3,939)	2,996	1,116	(103)		(682)		(22)	7,470	(4,165)	3,305	
Office Equipment	1,899	(1,437)	462	92	(2)		(184)		-	1,773	(1,405)	368	
Parking Infrastructural Assets	934	(103)	831	60	-		(78)		1	994	(180)	814	
Parks, Roads, Paths, Playgrounds, Utilities	17,660	(881)	16,779	1,310	(9)		(886)		-	18,956	(1,762)	17,194	
Plant & Machinery	6,237	(3,768)	2,469	1,072	(55)		(433)		-	7,034	(3,981)	3,053	
Roading assets excluding Land	176,298	(4,005)	172,293	7,270	(452)		(4,002)		(81)	182,973	(7,945)	175,028	
Roads & Road Reserves Land	41,250	-	41,250	558	-				478	42,286		42,286	
Runway, Taxiway, Apron	8,764	(110)	8,654	3,308	-		(532)		(1)	12,072	(643)	11,429	
Stormwater Drainage	56,961	(1,021)	55,940	1,227	-		(1,025)		56	58,245	(2,047)	56,198	
Street Lighting, Signs, Signals	4,234	(394)	3,840	1,002	(40)		(278)		52	5,243	(667)	4,576	
Waste Management (Bin Sites)	656	(12)	644	-	-		(10)		1	655	(20)	635	
Wastewater Reticulation	112,011	(2,538)	109,473	1,464	(35)		(2,614)		(1)	113,435	(5,148)	108,287	
Wastewater Treatment Plant	40,050	(1,549)	38,501	703	(23)		(1,541)		4	40,727	(3,083)	37,644	
Waterworks Pipes, Meters	69,688	(2,125)	67,563	928	(139)		(2,203)	5,084	52	73,491	(2,206)	71,285	
Capital projects under construction	27,276		27,276	9,823	(20,329)				(1,531)	15,243	(4)	15,239	
Total Council's Property, Plant & Equipment	831,414	(34,198)	797,216	65,847	(21,913)	-	(20,694)	24,649	295	893,522	(48,122)	845,400	
RRAL's Property, Plant & Equipment													
Buildings Chattels	11	(2)	9	5			(1)			16	(3)	13	
Furniture and Fittings	80	(34)	46	39			(7)			119	(41)	78	
Plant and Equipment	258	(91)	167	62			(25)			320	(116)	204	
Computer Equipment	20	(14)	6	7	(3)		(3)			23	(16)	7	
Total RRAL's Property, Plant & Equipment	369	(141)	228	113	(3)	-	(36)	-	-	478	(176)	302	
Total Group Property, Plant & Equipment	831,783	(34,339)	797,444	65,960	(21,916)	-	(20,730)	24,649	295	894,000	(48,298)	845,702	
(as per Statement of Financial Position)													

2006

Classification	2006										2005		
	Cost / revaluation 1 July 2006 \$000's	Accumulated depreciation and impairment charges 1 July 2006 \$000's	Carrying amount 1 July 2006 \$000's	Current year additions \$000's	Current year disposals \$000's	Current year impairment charges \$000's	Current year depreciation \$000's	Revaluation surplus \$000's	Other movements \$000's	Cost / revaluation 30 June 2006 \$000's	Accumulated depreciation and impairment charges 30 June 2006 \$000's	Carrying amount 30 June 2006 \$000's	
Art Collections	5,720	(12)	5,708	6			(3)			5,726	(15)	5,711	
Bridges	13,795	(619)	13,176		(40)		(230)			13,136	(230)	12,906	
Buildings	78,129	(5,935)	72,194	8,515	(243)		(3,061)		492	80,991	(3,094)	77,897	
City Focus	499	(148)	351		(194)		(9)			230	(82)	148	
Computer Equipment	5,242	(4,132)	1,110	641	(9)		(673)			3,775	(2,706)	1,069	
Environmental	2	(1)	1		-					2	(1)	1	
Footpaths	25,147	(856)	24,291	740	(95)		(461)		145	25,080	(460)	24,620	
Furniture & Fittings	4,663	(3,787)	876	104	(1)		(187)			4,726	(3,934)	792	
General Works Assets	377	(124)	253	6	(116)		(28)		59	316	(142)	174	
Land	30,849	-	30,849	3,181	(426)				612	34,216	-	34,216	
Land Restricted	75,957	-	75,957	5,285	-				3,707	84,949	-	84,949	
Landfill	3,673	(1,552)	2,121	1,741	(22)		(635)		70	4,460	(1,185)	3,275	
Library Collection	3,949	(1,414)	2,535	496	(88)		(466)		10	2,954	(467)	2,487	
Motor Vehicles	7,019	(3,827)	3,192	781	(292)		(655)		(30)	6,935	(3,939)	2,996	
Office Equipment	1,673	(1,361)	312	296	-		(146)			1,899	(1,437)	462	
Parking Infrastructural Assets	3,067	(205)	2,862		(16)		(73)		(1,942)	934	(103)	831	
Parks, Roads, Paths, Playgrounds, Utilities	17,407	(2,034)	15,373	2,779	(603)		(881)		111	17,660	(881)	16,779	
Plant & Machinery	5,974	(3,650)	2,324	641	(71)		(378)		(47)	6,237	(3,768)	2,469	
Roading assets excluding Land	181,247	(8,410)	172,837	8,580	(6,060)		(4,005)		941	176,298	(4,005)	172,293	
Roads & Road Reserves Land	40,497	-	40,497		-				753	41,250	-	41,250	
Runway, Taxiway, Apron	8,149	-	8,149		(1)		(110)		616	8,764	(110)	8,654	
Stormwater Drainage	67,055	(3,245)	63,810	12,734	(18,109)		(1,014)		(1,481)	56,961	(1,021)	55,940	
Street Lighting, Signs, Signals	5,558	(841)	4,717	536	(1,172)		(241)			4,234	(394)	3,840	
Waste Management (Bin Sites)	726	(19)	707		-		(10)		(53)	656	(12)	644	
Wastewater Reticulation	104,748	(4,411)	100,337	11,218	(2,400)		(2,534)		2,852	112,011	(2,538)	109,473	
Wastewater Treatment Plant	43,414	(3,250)	40,164	909	(1,110)		(1,538)		76	40,050	(1,549)	38,501	
Waterworks Pipes, Meters	66,891	(3,696)	63,195	17,405	(13,624)		(2,127)		2,714	69,688	(2,125)	67,563	
Capital projects under construction	15,591		15,591	22,519	(1,229)				(9,605)	27,276	-	27,276	
Total Council's Property, Plant & Equipment	817,018	(53,529)	763,489	99,113	(45,921)	-	(19,465)	-	-	831,414	(34,198)	797,216	
RRAL's Property, Plant & Equipment													
Buildings Chattels	10	(1)	9	1	-	-	(1)	-	-	11	(2)	9	
Furniture and Fittings	84	(31)	53	-	(1)	-	(6)	-	-	80	(34)	46	
Plant and Equipment	233	(72)	161	31	(3)	-	(22)	-	-	258	(91)	167	
Computer Equipment	23	(16)	7	5	(1)		(5)			20	(14)	6	
Total RRAL's Property, Plant & Equipment	350	(120)	230	37	(5)	-	(34)	-	-	369	(141)	228	
Total Group Property, Plant & Equipment (as per Statement of Financial Position)	817,368	(53,649)	763,719	99,150	(45,926)	-	(19,499)	-	-	831,783	(34,339)	797,444	

Note 11: Intangible Fixed Assets

	Council Computer Software 2007 \$000's	Council Computer Software 2006 \$000's	Group Computer Software 2007 \$000's	Group Computer Software 2006 \$000's
Balance at 1 July				
Cost	4,074	4,801	4,083	4,812
Accumulated amortisation and impairment	(2,893)	(3,047)	(2,900)	(3,055)
Opening carrying amount	1,181	1,754	1,183	1,757
Year ended 30 June				
Additions	1,064	209	1,066	210
Disposals	(50)	(108)	(50)	(108)
Amortisation charge	(584)	(657)	(586)	(658)
Other movements	118	(17)	118	(18)
Closing carrying amount	1,729	1,181	1,731	1,183
Balance at 30 June				
Cost	5,205	4,074	5,213	4,083
Accumulated amortisation and impairment	(3,476)	(2,893)	(3,482)	(2,900)
Closing carrying amount	1,729	1,181	1,731	1,183

Easements

The Rotorua District Council owns numerous easements which gives the Council the right to access private property where infrastructural assets are located. However the cost of providing information about the value of the easements outweighs the benefits and therefore the value has not been calculated nor disclosed.

Note 12: Forestry Assets

	Council 2007 \$000's	Council 2006 \$000's	Group 2007 \$000's	Group 2006 \$000's
Balance at 1 July	382	350	382	350
Increases due to purchases	-	-	-	-
Gains/(losses) arising from changes in fair value less estimated point of sale costs	32	32	32	32
Decreases due to sales	-	-	-	-
Decreases due to harvest	-	-	-	-
Balance at 30 June	414	382	414	382

The Council owns two stands located on the Tutukau Road and behind the Rotorua Landfill. The area of the stand on Tutukau Road measures 10 hectares of Pinus Radiata forest with a maturity of 7 years. The area of the stand behind the Rotorua Landfill measures 14 hectares of Pinus Radiata forest with a maturity of 24 years.

Independent registered valuers Hammond Resource Management Ltd have valued forestry assets as at 30 June 2007. A pretax discount rate of 8% has been used in discounting the present value of expected cash flows.

Financial risk management strategies

Rotorua District Council is exposed to financial risks arising from changes in timber prices. The Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future. Therefore, no measures have been taken to manage the risk of a decline in timber prices. The Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

Tokorangi Forest (Redwood Forest)

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

The Crown retains ownership of the land on which the forest grows, and may terminate the licence if there is a decision made by the Waitangi Tribunal to return land to the successful claimant.

On this basis the Tokorangi Forest is valued at \$Nil (2006: \$Nil).

Note 13: Other Financial Assets

				Council 2007 \$000's	Council 2006 \$000's	Group 2007 \$000's	Group 2006 \$000's
Current portion				-	-	-	-
Non-current portion							
	% Holding	Shares Held	Land of incorporation				
<i>Investments carried at fair value through equity</i>							
Unlisted shares NZ Local Govt Insurance Corporation Ltd	1.4	87,953	New Zealand	244	220	244	220
Unlisted shares Local Authority Shared Services Ltd	7.7	1	New Zealand	97	128	97	128
<i>Investments carried at cost less impairment losses</i>							
Unlisted shares Rotorua Regional Airport Limited	100	1,000	New Zealand	1,722	1,406	-	-
Total non-current portion				2,063	1,754	341	348
Total Other Financial Assets				2,063	1,754	341	348

Unlisted shares - valuation

The fair value of the unlisted shares of NZ Local Government Insurance Corporation Ltd and of Local Authority Shared Services Ltd (LASS) has been approximated by using the net asset backing method. The LASS share investment comprises:

- 1 ordinary share
- 126,703 SVDS shares
- 7,516 WRAP service shares, which are uncalled as at balance date.

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

Investments carried at cost less impairment losses

The cost price of the share investment in the subsidiary Rotorua Regional Airport Limited amounts to \$2,051,000. The recoverable amount is approximated by using the net asset backing value and amounts to \$1,722,000 as at 30 June 2007 (2006: \$1,406,000). The reversal of the impairment loss for the financial year 2007 amounts to \$316,000 (2006: \$294,000) and is recognized in the statement of financial performance.

Maturity analysis and effective interest rates

The maturity dates and weighted average effective interest rates for the Other Financial Assets including the short term deposits with maturities of 3 months or less (shown as Cash and Cash Equivalents) are as follows:

Maturity Terms	Council 2007 \$000's	Council 2006 \$000's	Group 2007 \$000's	Group 2006 \$000's
Short term deposits with maturities of 3 months or less	1,405	5,966	2,990	6,853
Short term deposits with maturities of 4-12 months	-	-	-	-
Other investments maturing within 1 year	-	-	-	-
Other investments maturing after 1 year but less than 5 years	-	-	-	-
Other investments maturing after 5 years	-	-	-	-
	1,405	5,966	2,990	6,853
Shares Held	2,063	1,754	341	348
	3,468	7,720	3,331	7,201

Weighted average effective interest rates	Council 2007 %	Council 2006 %	Group 2007 %	Group 2006 %
Short term deposits with maturities of 3 months or less	8.00	7.26	7.97	7.26
Short term deposits with maturities of 4-12 months	0.00	0.00	0.00	0.00
Other investments maturing within 1 year	0.00	0.00	0.00	0.00
Other investments maturing after 1 year but less than 5 years	0.00	0.00	0.00	0.00
Other investments maturing after 5 years	0.00	0.00	0.00	0.00

Note 14: Trade and Other Payables

	Council 2007 \$000's	Council 2006 \$000's	Group 2007 \$000's	Group 2006 \$000's
Trade payables	13,855	13,946	14,267	14,359
Other Payables	247	291	247	-
Deposits and bonds	1,028	804	1,028	804
Rates, fees and grants received in advance	2,097	1,775	2,097	1,566
Accrued interest	1,219	1,254	1,219	1,264
Accrued expenses	93	118	114	345
Total Trade and Other Payables	18,539	18,188	18,972	18,338

Trade and Other Payables are non-interest bearing and normally settled on 30-day terms, therefore the carrying value of Trade and Other Payables approximates their fair value.

Note 15: Provisions

	Council 2007 \$000's	Council 2006 \$000's	Group 2007 \$000's	Group 2006 \$000's
Current Provisions are represented by:				
Landfill aftercare provision	20	20	20	20
Provision of Refund of Rates	580	580	580	580
Total current provisions	600	600	600	600
Non-current provisions are represented by:				
Landfill aftercare provision	1,460	1,506	1,460	1,506
Provision of Refund of Rates	213	258	213	258
Total non-current provisions	1,673	1,764	1,673	1,764
	Landfill aftercare 2007 \$000's	Refund of rates 2007 \$000's	Landfill aftercare 2006 \$000's	Refund of rates 2006 \$000's
Council & Group				
Opening balance	1,526	838	600	515
Additional provisions made during the year	20	-	1,000	323
Amounts used during the year	(34)	(45)	(94)	-
Discount unwinding	(32)	-	20	-
Closing balance	1,480	793	1,526	838

Provision for landfill aftercare costs

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

The management of the landfill will influence the timing of recognition of some liabilities - for example, the current landfill will gain increased capacity in two stages. A liability relating to stage one will only be created when this stage is commissioned and when refuse begins to accumulate in this stage.

- The current remaining capacity of the site is 100,000 cubic metres, increasing up to 2.360 million cubic metres at stage two (refuse, clean fill and cover)
- The estimated remaining life (including stages one and two development) is forty-nine years.
- Estimates of the life have been made by Rotorua District Council's engineers based on historical volume information.

The cash outflows for landfill post-closure are expected to occur in about sixteen years time. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 6.84%.

Provision for financial guarantees

Rotorua District Council is listed as sole guarantor to a number of community organisation bank loans. Rotorua District Council is obligated under the guarantees to make loan payments in the event the organisation defaults on a loan agreement. The exercising of guarantees will be dependent on the financial stability of the community organisations, which will vary over time. The Council considers a provision for financial guarantees not appropriate as at balance date (2006: \$Nil) as these are effectively offset via Council's conditions of the loan guarantees (See Note 21 Contingent Assets). The face value of the total guarantees is \$322,000 (\$389,000: 2006).

Note 16: Employee Benefit Liabilities

	Council 2007 \$000's	Council 2006 \$000's	Group 2007 \$000's	Group 2006 \$000's
Payroll payables	662	519	662	519
Accrued pay	550	500	550	500
Annual leave	2,564	2,174	2,579	2,181
Long service leave	318	393	318	393
Retirement gratuities	414	446	414	446
Sick leave	89	89	94	100
Total employee benefit liabilities	4,597	4,121	4,617	4,139
Comprising:				
Current	3,865	3,282	3,885	3,300
Non-current	732	839	732	839
Total Employee Benefit Liabilities	4,597	4,121	4,617	4,139

Note 17: Borrowings

	Council 2007 \$000's	Council 2006 \$000's	Group 2007 \$000's	Group 2006 \$000's
Current				
Registered debenture stock	1,000	10,400	9,000	10,400
Registered security stock	22,210	5,000	14,210	5,000
Suspensory loans	-	-	-	-
Other secured loans	7	-	7	-
Total current borrowings	23,217	15,400	23,217	15,400
Non-current				
Registered debenture stock	51,500	37,500	51,500	37,500
Registered security stock	-	8,000	-	8,000
Suspensory loans	-	-	-	-
Other secured loans	135	142	135	142
Total non-current borrowings	51,635	45,642	51,635	45,642
Total Borrowings	74,852	61,042	74,852	61,042

Registered debenture stock and security stock

The registered debenture stock and security stock are secured by a floating charge over future rate income of the district through the operation of a Debenture Trust Deed. Public debt interest is a mixture of fixed and floating rates of interest ranging from 6.50% to 8.35%.

Suspensory loans

The suspensory loans have been completely written-off. No interest will be charged if the Council meets the conditions of these loans. See also Note 21: *Contingencies*.

Other secured loans

The other secured loans are secured by first ranking mortgages and issued at a fixed interest rate of 4%.

Variations from/changes to the Treasury Policy

There have been no significant changes in the Treasury Policy.

Repayment Terms

	Council 2007 \$000's	Council 2006 \$000's	Group 2007 \$000's	Group 2006 \$000's
Within One Year	23,217	15,400	23,217	15,400
One to Two Years	12,507	9,007	12,507	9,007
Two to Three Years	4,008	12,507	4,008	12,507
Three to Four Years	8	4,008	8	4,008
Four to Five Years	8	8	8	8
Five years and over	35,104	20,112	35,104	20,112
	74,852	61,042	74,852	61,042

Interest Rates

The weighted average effective interest rates on borrowings are:

	Council 2007 %	Council 2006 %	Group 2007 %	Group 2006 %
Within One Year	7.69	6.96	7.69	6.96
One to Two Years	6.40	6.86	6.40	6.86
Two to Three Years	6.65	6.40	6.65	6.40
Three to Four Years	4.00	6.65	4.00	6.65
Four to Five Years	4.00	4.00	4.00	4.00
Five years and over	6.76	6.26	6.76	6.26
Overall weighted average	6.99	6.57	6.99	6.57

Sinking Funds held by Rotorua District Council

	Council 2007 \$000's	Council 2006 \$000's	Group 2007 \$000's	Group 2006 \$000's
Opening Balance	3	1,031	3	1,031
Contributions	-	84	-	84
Interest Received	-	44	-	44
Withdrawals	(3)	(1,156)	(3)	(1,156)
Closing Balance	-	3	-	3

Note 18: Equity

Retained earnings

	Council 2007 \$000's	Council 2006 \$000's	Group 2007 \$000's	Group 2006 \$000's
Opening Balance	756,001	725,986	755,994	725,982
Net Surplus	3,486	23,141	3,486	23,138
Other Movements	-	-	7	-
	759,487	749,127	759,487	749,120
<i>Transfers to:</i>				
Self Funding Reserves	3,695	1,903	3,695	1,903
Council Created Reserves	282	13	282	13
Restricted Reserves	714	457	714	457
Payments to Sinking Fund	-	128	-	128
	4,691	2,501	4,691	2,501
<i>Transfers from:</i>				
Self Funding Reserves	16,929	7,293	16,929	7,293
Council Created Reserves	127	32	127	32
Restricted Reserves	40	894	40	894
Sinking Funds Uplifted	3	1,156	3	1,156
	17,099	9,375	17,099	9,375
Closing Balance	771,895	756,001	771,895	755,994

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.

2007	Opening Balance 01.07.06 \$000's	Invested During The Year \$000's	Withdrawn During The Year \$000's	Interest Earned to 30.06.07 \$000's	Closing Balance 30.06.07 \$000's
Pensioner Housing	(631)	1,824	-	20	1,213
Events Centre	5,399	-	(11,909)	(37)	(6,547)
Airport	(19,067)	-	(3,645)	(1,435)	(24,147)
Wastewater	2,293	2,195	-	251	4,739
Eastern Trunk Line	(7,916)	1,108	-	(504)	(7,312)
Rural Waste Water	(48)	-	(188)	(10)	(246)
Landfill	(100)	-	(1,175)	(47)	(1,322)
Water	(1,269)	388	-	(73)	(954)
Refuse Collection	221	-	(12)	15	224
Total Self Funding Reserves	(21,118)	5,515	(16,929)	(1,820)	(34,352)

2006	Opening Balance 01.07.05 \$000's	Invested During The Year \$000's	Withdrawn During The Year \$000's	Interest Earned to 30.06.06 \$000's	Closing Balance 30.06.06 \$000's
Pensioner Housing	149	-	(765)	(15)	(631)
Events Centre	4,317	570	-	512	5,399
Airport	(14,479)	-	(3,516)	(1,072)	(19,067)
Wastewater	244	1,968	-	81	2,293
Eastern Trunk Line	(4,597)	-	(2,919)	(400)	(7,916)
Rural Waste Water	(69)	25	-	(4)	(48)
Landfill	(58)	-	(37)	(5)	(100)
Water	(1,452)	316	(46)	(87)	(1,269)
Refuse Collection	217	-	(10)	14	221
Total Self Funding Reserves	(15,728)	2,879	(7,293)	(976)	(21,118)

Council Created Reserves

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.

2007	Opening Balance 01.07.06 \$000's	Invested During Year \$000's	Withdrawn During The Year \$000's	Interest Earned to 30.06.07 \$000's	Closing Balance 30.06.07 \$000's
Reporoa Domain	19	8	(6)	1	22
Waikite Domain	8	2	-	1	11
<i>Development Contributions, received for:</i>					
Transport - subsidised	-	79	(79)	-	-
Transport - unsubsidised	-	12	(12)	-	-
Land Drainage	-	3	-	-	3
Aquatic Centre	-	18	-	-	18
Cemeteries	-	4	-	-	4
Parks & Reserves	-	20	-	-	20
Urban Water	-	36	-	-	36
Mamaku Water	-	2	-	-	2
Wastewater Urban	-	76	(10)	-	66
Library	-	3	(3)	-	-
Museum	-	3	(3)	-	-
Energy Events Centre project	-	14	(14)	-	-
Total Council Created Reserves	27	280	(127)	2	182

2006	Opening Balance 01.07.05 \$000's	Invested During The Year \$000's	Withdrawn During The Year \$000's	Interest Earned to 30.06.06 \$000's	Closing Balance 30.06.06 \$000's
Reporoa Domain	16	8	(6)	1	19
Waikite Domain	30	2	(26)	2	8
Total Council Created Reserves	46	10	(32)	3	27

Restricted Reserves

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.

2007	Opening Balance 01.07.06 \$000's	Invested During Year \$000's	Withdrawn During The Year \$000's	Interest Earned to 30.06.07 \$000's	Closing Balance 30.06.07 \$000's
Reserves Development	466	567	-	52	1,085
Creative NZ Reserve	-	44	(40)	-	4
Library Bequest	300	-	-	21	321
Property Development	450	-	-	30	480
Total Restricted Reserves	1,216	611	(40)	103	1,890

2006	Opening Balance 01.07.05 \$000's	Invested During The Year \$000's	Withdrawn During The Year \$000's	Interest Earned to 30.06.06 \$000's	Closing Balance 30.06.06 \$000's
Reserves Development	787	319	(680)	40	466
Hillary Commission Reserve	8	-	(8)	-	-
Creative NZ Reserve	8	44	(52)	-	-
Library Bequest	300	-	(20)	20	300
Property Development	550	2	(134)	32	450
Total Restricted Reserves	1,653	365	(894)	92	1,216

Restrictions

Reserve Development: Section 108 of the Resource Management Act 1991 requires funds to be set aside for the Development of Reserves.

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.

Fair Value through Equity Reserves

	Council 2007 \$000's	Council 2006 \$000's	Group 2007 \$000's	Group 2006 \$000's
Opening Balance	132	113	132	113
Valuations gains/(losses) taken to equity	24	19	24	19
Transfers to statement of financial performance on disposal	-	-	-	-
Closing Balance	156	132	156	132

Asset Revaluation Reserves

	Opening Balance 01.07.06 \$000's	Revaluation gains/(losses) during year \$000's	Transfer of revaluation reserve to retained earnings on disposal during year \$000's	Closing Balance 30.06.07 \$000's	Opening Balance 01.07.05 \$000's	Revaluation gains/(losses) during year \$000's	Transfer of revaluation reserve to retained earnings on disposal during year \$000's	Closing Balance 30.06.06 \$000's
Consists of:								
Buildings	-	7,293	16	7,309	-	-	-	-
City Focus	-	-	-	-	-	-	-	-
Footpaths	-	-	-	-	-	-	-	-
General	-	-	-	-	-	-	-	-
Land	-	12,301	(45)	12,256	-	-	-	-
Landfill	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-
Parks and Reserves Assets	-	-	-	-	-	-	-	-
Roading	-	-	-	-	-	-	-	-
Stormwater	-	-	-	-	-	-	-	-
Street Items	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-
Waste Water Treatment plant & Reticulation	-	-	-	-	-	-	-	-
Water Works	-	5,085	(1)	5,084	-	-	-	-
Total Asset Revaluation Reserve	-	24,679	(30)	24,649	-	-	-	-

Note 19: Reconciliation of Net Surplus to Net Cash Flows from Operating Activities

	Council 2007 \$000's	Council 2006 \$000's	Group 2007 \$000's	Group 2006 \$000's
Net surplus/(deficit) for the year	3,486	23,141	3,486	23,138
Add/(less) non-cash items:				
Depreciation to Property, Plant and Equipment	20,694	19,466	20,730	19,498
Depreciation to Intangible Assets	584	656	586	658
Impairment charges to accounts receivable	179	(273)	199	(273)
Vested Assets and Assets recognised for first time	(2,002)	(4,333)	(2,002)	(4,333)
(Gains)/Losses in Fair Value of Biological assets	(32)	(32)	(32)	(32)
Change in Revaluation through Profit and Loss	-	(4,583)	-	(4,083)
Change in Investing Items included in Working Capital	-	(5,222)	-	(3,839)
Add/(less) items classified as investing or financing activities:				
(Gains)/Losses on disposal of Property, Plant and Equipment	1,296	788	1,296	340
Reversal of Impairment loss RRAL	(316)	(294)	-	-
Fair Value decrease LASS	31	(128)	31	(128)
Impairment of Borrowings	(188)	(1,380)	(188)	(1,380)
Movement of Non-Current Assets Held for Sale	60	(60)	60	(60)
Movement Property, Plant and Equipment	(295)	-	(288)	-
Movement Intangible Assets	(118)	18	(118)	-
Add/(less) movement in working capital items:				
Accounts Receivable	2,280	(1,303)	2,371	(2,239)
Inventories	56	(113)	56	(113)
Accounts Payable	351	(722)	634	(3,292)
Provision for Taxation	(5)	5	(5)	5
Provisions	(91)	1,508	(91)	1,508
Employee Benefits	476	261	476	261
Net Cash inflow from operating activities	26,446	27,400	27,201	25,636

Note 20: Capital Commitments and Operating Leases

	Council 2007 \$000's	Council 2006 \$000's	Group 2007 \$000's	Group 2006 \$000's
Council is committed to the following Capital Contracts:				
Recreation and Community Services	2,449	10,667	2,449	10,667
Works and Engineering Services	10,198	15,492	10,198	15,492
Support Services	157	171	157	171
Airport	172	1,902	288	1,902
Total Capital Contracts	12,976	28,232	13,092	28,232
Non-cancellable operating lease commitments as lessee:				
Not later than one year	134	122	134	122
Later than one year and not later than two years	134	122	134	122
Later than two years and not later than five years	310	284	310	284
Later than five years	413	296	413	296
Total non-cancellable operating lease commitments as lessee	991	824	991	824
Total commitments	13,967	29,056	14,083	29,056

The total minimum future sublease payments expected to be received under non-cancelable subleases at balance date is \$Nil (2006: \$Nil).

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

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

	Council 2007 \$000's	Council 2006 \$000's	Group 2007 \$000's	Group 2006 \$000's
Non-cancellable operating lease commitments as lessor:				
Not later than one year	1,058	1,057	536	535
Later than one year and not later than two years	934	999	412	477
Later than two years and not later than five years	2,520	2,616	956	1,052
Later than five years	11,802	12,639	5,014	5,329
Total non-cancellable operating lease commitments as lessor	16,314	17,311	6,918	7,393

The Council leases airport buildings and land, various parks, reserves land, and commercial premises.

The majority of these leases have a non-cancellable term of 36 months, with the exception of a few where the land or premises is required for Council use.

No contingent rents have been recognised in the statement of financial performance during the period.

Note 21: Contingencies

Contingent Liabilities	Council 2007 \$000's	Council 2006 \$000's	Group 2007 \$000's	Group 2006 \$000's
Guarantees				
Guarantees to community and sporting groups	322	389	322	389
Borrowings				
Performance bond BNZ on behalf of Tourism Rotorua	206	206	206	206
Borrowing - Housing New Zealand Corporation suspensory loan	1,567	1,380	1,567	1,380
Legal proceedings				
The Group's effective exposure to legal claims	409	50	409	50
Total Contingent Liabilities	2,504	2,025	2,504	2,025

Guarantees

The value of the guarantees disclosed as contingent liabilities reflects the Group's assessment of the undiscounted portion of financial guarantees that are not recognised in the statement of financial position. Refer to Note 15 *Provisions* for information on recognised financial guarantees, and *Contingent Assets* (below) on the effect of Council's underwriting conditions on all financial guarantees.

Contingent liabilities

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

Legal proceedings

The Council is currently facing eight legal claims (2006: five), amounting to \$1,145,000 (2006: \$836,000). The 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 the Council, Council's Indemnity Insurance Policy, in all but one case, will cover the liability. The Council's maximum exposure per claim is an insurance excess ranging from \$10,000 to \$50,000, plus a contractual claim of \$250,000 not covered by insurance.

Superannuation schemes

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

As at 31 March 2006 the Scheme had a past service surplus of \$16.5 million (5.0% of the liabilities). This amount is exclusive of Specified Superannuation Contribution Withholding Tax and calculated using a discount rate equal to the expected return on the assets. The Actuary to the Scheme has recommended the employer contribution continues at 2.0 times the current contributor's contributions. This 2.0 is inclusive of Specified Superannuation Contribution Withholding Tax.

Contingent Assets

Loan Guarantees

The Council operates a scheme whereby sports clubs are able to construct facilities (eg club rooms) on reserve land. The clubs control the use of these facilities and the Council will only gain control of the asset if the club either vacates the facility, or defaults on the Council-guaranteed loan. Until this event occurs, these assets are not recognised as assets in the Statement of Financial Position. As at 30 June 2007 there are four facilities which have a book value of \$474,000 (2006: \$527,000).

	Council 2007 \$000's	Council 2006 \$000's	Group 2007 \$000's	Group 2006 \$000's
Lynmore Childcare Incorporated	65	72	65	72
Rotorua Badminton Club Incorporated	65	72	65	72
Whakarewarewa Rugby Community Sports Incorporated	29	33	29	33
Rotorua Hockey Trust & BOP Hockey Association	315	350	315	350
Total	474	527	474	527

Suspensory Loans

The Council operates a scheme whereby community and educational organisations are able to apply for suspensory loans through Council's Community Asset Development Fund (CADF). Criteria for the suspensory loan includes that the facility (to which the loan relates) be made available to the public in measured amounts of time, the project has other funding sources to enable successful completion, and that ongoing monitoring of the fiscal viability of the organisation is maintained throughout the term of the suspensory loan. The community organisation(s) control the use of these facilities, and the Council will only make the remaining balance, or the installment relating to the year in default, payable if the organisation defaults on the terms of the suspensory loan agreement. The suspensory loan is written off over a specified period as long as agreed criteria continue to be met. Unless the contrary occurs, these suspensory loans are not recognised in the Statement of Financial Position. As at 30 June 2007 there were seven facilities having a face value of \$781,000 (2006: \$669,000) outstanding.

	Council 2007 \$000's	Council 2006 \$000's	Group 2007 \$000's	Group 2006 \$000's
Reporoa College	100	-	100	-
Western Heights High School	240	270	240	270
Rotorua Girls High School	210	240	210	240
Rotorua Rail Trust	7	8	7	8
Kaharoa Primary School	90	-	90	-
Lynmore Primary School	28	32	28	32
St Chads	106	119	106	119
Total	781	669	781	669
Total Contingent Assets	1,255	1,196	1,255	1,196

Note 22: Related Party Transactions

The following discloses transactions between the Rotorua District Council and the Rotorua Regional Airport Limited (RRAL).

- i) Council holds a 100% shareholding in the Airport Company.
- ii) Land and water rates of \$33,460 (\$30,981 2005/06) have been received from RRAL.
- iii) Council received rent of \$705,674 (2005/06 \$549,630) from RRAL for the lease of airport infrastructural assets.
- iv) Council received development levy of \$531,226 (\$496,858 2005/06) from RRAL, and paid \$14,407 (\$5,996 2005/06) for maintenance services, \$Nil (\$40 2005/06) for permits and tender evaluation, \$Nil (\$175 2005/06) for subscriptions, and \$2,872 (\$Nil 2005/06) consultation.
- v) Airport Debtor as at 30 June 2007 is \$257,200 (\$115,426 2005/06).
- vi) Councillors Martin and McVicker are Directors of RRAL.

Other Related Party Disclosures:

- viv) Council purchased \$5,372 (\$5,717 2005/06) worth of goods from Gould Photographics, owned by Councillor Gould.

Key Management Personnel

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with the Council (such as payment of rates, permit fees, purchase of rubbish bags).

Except for items of a minor nature, no other Councillors or senior management have entered into related party transactions with the Group.

Note 23: 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. Council derives commission income to compensate the cost of administration.

Petrol Tax

The Bay of Plenty Local Authority Petrol Tax Distribution for the year ended 30 June 2007:	2007 \$000's	Percentage	2006 \$000's	Percentage
Kawerau District Council	67	2.5%	63	2.4%
Opotiki District Council	76	2.9%	71	2.8%
Rotorua District Council	650	24.4%	633	24.6%
Taupo District Council	386	14.5%	363	14.1%
Tauranga City Council	835	31.4%	815	31.6%
Western BOP District Council	385	14.5%	396	15.4%
Whakatane District Council	263	9.8%	237	9.1%
Total Tax Distributable to Councils	2,662	100.0%	2,578	100.0%

State Highways Administration

	2007 \$000's	2006 \$000's
Expenditure on State Highways Roding Network (Reimbursed from Land Transport New Zealand & Whakatane District Council)	8,665	6,663

Regional Council Rates

	2007 \$000's	2006 \$000's
Rates were collected on behalf of the following Regional Authorities:		
Waikato Regional Council	1	1
Bay of Plenty Regional Council	4,064	2,014
	4,065	2,015

Note 24: Remuneration

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 2007 was \$237,702 (\$226,557 2005/06).

	Council 2007 \$	Council 2006 \$	Group 2007 \$	Group 2006 \$
<i>Chief Executive's Remuneration</i>				
Salary Chief Executive	209,637	198,557	209,637	198,557
Vehicle Chief Executive (incl FBT)	17,361	17,861	17,361	17,861
	226,998	216,418	226,998	216,418
<i>Other Benefits</i>				
Professional Association Fees Chief Executive	236	236	236	236
Telephone and Sundries Chief Executive	228	228	228	228
Superannuation	10,240	9,675	10,240	9,675
	10,704	10,139	10,704	10,139
Total Remuneration	237,702	226,557	237,702	226,557

Councillors' Remuneration

The following people comprise the elected members of the Council's governing body. The total monetary remuneration received by the twelve councillors and the Mayor during the year totalled \$538,478 (\$513,402 2005/2006).

The monetary remuneration consists of Honoraria and meeting allowances, and is determined by the Remuneration Authority under the Local Government Elected Members Determination 2005. Professional Indemnity and Trustee Liability insurance is also provided to the Councillors against any potential legal litigation which may occur while undertaking Council business.

In accordance with Council policy, meeting fees can only be received where a Councillor has attended at least 75% of meeting's duration for which he or she is entitled to payment.

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

	Honoraria 2007 \$	Meeting Allowances 2007 \$	Hearing Fees 2007 \$	TOTAL 2007 \$	TOTAL 2006 \$
<i>Councillors' Remuneration</i>					
Gould M	19,210	15,400	-	34,610	30,558
Judd R	19,210	15,180	-	34,390	29,736
Kenny G	19,210	12,980	1,343	33,533	32,078
Lee C O	19,210	15,840	-	35,050	31,573
Martin R W *	19,210	14,520	1,037	34,767	39,068
Maxwell T H	29,938	16,280	-	46,218	46,032
McVicker M *	19,210	14,520	-	33,730	30,836
Searancke G P	24,624	16,720	1,190	42,534	41,468
Sturt C W	24,624	14,080	-	38,704	42,464
Te Kowhai C	19,210	11,220	-	30,430	27,164
Waaka M T R	24,624	16,060	3,196	43,880	40,401
Wepa J G	19,210	20,900	2,563	42,674	37,750
Winters K (Mayor)	87,958	-	-	87,958	84,276
	345,448	183,700	9,329	538,478	513,404

* Cr Martin and Cr McVicker also earned directors' fees as directors of the Rotorua Regional Airport Ltd, of \$11,000 (\$9,250 2005/6) and \$11,000 (\$9,250 2005/06) respectively.

Group Key Management Remuneration

	Group 2007 \$000's	Group 2006 \$000's
Salaries and other short term employee benefits	1,057	975
Post-employment benefits	-	-
Other long-term benefits	40	39
Termination benefits	-	-
Share-based payments	-	-
Total Group Key Management Remuneration	1,097	1,014

Group Key Management Personnel comprises the Chief Executives, and Directors of Council's Activity Groups.

Note 25: Events After Balance Date

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

Note 26: Financial Instrument Risks

Rotorua District Council has a series of policies to manage the risk associated with financial instruments. The Council is risk averse and seeks to minimise exposure from its treasury activities. The Council has established council approved policies for Liability Management, Cash Management and Investments. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. At present the Council is not exposed to any equity securities price risk as the Council holds no listed equity instruments.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Council is not exposed to currency risk, as it does not enter into any significant foreign currency transaction.

Interest rate risk

The interest rate risk comprises:

Fair value interest rate risk: the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings issued at fixed rates expose the Council to fair value interest rate risk.

Cash flow interest rate risk: the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rate expose the Council to cash flow interest rate risk.

To manage these risks the Council's current policy parameters of core debt are:

Term of Exposure	Minimum	Maximum
	Fixed Rate Exposure	Fixed Rate Exposure
0-1 year	60%	100%
1-2 years	40%	90%
3-5 years	30%	70%
5-10 years	0%	60%
10 years and over	Any hedging must be approved by Council	

Note 13 provides information on term deposits interest rates and maturity profile.

Note 17 provides information on term loan interest rates and maturity profile.

As at 30 June 2007 the Council does not have any interest rate risk management instruments in place.

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, term deposits, rates and other receivables, community loans and financial guarantees.

The Council places its cash and short term deposits with high credit quality financial institutions. Accordingly the Council does not require any collateral or security to support these financial instruments with institutions or organisations it deals with.

The Council has no significant concentrations of credit risk with respect to rates and other receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Liquidity risk

Liquidity risk is the risk that Rotorua District Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Council aims to maintain flexibility in funding by keeping committed credit lines available.

The Council manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management policy. These policies have been adopted as part of the Council's Long Term Council Community Plan 2006-2016.

Rotorua District Council has a maximum amount that can be drawn down against its bank facility of \$40,000,000 (2006: \$30,000,000). There are no restrictions on the use of this facility.

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.

Group	Carrying Amount 2007 \$000's	Fair Value 2007 \$000's	Carrying Amount 2006 \$000's	Fair Value 2006 \$000's
Fair values of non-current borrowings:				
Registered debenture stock	51,500	48,185	37,500	36,830
Registered security stock	-	-	8,000	7,939
Suspensory loans	-	-	-	-
Other secured loans	135	82	142	82
Total financial liabilities	51,635	48,267	45,642	44,851

The fair value are based on cash flows discounted using current market interest rates available to the Council for debt of similar maturities ranging from 7.97% to 8.61% (2006: from 6.97% to 7.59%).

Note 27: Capital Management

The Council's capital is its equity, which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

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

The Act requires the Council to make adequate and effective provision in its Long Term Council Community Plan (LTCCP) and in its annual plan to meet the expenditure needs identified in those plans. The Act also sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTCCP 2006-2016.

Rotorua District Council has self-funding reserves, council created reserves and restricted reserves.

Self-funding reserves are the net surplus or deficit held on behalf of activities undertaken by the Council on the basis that these activities generate enough revenue over time to cover the cost of their operations.

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 the council.

Restricted reserves are those reserves subject to specific conditions accepted as binding by the council, and which may not be revised by the 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.

Note 28: Explanation of Major Variances Against Budget


Significant variances in actual transactions from the Ten Year Plan have been detailed in the Cost of Service Statements and the Chief Executive's Report.

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



Rotorua District Council has 100% shareholding in Rotorua Regional Airport Limited. Details of transactions with this entity are detailed on pages 161 - 162 and in note 13.


Rotorua District Council is also a part shareholder in Local Authority Shared Services Ltd. Details of the company and performance measures are on page 163.



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 2007 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

