

Rotorua District Council

Te Kaunihera ā rohe o Rotorua



Annual Report
2010

Contents



ISSN No. 117-8700

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 District Library, City Focus, and Civic Centre, Haupapa Street. The Annual Report can also be viewed on the internet at www.rdc.govt.nz.

Contents	1
Mihi	2
How to read this report	3
Message from His Worship the Mayor and the Chief Executive	4
What we did in 2009/2010	6
5 year financial summary	8
Report of the Auditor General	10
Rotorua Partners' Programme	12
Developing Maori capacity to contribute to decision making	14
Bright Future Rotorua – Community Outcomes	18
About the district	22
Ward boundaries map	25
Governance report	26
Strategic direction	32
Sustainable development reports	35
Employee relations report	49
Statements of service performance	52
Governance and Strategic Direction Group	54
Social and Cultural Group	58
Environmental and Regulatory Group	87
Tourism and Economic Development Group	105
Infrastructural Group	115
Castlecorp	135
Rotorua Regional Airport Ltd 2008/09	137
Local Authority Shared Services Ltd	138
Bay of Plenty Local Authority Shared Services Ltd	139
Financial statements	141

Mihi

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

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

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

E kaha nei tatou ki te whakatutuki i o ratou moemoea hei taonga ma nga uri whakatipu. Ma tatou te tuapapa e hanga hei whaiwhai ake ma ratou.

Ko te purongo kua whakaputaina ake nei.

He korero nui i nga mahi tiketike a to Kaunihera.

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

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

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

Tena Koutou Katoa

Greetings to the people of Rotorua.

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

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

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

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

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

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

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

How to read this report

This Annual Report is an account of Rotorua District Council's performance in the year from 1 July 2009 to 30 June 2010. It not only outlines what we committed to do for the year, it describes how we delivered on that – pinpointing our accountability to ratepayers. The report is in three parts.

1. Overview – this includes:

- Summary by Chief Executive and Mayor of achievements.
- Report by Auditor-General.
- Reports showing:
 - Governance arrangements
 - Community outcomes
 - Funding partners
 - Strategic direction and sustainability

2. 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 targets .

3. Financial Statements

- Detail of the council's position and 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 Ten Year Plan, Annual Plan and the Annual Report form the essential guide to Council activity in any given year. In simple terms, the Ten Year Plan and Annual Plan set out what the Council will do, while the Annual Report states what the Council actually did for the year.

Annual Plan and Ten Year Plan

The Ten Year Plan 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 and how rates are determined . 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 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.

Ten Year Plan and Annual Report Publication Reporting Calendar

Below are the dates that the Ten Year Plan (LTCCP) and Annual Report were adopted:

Ten Year Plan 2009-19 Adopted 29 June 2009

Annual Report 2009/10 Adopted 28 October 2010

Message from His Worship the Mayor and the Chief Executive

Tena koutou katoa

The Rotorua District Council has continued with the success it enjoyed throughout the previous year.

The global recession continued to affect a lot of residents and businesses, and Council, being mindful of this, sought to keep the rates increase as low as possible. Elected members and staff worked together to make savings where possible without compromising the current high level of service to residents.



Rotorua District Council chief executive, Peter Guerin (left) and Rotorua mayor, Kevin Winters

Partnerships with various groups and sectors in the community played an important role in helping Council to achieve the results that we did for 2009/10.

Some of the highlights for 2009/10 were:

Rotorua International Airport: Air New Zealand commenced its twice weekly flights Sydney-Rotorua-Sydney. Council was very pleased to secure these international flights and it is hoped that these will lead to additional international flights in future.

The airport asset is and will be one of the triggers for economy growth in Rotorua, and Council has made a considerable investment in the airport to ensure that it is a success.

Museum Centennial Project: Good progress was made during the year on the final stage of the centennial project. However, it was discovered that some of the Museum's foundations had rotted and needed to be renewed. This work was also undertaken. It is anticipated the project will be completed early in 2012 and Rotorua will have an exceptional facility that is renowned worldwide.

Lakes Water Quality: Council made very good progress for the year of completing the construction of the Brunswick/Rotokawa sewerage scheme, and commencing the Lake Okareka scheme. External funding was sourced where possible and the Lake Okareka scheme will greatly improve the water quality which will be a benefit to both residents of the Lake Okareka area and visitors who use and enjoy the lake.

Civic Theatre Upgrade: Council carried out a significant upgrade to the Civic Theatre, which means it will be able to cater for international and major shows and will be able to provide for vastly improved staging and scenery. The majority of this upgrade was carried out during the 2009/10 financial year, with the completion date being September 2010.

Procurement Initiatives: During the year a number of procurement initiatives were developed, which included adopting a procurement policy for the organisation. The initiatives included buying selected products through a single preferred supplier. Also, strategies for how fleet, electricity, legal services and gas were acquired, were developed which resulted in savings for the organisation.

Other major projects: Other significant projects completed during the year included:

- Continuation of the seal extension programme (a further 7 kms was sealed during 2009/10).
- Upgrading of pensioner units, including insulating the older units, which Council received funding for.
- Ongoing renewal and upgrade of land drainage and stormwater systems.
- Completion of upgrade to Malfroy Road/Ranolf Street roundabout which had been identified as a safety hazard.
- Review of Council's waste management strategy and adoption of the Waste Management and Minimisation Plan.
- Renewal of sewer main and upgrade to the wastewater treatment plant.
- Improvement to the eastern area of the urban water supply.

Message from His Worship the Mayor and the Chief Executive **cont.**

Council also undertook the annual community satisfaction survey. While the overall satisfaction with Council services is similar to previous years, it is noticeable there has been a reduction in the number of residents who are “very satisfied”. There are a number of reasons why this might be, including the fact that Council used a different provider to undertake the survey. However, it is still a good result and Council is pleased that residents are on the whole satisfied with most Council services.

The financial results are very pleasing, with the cost of most activities being within budget.

Council is in a very sound financial position. Assets exceed liabilities more than seven times. Total borrowing is well within the limits of Council’s treasury management policy.

Finally, we would like to thank the people of Rotorua for their support during the year, including the feedback received on a number of Council proposals. Without this valuable feedback it would be difficult to determine what services should be provided to the community and to what level.

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



Kevin Winters
Mayor



Peter Guerin
Chief Executive

*Some 62% of residents approved of council actions/decisions,
86% approved of the mayor and councillors performance,
and 84% were satisfied with staff performance.*

What we did in 2009/2010

The 2009/10 financial year was a very busy one and Council managed to complete a number of significant projects and achieve most of its performance targets.

Two major highlights for 2009/10 were:

- Commencement of the twice weekly trans-Tasman flights to Sydney.
- Continuation of Council's programme to improve the water quality of the district's lakes. This included the completion of the Brunswick/Rotokawa sewerage scheme and significant progress on the Lake Okareka scheme.

Other significant highlights for the year included:

Governance and Strategic Direction Group

- Held elections for Council's Te Arawa Standing Committee.
- Finalist for NZICA annual report awards.
- Determination by Local Government Commission approving Council's representation decisions.
- Adoption of Council's Annual Plan 2010/11, and amendments to the Ten Year Plan 2009-19.
- Adopted a Corporate Procurement Manual and as a result savings have already been achieved.

Social and Cultural Group

- Winner (Aquatic Centre) of the National New Zealand Water Safety Awards (Education Category).
- Enviro-Gold Accreditation for Aquatic Centre for responsible tourism.

- All pensioner houses were retrofitted with ceiling insulation with funding assistance from EECA.
- International Safe Community designation awarded.
- Increase in percentage of residents having emergency plans and survival kits.
- Secured hosting rights for five World Cup rugby teams, as well as having three games for the World Cup.
- Hosted a number of major events during the year.
- Established two new playgrounds (Stanley Drive and Alexander Road).
- Completed consultation on the lakefront development and adopted the concept plan.
- Completed 1.5 kilometres of new cycleway/walkway at Linton Park East.
- Commenced construction of Stage III of the Museum Centennial Project (southern Wing).

Environmental and Regulatory Group

- 100 dogs rehomed during the year.
- Maintained Building Consent Authority accreditation and in excess of 98% of consents were processed within the statutory timeframe.
- In excess of 90% of all resource consent applications were processed within the statutory timeframes.
- Built and commissioned the trade waste septage disposal facility (near the Wastewater Treatment Plant).
- Successful implementation of total liquor ban for two events, which previously had had problems.

Tourism and Economic Development Group

- CBD revitalisation with both the establishment of Eat Street and the Night Markets.
- Carried out the Rotorua migrant attraction program, as part of the Grow Rotorua strategy.
- Secured joint venture funding for tourism initiatives.
- Concentrated marketing campaigns in Sydney as a result of getting trans-Tasman flights to Sydney in December, and all necessary properties purchased to undertake Stage 2 of the southern runway extension.

Infrastructural Group

- Significant modelling work on land and stormwater drainage in Western Heights catchment undertaken.
- Bennetts Road stormwater system installed.
- 7 kilometres of new seal provided in the rural area.
- Completed Malfroy Road/Ranolf Street roundabout.
- Advanced Waste 2 Gold project.
- Commenced construction on Okere Falls/Otaramarae/Whangamarino sewerage schemes.
- UV treatment plants completed for nine water schemes.

Financials

Council's actual revenue for 2009/10 was \$113.8 million and operating expenditure was \$105.2 million. When comparing these financial results with the budget it shows that revenue was close to budget (\$1.1 million more), which was mostly as a result of additional assets being recognised. However, there was less capital revenue received for the museum, and also development contributions received were less than budget.

What we did in 2009/2010 **cont.**

Expenditure was \$6.3 million more than budget and the main reasons the budget was exceeded were:

- Additional airport start-up and promotion costs (\$1.8 million).
- Tourism joint funding project with Tourism NZ (\$0.7 million).
- Provision for leaky buildings liability (\$0.4 million).
- Additional depreciation expenditure (\$1.0 million).
- Loss and impairment of council assets (\$0.8 million).
- Asset valuation adjustment (\$2.6 million).

All other expenditure was generally within budget.

Council's equity is 84.8% of total assets (compared to 85.9% as at 30 June 2009).

The total public debt at 30 June 2010 is \$116.0 million compared to the budget of \$138.7 million which resulted from less capital expenditure for a number of activities. The public debt is well within the limits of Council's borrowing policy, and finances were well managed ensuring that Council remains in good financial health.

Capital Projects

Council had budgeted to spend \$71.2 million on capital projects during 2009/10, however, for various reasons, only \$47.3 million was spent.

The capital projects not completed were:

- Grow Rotorua Fund not spent.
- Delays in Aquatic Centre lighting project.
- Delay in Convention Centre stagehouse redevelopment.
- Deferred parks capital work for Kuirau Park, Westbrook development and Tarawera Landing.
- Museum centennial project (stage 3) delayed.
- Delay in stage 2 of the Airport development project.
- Less spent on roading capital projects than budgeted.
- Sewerage land treatment project delayed. Also Paradise Valley scheme delayed.
- New eastern water reservoir and pipelines project delayed. Also delay in new bore for Mamaku.

All of these projects, apart from the reduced spending on the roading projects, have been carried forward to 2010/11 and are included in the Annual Plan.

The effect of these projects being delayed is that the public debt is \$22.7 million less than the budget and revenue from grants for capital projects was \$4.4 million less than budget.

Performance Targets

Council has 150 performance targets and achieved 120 of them. The analysis by group is as follows:

Group	Targets Achieved	Targets Not Achieved
Governance and Strategic Direction	6	1
Social and Cultural	50	10
Environmental and Regulatory	30	8
Tourism and Economic Development	13	3
Infrastructural	21	8
Total	120	30

Overall, the achievement of 80% of performance targets is a very good result, as at the time the Ten Year Plan 2009-19 was prepared a conscious effort had been made to set targets which were achievable but required good performance by the organisation to achieve them. Some of the targets not achieved were those which involved community satisfaction with the Council service, and there are various factors which can influence this result. In most cases, where the performance targets were not achieved, Council was just below the target. Also measures are in place to ensure that the targets are more likely to be achieved for 2010/11.

There are also eight corporate health indicators which are reported each year.

For 2009/10 Council achieved all these indicators which was an excellent result.

5 year financial summary

Statement of Comprehensive Income (Council)

For the year ended 30 June:

	2010 \$000's	2009 \$000's	2008 \$000's	2007 \$000's	2006 \$000's
General rates	34,201	45,974	42,919	41,095	38,328
Targeted rates	31,725	18,487	16,805	15,305	14,108
Other services	39,469	38,856	35,332	31,499	42,682
Non operating adjustments	8,384	868	4,345	2,178	8,916
Total Revenue	113,779	104,185	99,401	90,077	104,034
Operating expenditure	100,414	98,122	91,706	86,551	80,888
Non operating expenditure	4,775	0	0	40	0
Taxation	0	0	0	0	5
Total expenditure	105,189	98,122	91,706	86,591	80,893
Total comprehensive income	8,590	6,063	7,695	3,486	23,141

Statement of Financial Position (Council)

For the year ended 30 June:

	2010 \$000's	2009 \$000's	2008 \$000's	2007 \$000's	2006 \$000's
Current assets	20,545	18,454	19,815	15,046	21,403
Current liabilities	30,652	28,556	25,111	23,004	22,070
Working capital	(10,107)	(10,102)	(5,296)	(7,958)	(667)
Investments	2,063	2,440	2,500	2,092	1,794
Non current assets	961,905	912,430	860,016	847,543	798,779
	953,861	904,768	857,220	841,677	799,906
Financed by:					
Rate payers equity	821,812	805,484	781,994	771,895	756,001
Debt	115,632	100,751	82,860	74,852	61,042
Other term liabilities	2,516	2,237	2,172	2,405	2,603
Reserves	13,901	(3,704)	(9,805)	(7,475)	(19,740)
	953,861	904,768	857,220	841,677	799,906

Revenue

Revenue has increased by 9.2% from the 2008/09 financial year. This includes a 2.3% increase in rates revenue and the balance from other revenue, which includes an increase in vested assets and asset recognition. The proportion of rates revenue to total revenue is 58% compared to 62% in the previous year.

Expenditure

Expenditure has increased 7.2% on the previous year. Key areas of increase were in depreciation, loss on revaluation of financial assets (an adjustment that nets off to zero in revenue), interest and council rates charges. CPI increase for the 2009/10 year was 1.8%.

5 year financial summary cont.

Working Capital

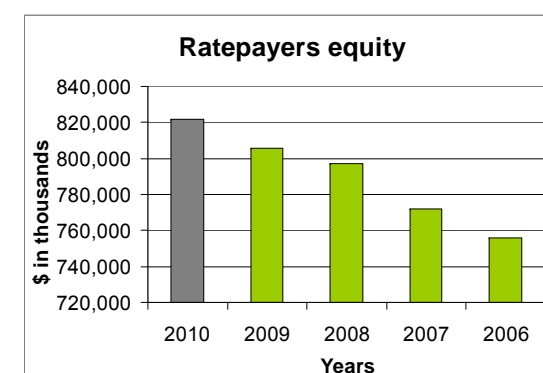
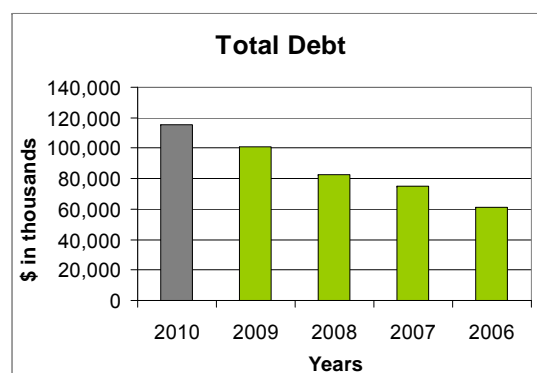
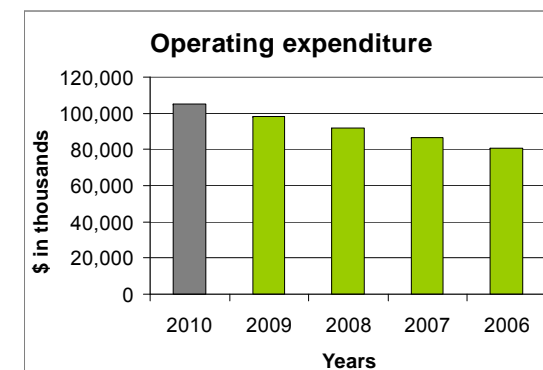
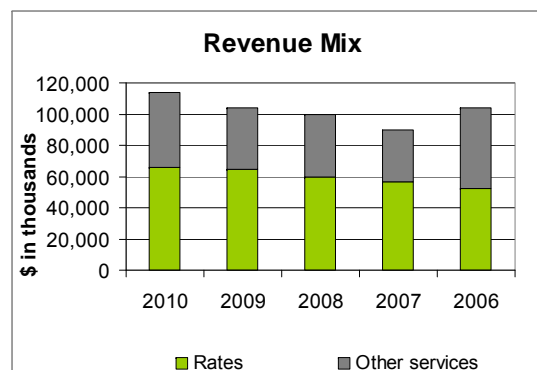
Working Capital reduced by \$5k on 2009, with current assets increasing by \$1.7 million and current liabilities increasing by \$2.1 million.

Non Current Assets

The value of Council's property, plant and equipment have increased by \$49 million with the significant items of capital expenditure being Airport, Civic Theatre upgrade, Museum, roading and sewerage schemes.

Public Debt

Council's public debt has increased by \$15 million to \$116 million. It was forecasted in the LTCCP that the debt would be at \$138.7 million by 30 June 2010, however capital expenditure was not as high as planned. Council is still well within the borrowing limits as listed in the Borrowing Policy.



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 service performance information for the year ended 30 June 2010

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 the audit on her behalf. The audit covers the financial statements, the service performance information, that comprises the statements of service performance and contextual information in the summary entitled "What we did in 2009/2010", and the District Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that are included in the annual report of the District Council and group for the year ended 30 June 2010.

Unqualified opinion

In our opinion:

- The financial statements of the District Council and group on pages 143 to 203:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council and group's financial position as at 30 June 2010; and
 - the results of operations and cash flows for the year ended on that date.

- The service performance information of the District Council on pages 6 and 7 and 52 to 140:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the District Council's levels of service performance for the year ended 30 June 2010, including:
 - the levels of service provision as measured against the intended levels of service provision adopted in the long-term council community plan; and
 - the reasons for any significant variances between the actual service provision and the expected service provision.
- The District Council and group have complied with the other requirements of Schedule 10 of the Local Government Act 2002 that are applicable to the annual report, and that are included in the District Council and group's financial statements and service performance information.

The audit was completed on 28 October 2010, 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.

Report of the Auditor-General **cont.**

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, the service 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, the service 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, the service performance information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether the significant management and system 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 financial and service provision data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied;
- determining the appropriateness of the reported service performance information within the Council's framework for reporting performance; and
- determining whether all required disclosures are adequate.

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

We evaluated the overall adequacy of the presentation of information in the financial statements, the service performance information and the other requirements. We obtained all the information and explanations we required to support our opinion above.

Report of the Auditor-General cont.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements and service performance information in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the District Council and group as at 30 June 2010. They must also fairly reflect the results of operations and cash flows for the year ended on that date. The service performance information must fairly reflect the District Council's levels of service provision for the year ended 30 June 2010.

The Council is also responsible for meeting the other requirements of Schedule 10 of the Local Government Act 2002 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, the service 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 New Zealand Institute of Chartered Accountants.

Other than the audit and in carrying out 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

Rotorua partners' programme

The Rotorua Partner 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 Partner 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.
- to foster the best possible communication and working relationship between the council and each partner organisation.

What is the Rotorua Partners' Programme?

The Rotorua Partner 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 Partner 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 underway. 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.

So far more than \$23 million in philanthropic support has been invested by our Rotorua Partners.

Our Partners want to be part of the Rotorua vision for the future.

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

Rotorua partners' programme cont.

Inaugural Foundation Partners



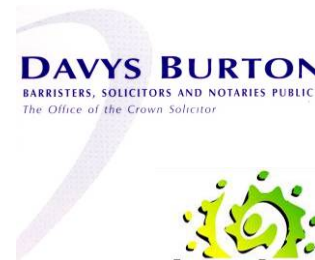
Foundation Partners



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 have provided opportunities for greater involvement by Maori in Council's decision-making processes throughout the year.

Te Arawa Standing Committee (TASC)

The committee meets 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 elected by iwi.

In July 2007 at a Te Arawa hui-a-iwi at Te Papaouru Ohinemutu, a recommendation was made that the Te Arawa Standing Committee be reviewed and that the review include representation and election model and functions, roles and accountabilities of the Te Arawa Committee.

Following the review six representatives on the Te Arawa committee were elected on the 29 May 2010 at Te Papaouru Marae. The elections process was supported by Te Arawa Lakes Trust, Te Kotahitanga o Te Arawa Fisheries and Te Pumautanga o Te Arawa. Information about the elected Te Arawa Standing committee members are on Rotorua District Council's website [www.rdc.govt.nz/Committees/Te Arawa Standing committee](http://www.rdc.govt.nz/Committees/Te_Arawa_Standing_committee).

Te Pukenga Koeke O Te Arawa O Te Whare Taonga

Te Arawa Kaumatua 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.

Te Pukenga Koeke has been working steadily towards the goals of repatriating Te Arawa taonga from other Museums. They have met twice with the Auckland Museum and have been able to view a number of Te Arawa taonga held in the Auckland museum. They are also involved in the relocation of Pukaki from the Civic Centre to Rotorua's Museum.

Ngati Whakaue Gifted Lands Protocol

This is an agreement between the Rotorua District Council and Pukeroa Oruawhata Trust on behalf of the original owners of the Pukeroa Oruawhata Block (known as the City of Rotorua) and their descendants. Council gives effect to the protocol through consultation when there is a significant or important decision to change status of any affected reserve. The committee met in May 2010 and previously in April 2009.

Iwi Consultative Group

The Iwi Consultative Group holds fortnightly to three weekly meetings to assess resource consent applications and advise Council on sections 6(e) of the Resource Management Act 1991, and to provide relevant Tangata Whenua contacts for consent matters.

Kauae Cemetery Committee

Kauae Cemetery Committee trustees meet twice a year to work through operations, policies and procedures, including provisions for the burial of descendants of Ngati Whakaue. A meeting was called by the Ngati Whakaue trustees of the Kauae Cemetery in May 2009 at Te Papaouru Marae, Ohinemutu. The meeting was to discuss the return of koiwi tangata (human remains) from Te Papatongarewa and to discuss the role of the Ngati Whakaue trustees on the Kauae cemetery. Leo Rika was appointed to the Kauae Cemetery Committee representing Ngati Whakaue replacing iwi representative Alfie McRae.

Pukaki Trust

The Pukaki Trust meets to ensure the safe-keeping, conservation and maintenance of Pukaki, located in the Council Civic Centre Galleria. A hui a Iwi and two hui held on the same day 12th May 2010 in Council were held with Ngati Whakaue to discuss the location of Pukaki. The majority of Ngati Whakaue members agreed to re-locate Pukaki to Rotorua Museum of Art and History. Meetings have been held with members of Ngati Whakaue, Te Pukenga o Te Arawa and the Pukaki Trust to discuss when, where and how Pukaki will be relocated in Rotorua's Museum of Art and History.

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. Te Arawa Lakes Trust and Rotorua District Council are jointly discussing needed maintenance of the Waka Shelter.

Developing maori capacity to contribute to decision making **cont.**

Council's Kaupapa Maori Department

This department maintains Council relationships with Tangata Whenua and Maori as well as strengthening the organisation's ability to effectively engage with Maori through training in tikanga and te reo. The department provides whanau, hapu, iwi and marae contacts and consultation advice to various council departments. The department has also produced resources such as 'Whare Korero', 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 in Rotorua. The Kaupapa Maori department is involved in various projects including, MOU development between various Te Arawa iwi; District Plan Review, Central Business District revitalisation, Rotorua Eastern Arterial route, Te Reo training for staff and councillors, Te Arawa Standing Committee Review, elections and ongoing support to the Te Arawa committee. Another significant role of the Kaupapa Maori department is in building relationships and sharing information with private and public agencies, iwi and other council's that work with iwi and Maori in their region and/or district.

Mana Whenua Funding Policy 2009/2010

In 2005/06 Council reviewed its 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 was launched in October 2007 since that time 14 Maori land trust projects have been supported. The projects have

included papakainga feasibility studies, commercial feasibility studies, environmental enhancement projects, waahi tapu maintenance and enhancement, environmental rejuvenation project, replanting projects, kaumatua housing and marae study and restoration study.

The overall aim of the policy is to stimulate and 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 joint projects that will benefit owners and the wider community. In 2010 the fund is to undergo a re-focus in that the main aim of the fund will be land use change projects that work towards improving water quality. Recipients of the fund are Maori Ahu Whenua land trusts in the district; however Maori land reservations and/or marae that intend undertaking projects that will improve water quality may also be eligible.

Tuhourangi Memorandum of Understanding

In April 2005, 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".

Tuhourangi have met with Council regarding the following projects; Tarawera and Okareka landscape Assessment; proposed Crater Lake Park Development update; traffic and parking management plan for Punaromia, Tarawera Landing; Lake Tarawera boat trailer parking; Whakarewarewa Forest Vision and Tarawera Trail.

Rotorua Te Arawa Lakes Strategy Group

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 to coordinating lakes quality improvement in the district. This structure has been enshrined in legislation as part of the Te Arawa Rotorua Lakes Settlement. The committee met in March and June of 2009 and April and July of 2010

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. A number of action plans for specific lakes have been developed with contribution from a range of stakeholders including iwi.

Te Arawa Lakes Trust and Rotorua District Council Memorandum of Understanding.

On 18 December 2009 a protocol between the Rotorua District Council and the Te Arawa Lakes Trust was signed. The Protocol purpose is to ensure that engagement and communication between the organisations is effective, that respect for both organisation roles and responsibilities is upheld, that it recognises the cultural and spiritual relationship Te Arawa has with the 14 lakes and lake beds in Rotorua.

Developing maori capacity to contribute to decision making **cont.**

Other Memorandums of Understanding

Two further MOU's are being developed between Rotorua District Council and Ngati Rangiteaorere and Rotorua District Council and Ngati Rangiwewehi, these are expected to be finalised by October 2010

Community and Public Arts

Local Maori artists, writers, performers and composers have participated, contributed and developed activities and events this year including the Matariki festival, Artists in Residence, the implementation of public art concepts and mural design and development in Western Heights, Brookland area and the modernisation of Lake front public facilities with a locally made mural, collaborative partnership in the Magma Film Festival, kaitiaki sculptures in Ngongotaha, Children's Day and ongoing consultation with iwi regarding gateway designs for the Northern entry into Rotorua. All of these activities and events contribute to Rotorua's District's community outcomes of valuing a living Maori Culture and a Happening community.

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". The committee meets 6-7 times a year in Council's Civic Centre and will also have annual meetings with Environment Bay of Plenty Maori committee and Whakatane's Iwi Liaison Committee.



Back row (left to right): Mauriora Kingi (Director Kaupapa Maori), Peter Guerin (Chief Executive), Roku Mihinui, Arapeta Tahana
 Front row (left to right): Mayor Kevin Winters, Rene Mitchell, Kingi Biddle, Potaua Biasiny-Tule
 Absent: Eraia Kiel, Deputy Mayor Trevor Maxwell, Cr Bob Martin



Bright future Rotorua – community outcomes

The Local Government Act requires councils to identify community outcomes for the intermediate and long-term future of the district and, not less than once every three years, 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 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 wellbeing in the district
- Check how we are progressing towards Rotorua's agreed outcomes

Community outcomes are overarching strategic goals that councils and other organisations 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 effectively and in a coordinated manner.

In accordance with provisions of the Local Government Act, Rotorua District Council takes a collaborative and inclusive approach to identifying and monitoring community outcomes. In mid-2004 the council discussed community outcomes requirements with other key organisations that promote community wellbeing 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.

A set of community outcomes and priorities (or aspirations of the local community) was identified. This was used as the basis for further consultation undertaken in 2008. Proposed amendments were initially incorporated into the community outcomes based on results from community consultation between 2003/04 and 2008, from key stakeholder interviews

and a stakeholder workshop during February-March 2008. Subsequently, feedback was sought through a combination of face-to-face surveys, online surveys, self-return newspaper surveys and targeted focus group meetings.

The 2008 Community Outcomes Review essentially reconfirmed the initial community outcomes and priorities. 'A safe and caring community' is still regarded as the most important outcome for Rotorua residents. Minor changes resulting from the 2008 consultation process included the addition of 'Visionary Community Leadership' as an overarching theme and introduction of specific statements related to sustainability in the supporting detail of the community outcomes.

The updated community outcomes are shown in the diagram below and the detail behind them is provided on the following pages.



Bright future Rotorua – community outcomes **cont.**

Monitoring and Reporting

In June 2010 Rotorua District Council (RDC) published its second Rotorua Community Outcomes report. These outcomes are not the sole responsibility of RDC. The report collected data from various sources, and reflects the current status of the district's eight community outcomes.

The report help decision makers 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:

- Improvements in number of health indicators.
- Recent drop in rate of early school leaver exemptions.
- Reduced rates of school stand downs and suspensions.
- Increased levels of educational attainment.
- Declining crime levels, though still above national average.
- Long term increases in community economic growth.
- Substantial long-term reduction in levels of unemployment.
- Increasing support for migrants.
- Improving access for people with disabilities.
- Fall in level of waste to the landfill per capita.
- Various measures being undertaken to improve lake water quality.
- Improvements to drinking water supply risk gradings.

Areas where the district is not doing so well include:

- Home ownership has been declining since the early 1990s.
- Increased number of annual road traffic crashes.
- Relatively high level of reported criminal offending, despite improvements.
- Relatively poor perceptions of community safety and community spirit by residents compared to other areas.
- Rates of cigarette smoking remains above national average, despite continuing decline.
- Poor oral health for children compared to national average.
- Recent drop in visitor numbers and other economic indicators as a result of the recession.

RDC undertook the Perceptions of Safety Survey for the sixth consecutive year.

The results can be described as mixed, with some trends strengthening (positively) and others weakening or remaining stable.

However, Rotorua did gain international safer community accreditation.

Bright future Rotorua – community outcomes **cont.**

Community Outcomes

Mā te korero tahi, mā te mahi tahi, kā tutuki ā tatou moemoea hei painga mo ngā uri whakatipu

By talking together and working together our dreams and aspirations will be fulfilled for a brighter future for coming generations.

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.

- Strong sense of community spirit
- Respect for cultural diversity
- Support for new New Zealanders to become part of the Rotorua community
- Support for young people and older people
- 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 sustaining, 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
- Improved lake water quality
- Beautiful, litter-free urban environments
- Waste reduction, re-use and recycling
- Kaitiakitanga (guardianship)
- People using and enjoying our natural environment

- Historical sites and buildings are protected and promoted
- Managing and protecting geothermal resources and our springs, trout, lakes, forests, geysers
- Enhancing our forests and farmland
- Conserving energy and reducing our reliance on non-renewable energy
- Encouraging sustainable modes of transport

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
- Improved youth health
- Effective responses to developing health issues
- Improved self esteem/confidence
- Partnerships to promote healthy living
- Healthy whanau, healthy communities
- Warm, healthy homes
- Clean air

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 private enterprise
- Enhancing tourism as an iconic sector of Rotorua's economy
- Encouraging development of Māori land and resources
- Reducing unemployment rate
- More investment in our district
- More employment opportunities

- More new business
- Celebrating and promoting our district's unique qualities
- Encouraging growth
- An attractive and lively city centre
- Affordable housing that meets people's needs
- Sustainable development

A community with excellent facilities, services, activities and events – a community that plans well to ensure facilities and services are accessible, the district is easy to get around, there are lots of activities and events, and people welcome diversity and are inspired by creativity.

He Iwi Whanui tenei e mau pu motuhake ana ki ona taonga me ona ratonga, he Iwi Whanui tenei e tumeke ana.

- Easy to get from place to place
- Good, safe, maintained services and roads
- Good quality infrastructure for future
- Excellent reliable communication infrastructure
- Affordable facilities and reserves and services
- A great trans-Tasman 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 economic and social development opportunities
- A community that recognises the value of partnerships including the Treaty of Waitangi
- Fostering Maori cultural performance, arts, activities and expression
- Respecting Te Arawa as part of the unique heritage of Rotorua District
- Strengthening relationships between all cultures

Bright future Rotorua – community outcomes **cont.**

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
- Quality educational institutions
- Increased participation in early childhood education
- Addressing skill shortages through successful pathways into tertiary education, training and work
- Engagement and achievement at all levels of education and learning
- Improved literacy and numeracy achievement
- Increased availability and quality of Maori language education
- Whanau supported learning
- Commitment to science, innovation and research

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 activities and events
- Provision of good quality event, conference and tourism facilities
- Celebrating and nurturing traditional Māori culture
- Foster artistic expression, art, music, dancing, public performances and exhibitions
- Great facilities to visit e.g. museum, arts village, aquatic centre

Overarching these Community Outcomes is a desire by Council to exercise **Visionary Community Leadership** - visionary, inclusive leadership is supported and fostered within Rotorua communities.

He Matakitenga - ma nga hapori o Rotorua te amokuratanga e taurima e tautoko.

- Rotorua communities have a clear vision for sustainable development, prosperity and well-being.
- Communities are informed and engaged in planning and developing the District's future.
- Organisations and communities work together at all levels to achieve shared outcomes.
- Māori are respected as partners in decision-making and have a voice in issues affecting the District.



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 68,100. Rotorua ranks 4th 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 2,615 km².
- Based on the 2006 Census, the district's usually resident population stands at 68,100.
- 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 2010 there was an average of 4,800 visitors per day staying in Rotorua commercial accommodation.
- There are 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 82% are sealed.
- The gross capital valuation is almost \$14.1 billion and gross land valuation is around \$7.9 billion.
- Rotorua's GDP is estimated at \$2.9 billion per annum.

Rotorua's Early History

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

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

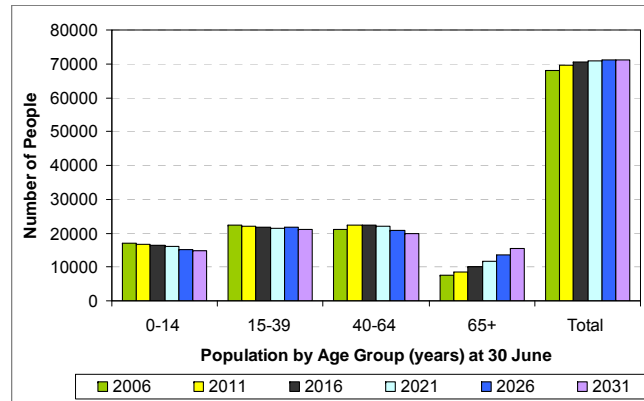
other reserves. Today, policy issues in respect of Rotorua's gifted reserves are discussed by a joint committee of the Pukeroa Oruawhata Trust and the District Council.

Rotorua's People

Including people of mixed ethnicity, the major ethnic groups in the Rotorua District are European (56%), Maori (36%), Pacific Islands (4%) and Asian (4%). More than half of Rotorua's young people are of Maori descent. According to Census results, around 8,000 Rotorua residents are affiliated with the Arawa tribe that were the original settlers of the central Bay of Plenty area. In addition, many of Rotorua's Maori residents are affiliated with tribes from other parts of New Zealand. Rotorua's population profile is becoming much more multicultural than it has been in the past, including increases in residents from the Pacific Islands, Asian countries, and many other parts of the world. Rotorua's population profile is also relatively youthful but, like other parts of New Zealand, is gradually growing older. Official projections show that the district is expected to have only moderate residential population growth over the coming decade, with more rapid growth in the eastern suburbs, northern rural areas and eastern lakeside areas.

About the district **cont.**

Population Projections by Age Group 2006 (Base)-2031 Rotorua District



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, Okakarua, 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.

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.

Economic Recession

The economic recession that has affected most countries continued throughout most of 2009/10. This recession has had a significant impact on the Rotorua economy and consequently residents. Tourism has been affected, but not as badly as expected, largely because of the strategies implemented by Council and the tourism sector.

About the district **cont.**

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 Bay of Plenty Regional Council, Te Arawa Maori Trust Board and lakeside communities to better manage lake water quality.

Rotorua's Population in the Future

Introduction

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

overseas. The population grew by 2.2% between the 2001 and 2006 census.

The Rotorua District population was 68,100 in 2006. As well as overall population changes, the demographic profile of Rotorua is projected to change. In particular, the population profile is ageing, there is an increasing number of Maori residents, and also an increasing diversity of people belonging to Asian, Pacific Islands, and other ethnic groups.

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

The Rotorua District population is forecast to reach 71,986 in 2021 and 75,359 by 2051. These upper and lower limits are fairly arbitrary, but give some indication of the likely population increase.

Forecasting Growth

To ensure there is accurate and consistent information for the basis of planning, the council has developed a growth model which looks at all the factors impacting on growth in the district.

This model includes assumptions around the type of growth, eg residents compared to visitors, and demographic make-up. This information underpins our projected services included in the 2009-19 Ten Year Plan. It is crucial that our planning for services, infrastructure and funding is realistic and coordinated

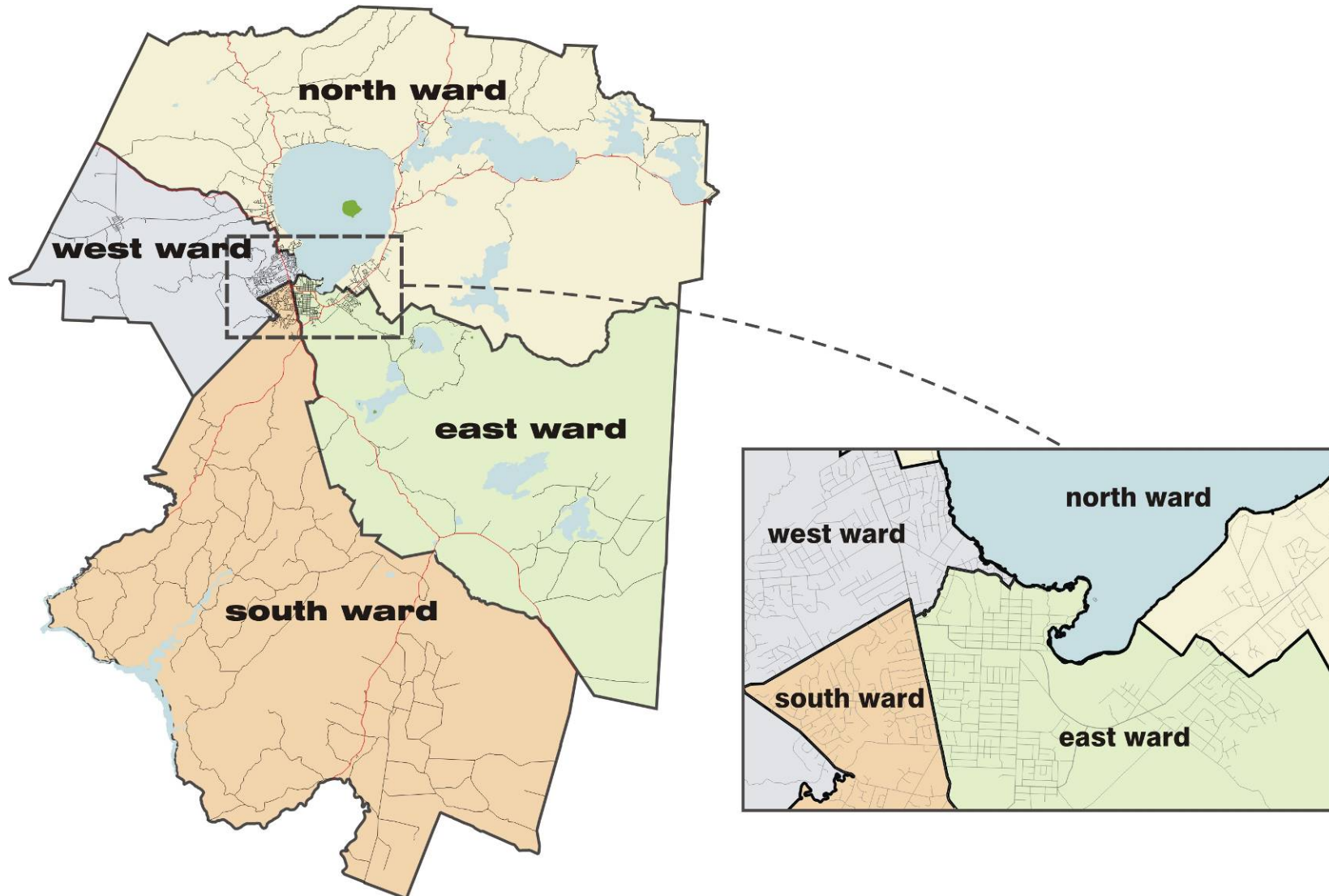
across the district. Key findings of the growth model are:

- Population Growth is forecast to grow by 0.38% per annum between 2001 and 2021, and a further 0.15% per annum to 2051.
- Household occupancy will trend down from 3 people per occupied dwelling in 2001 to 2.67 in 2021, and 2.6 in 2051.
- The number of households will increase from 26,493 in 2006 to 29,988 in 2021, and continue to grow to 32,058 in 2051.
- An additional 0.72 million visitor nights will be generated by 2021.
- Total visitor nights were 3.7 million in 2006 and are estimated to be 4.42 million by 2021.
- An additional 44 hectares of industrial/employment land will be needed by 2021 and a further 29 by 2051.
- An additional 8ha of retail/commercial land will be needed by 2021 and a further 5ha by 2051.
- The eastern suburbs show continued growth through to 2021 whilst the city experiences a reduction in population numbers. It is also believed that Hamurana, Ngongotaha and northern planning units will experience steady growth.

Aging Population

The implications of an aging population for local government are considerable. As the age structure of a population changes, the services required by the community will change. As a community ages, its demand for road construction and maintenance is likely to stagnate (or even decrease) while demand for passenger transport and total mobility services may increase. The nature of open spaces may change from playgrounds and fields for contact sports to requests for walkways and fewer sports grounds. In short, local communities will demand changes in the type and scale of a range of community services.

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, Committee and Community Board 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

There are currently four wards with three members elected per ward:

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

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

The next local body elections will be held in October 2010. Council has undertaken a further review of its representation and is changing from a ward based system to electing councillors at large.

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

Meetings

Council's committee structure and meeting arrangements were determined by Council in November 2007, and this committee structure provides an open and accountable governance system. The meeting arrangements and committee structure will be further reviewed following the 2010 elections.

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 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.

Governance report cont.

Mayor and councillors as at 30 June 2010



His Worship the Mayor
Kevin Winters JP



Cr Charles Sturt



Cr Bob Martin



Cr Karen Hunt

north ward



Cr Mike McVicker



Cr Glenys Searancke QSM



Cr Julie Calnan

south ward



Cr Trevor Maxwell MNZM
Deputy Mayor



Cr Geoff Kenny

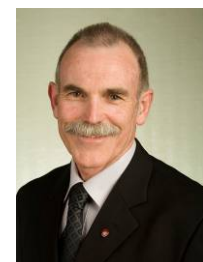


Cr Janet Wepa

west ward



Cr Maureen Waaka
MNZM, JP



Cr Dave Donaldson QSM

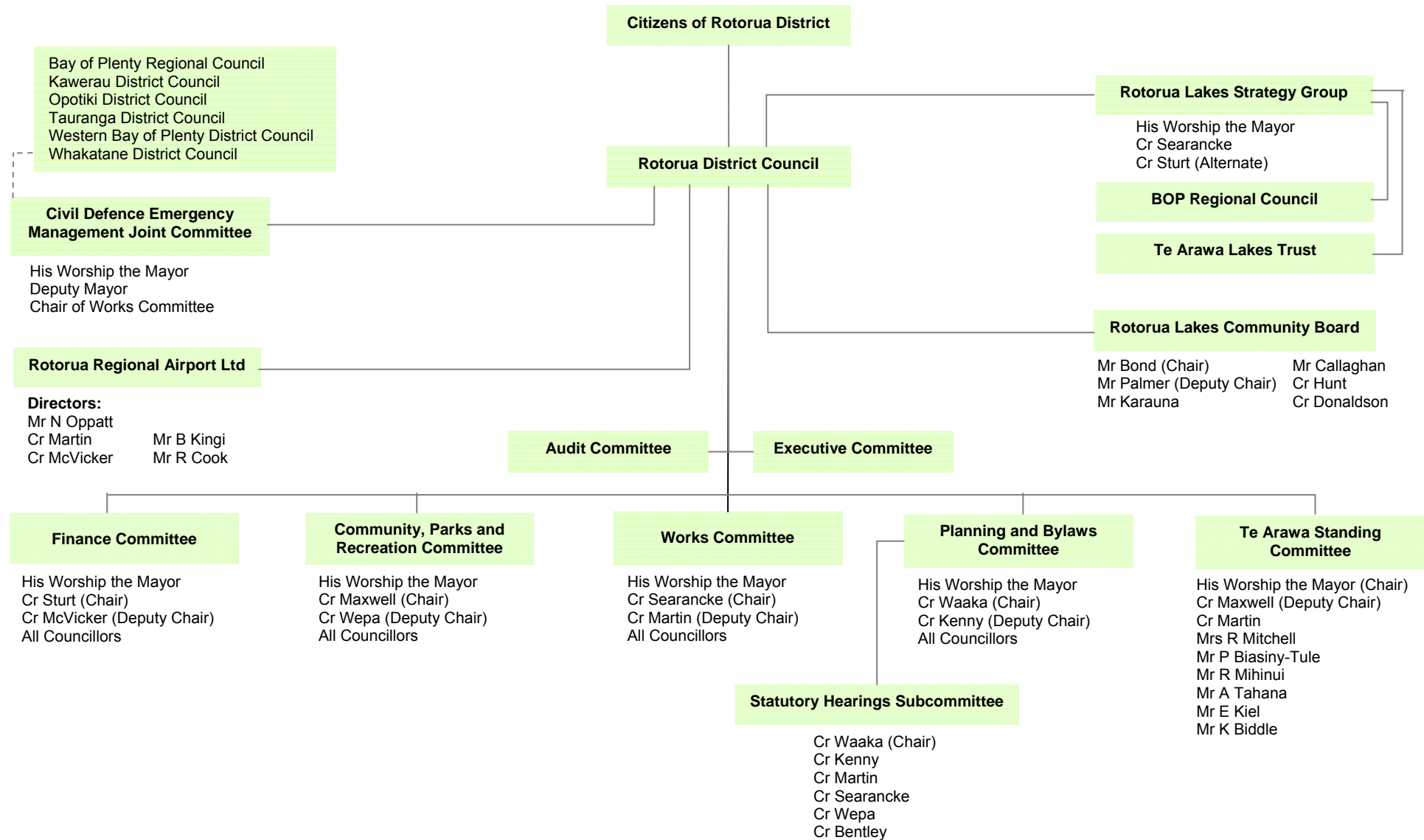


Cr Maggie Bentley

east ward

Governance report cont.

Committee structure



Governance report **cont.**

Committee terms of reference

- **Finance**
Ten Year Plan and annual plans, annual report, 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, wastewater, water supplies, airport.
- **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 Committee, Planning and Bylaws Committee, and Works Committee. Its work includes decisions on matters requiring urgency.
- **Statutory Hearings Subcommittee**
This subcommittee is chaired by Cr Waaka along with five 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 Te Arawa Lakes Strategy Group**
Rotorua District Council, BOP Regional Council, 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 (Councillor Sturt – alternate) 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 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.

Rotorua Lakes Community Board



Front row (left to right): Karen Hunt, Brentleigh Bond, Neil Callaghan
Back row (left to right): Geoff Palmer, Phillip Karauna, Dave Donaldson

Governance report **cont.**

Delegation

Not all decisions of Council are made by committees or 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 delegation manual and are subject to review at each triennial election and as 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 adopted to guide meeting procedures and assist sound decision making processes.

The Remuneration Authority determines the overall salary pool for the Mayor and councillors, and confirm how Councillors are remunerated from the pool.

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 2007. 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. Overall risk management is supported further through insurance policies, which are reviewed regularly.

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

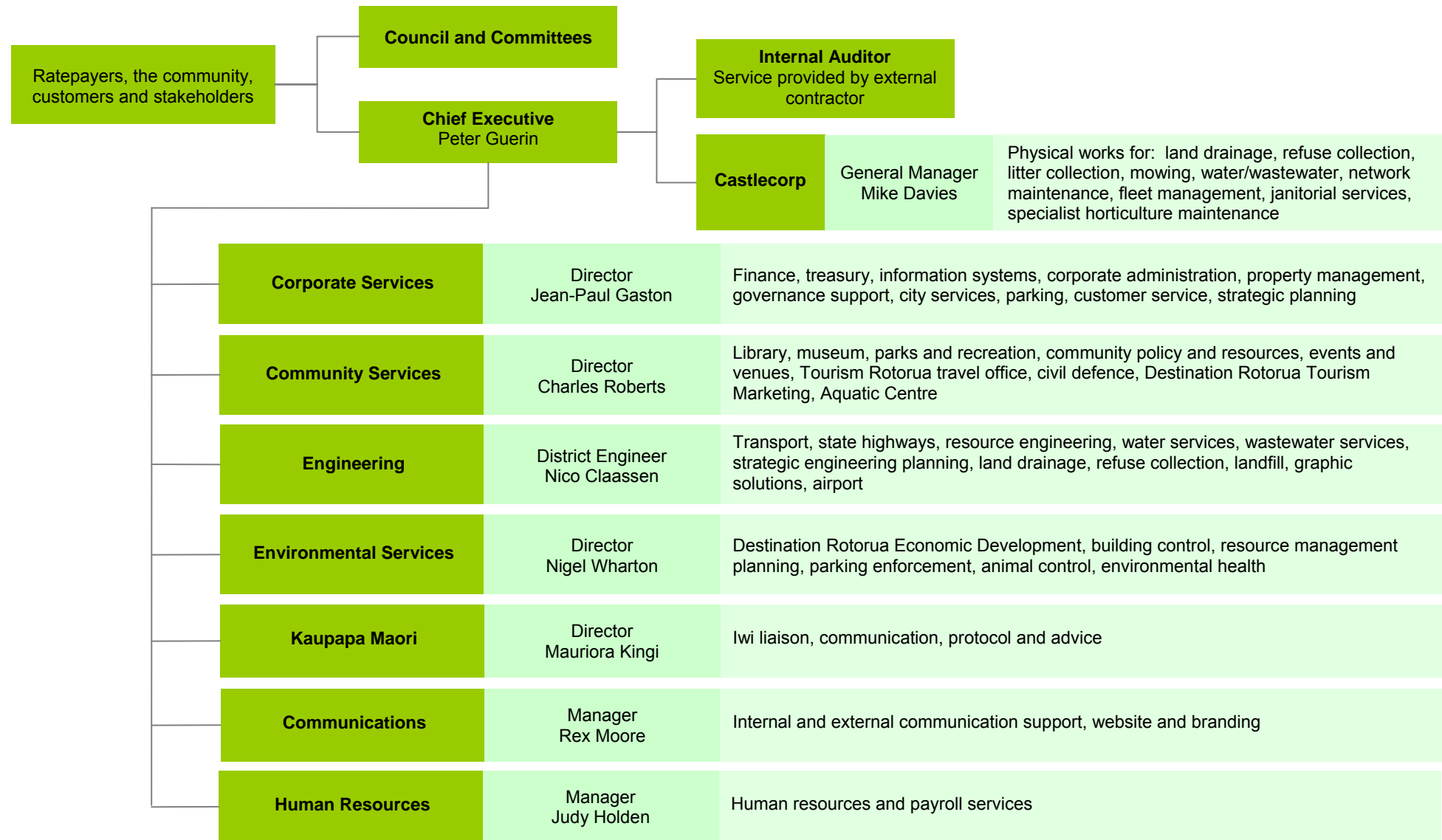
A schedule of members' financial interests is maintained and they are required to declare their interests in any matter being considered by them in their role as an elected member at meetings.

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.

Governance report cont.

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.

The Community Outcomes you want us to help promote for a Bright Future



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 consulted on and adopted a new Ten Year Plan for 2009-19.

Annual Plan

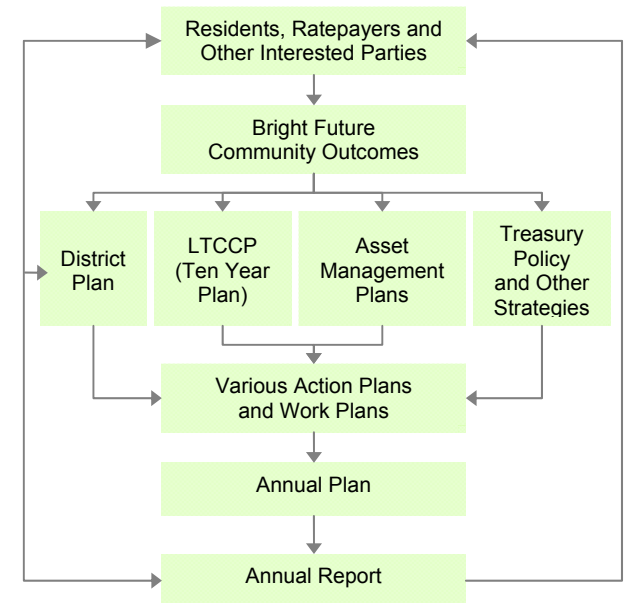
The Annual Plan is an action plan produced in the years that Council does not adopt a LTCCP, and sets out how Council has prioritised its goals on an annual basis.

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 2009/10. The report has an accountability and informative role. Accountability is the requirement for Council to account to ratepayers, residents and other interested parties for its performance over the last year. This requires financial reports that:

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

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



Strategic direction **cont.**

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 in order to achieve various goals and objectives, and includes 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 cash flows.

Treasury Policy

The Local Government Act 2002 requires Council to adopt policies for “borrowing” and “investments”, and because the two issues are so closely interlinked a single comprehensive Treasury Management Policy has been prepared. This policy sets borrowing limits, where funds can be invested, and other parameters for borrowing and investing.

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, a strategic platform has been established for the future

direction of the district. This strategic platform is based around the:

- Long Term Council Community Plan (Ten Year Plan)
- BrightEconomy
- Rotorua Visitor Industry Strategy
- Retail Strategy
- Funding and Rates Review
- District Plan Review

Consultation 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.

Ten Year Plan 2009-19

Council consulted extensively during the previous year on the Ten Year Plan 2009-19 and the various policies that are comprised in this document. Also as part of the preparation of the Ten Year Plan, Council also undertook consultation with the community on a number of matters, which included:

- Rating options for 2009/10 and beyond.
- Community Outcomes for Rotorua district.
- Levels of service for Council activities.

Annual Plan 2010/11

Council consulted on the Annual Plan for 2010/11 during the year, which was essentially year two of the Ten Year Plan 2009-19. The Annual Plan envisaged a continuation of all Council services at their present level, except for reductions to library book renewals, and resealing of roads. At the same time Council consulted on changes to its Ten Year Plan 2009-19

(amendments to the Rating Policy), establishment of a Council Controlled Organisation (Rotorua Holdings Ltd), adoption of the Rotorua Air Quality Control Bylaw and the Waste Management and Minimisation Plan. Council received 3,754 submissions to these documents and the vast majority were concerning recycling of waste in the district.

Other consultation and events during the year

Council undertook a significant amount of consultation with the community during the 2009/10 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:

- District Plan Review (non resource consents)
- Major Events Strategy
- Public Places Liquor Control Bylaw
- New sewerage schemes for Hamurana/Awahou, Rotoma/Rotoehu and Rotoiti
- Reserve User Survey
- Aquatic Centre User and Satisfaction Surveys
- Consultation on lakefront development
- Perception of Safety Survey
- Youth spaces project
- Annual Community Satisfaction Survey
- Pensioner Housing Survey
- Entranceway to Rotorua development
- Annual Plan 2010/11 (including fees and charges)
- Establishment of Council Controlled Organisation – RDC Holdings Ltd
- Rotorua Air Quality Control Bylaw
- Waste Management and Minimisation Plan

Strategic direction **cont.**

Community Satisfaction Survey

The 2010 Community Satisfaction Survey undertaken by Key Research Ltd indicated that 62% of those surveyed approved of Council's decisions and actions, which was a decrease when compared to 2009. 45% of respondents rated the performance of the Mayor and elected members as being good.

Rotorua Regional Airport Ltd

As at 30 June 2010 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 BOP Regional Council; and Bill Kingi, Ngati Rangiteaorere Kahikatea Trust representative. These Directors have represented Council's interests throughout the year at a governance level.

Audit Committee

Council has an Audit Committee with Mayor Winters, Councillors Sturt, Maxwell and McVicker, as elected members, and Mr B. Lane, a Chartered Accountant, as an external member. The Committee met twice during the year and received management reports from Audit NZ on end of year reporting, and reports from Council's internal auditor.

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 (80%)
4. Complaints/Appeals to External Agencies <ul style="list-style-type: none"> – Ombudsman – Privacy Commissioner – Office of the Auditor General 	No complaints. (Any complaints determined in Council favour).	Achieved
5. Litigation Schedule	Risks managed	Achieved
6. Serious Fraud Matters (in terms of Council Policy)	Nil	Achieved
7. Staff Turnover (organisationally)	Staff turnover not to exceed 15% per annum	Achieved (Turnover 5%)
8. OSH Reports	OSH Audit Reports satisfactory ACC discount rating not less than 15%	Achieved.

Social Well-being Report

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) published its second Rotorua Community Outcomes monitoring report. The report collected data from various sources, and reflects the current status of the district's eight community outcomes. 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, services, activities and events"
- "A learning community"

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

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

¹ Social Well-being – 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](#)

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 2009/10, Council has contributed to this area by:

- Involvement with a collaborative project with a focus on young people in transition.
- Provision of recreational facilities and programmes for people to develop skills e.g. swimming, sports, arts, physical activity, reading.
- Hosting permanent and temporary 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 with organisations that work with and support the maintenance, care and development of marae.
- Contracting with not-for-profit groups – supporting capacity/capability development of these organisations.

Sustainable development reports **cont.**

Social Well-being Report

- Production of Social Monitor 2009.
- Redevelopment and upgrade of services at the library.
- Growing, maintaining and providing access to a comprehensive collection of material pertaining to local history in the library.

Education

Educational opportunities refers to formal education offered in Rotorua. These opportunities 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 2009/10, Council has contributed to this area by:

- Leading a Truancy Project which has been a focus within the Rotorua District Council Crime Prevention Plan.
- Provision of school guest speaker providing presentations on drug and alcohol abuse and positive life choices.
- Providing special packs for all new entrants in every school in the district to encourage reading and membership of the library.
- Encouraging schools and other groups to participate in guided tours of the library.
- Hosting a national Arts Conference providing opportunity for professional development of artists and arts managers.
- Hosting workshops in writing for film (Magma 2010).
- Facilitating monthly reading rounds at the library as a contribution to ongoing adult education.
- Youth in transition (SIG).

- Providing opportunities for Youth Council members to receive NZQA Unit Standards during their term on the Youth Council.

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 2009/10, 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, and Children's Day celebrations.
- Provision of pensioner housing services.
- Utilising Marae as a place to engage and connect with local communities about various issues.

- Provision of a Settlement Support Officer to support new migrants to Rotorua.
- Review and maintenance of playgrounds within the district.
- Financial support of Rotorua ICT Trust.
- Developed the E OHO youth development project to support young people in high need communities.
- Supported community activities within Rotorua Safe Families campaign eg: Santa Parade float, White Ribbon Day activities.
- Providing a welcoming environment in the library where people can meet and spend time together.
- Providing a public library with internet access.
- Providing free lecture series during the year on Sundays at the Rotorua Museum of Art & History.
- Hosting holiday programmes for toddlers to 18 year olds during the year.
- Delivering books to people in the district who are housebound.
- Introduction and facilitation of a weekly Night Market every Thursday night in the CBD.

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 2009/10, Council has contributed to this area by:

- The engagement of several local artists in public art works through capital works projects.
- Support for Rotorua Careers Expo in May 2010. Held over two days the Expo provided both young people and those wanting a career change with information and advice from professionals.

Social Well-being Report

Sustainable development reports **cont.**

- Facilitated activities to support Rotorua Strategy – Youth Transition.
- Support to Youth Projects Trust and Youth Centre to provide skills and training to young people to further their employment.
- Project managing the 2009 Industry Graduation for trade graduation in the district. RDC was a major funder of this event.

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 2009/10, 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.
- Undertaking activities to improve community safety.
- Oversight of contracts with sports organisations to support the provision of healthy action options in the district.
- Completing actions planned for Curbing Alcohol Related Violence (Project CARV).
- Provision of Get Active Stay Active brochures which are updated three monthly and publicise activity options within the district.
- Updating Good Health publication in 2010.
- Development and distribution of two Hobbies, Interests and Passions (HIP) brochures for people over 50 years.

- Providing overall coordination of the walking school buses, and caterpillar feet for kindergartens.
- Promoting Feet First Walk to School Week.
- Organising Walk to Work Day.
- Sharing facilitation of Bike Month.
- Funding and participating in the oversight of 'Rotorua in Gear' project.

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 2009/10, Council has contributed to this area by:

- 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 at the Redwoods.
- Providing programmes for youth and families during the school holidays.
- Participating in the activities of Rotorua Safe Families Leadership Group and community activities.
- Maintaining twice weekly toddler times for caregivers/whanau and their children/tamariki.
- Offering free admission to Rotorua Museum of Art & History to Rotorua residents/families/whanau who provide identification.

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 2009/10, Council has contributed to this area by:

- Making available Council and Regional Council agendas and minutes for all the meetings undertaken.
- Hosting Youth Council with members drawn from local high schools.
- Supporting the Te Arawa Standing Committee.
- Undertaking community engagement processes eg: Safe Families Action Plan.
- Published Maori Committees and Advisory Groups – information about groups supporting the work of Rotorua District Council.
- Developing youth specific democracy workshops and supported youth input and submissions to the RDC Annual Plan.
- Engagement with young people about four new youth spaces for the Rotorua district.

Sustainable development reports **cont.**

Social Well-being Report

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 2009/10, 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.
- Rate rebates for older people in the city.
- Supporting the Rotorua Healthy Homes Project which oversaw the retrofitting of more homes with insulation to make them warmer.
- Retrofitting insulation into each of the 152 RDC pensioner housing units.
- 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 eg: Social Monitor 2009.
- Providing free membership to a public library.

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 2009/10, Council has contributed to this area by:

- Completion of Rotorua Project CARV action plan focussing on community action around alcohol.
- Implementing activities through the Drivewise group.
- Undertaking a 2010 Perception of Safety telephone survey.
- Visiting local organisations and services with a Civil Defence focus.
- Implementing Rotorua District Council Crime Prevention Plan which included a focus on school attendance.
- Co-ordinating two rounds of the Community Safety Projects Fund.
- Bi-monthly production of Safe Rotorua Newsletter.
- Provision of Crime Prevention Through Environmental Design (CPTED) training to community members.
- Operation of City Assist programme over summer of 2009/10.
- Achieved International Safe Community designation.
- Participation in Rotorua Safe Families activities.
- Including Crime Prevention Through Environmental Design (CPTED) provisions in the updated District Plan. these provisions were applied to the proposal for Wharenui Road developments.

Economic Well-being Report

Sustainable development reports cont.

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

The Rotorua District has an estimated aggregate output of around \$2,900 million per annum with forestry and agriculture and their associated processing as well as tourism making the largest contributions.

Labour force participation in the district has increased substantially over the past decade, but has slowed and unemployment has increased over the past 12 months. Rotorua's occupational profile is gradually changing, with fewer agricultural workers and increased numbers of manufacturers, professionals, teachers, and other service occupations.

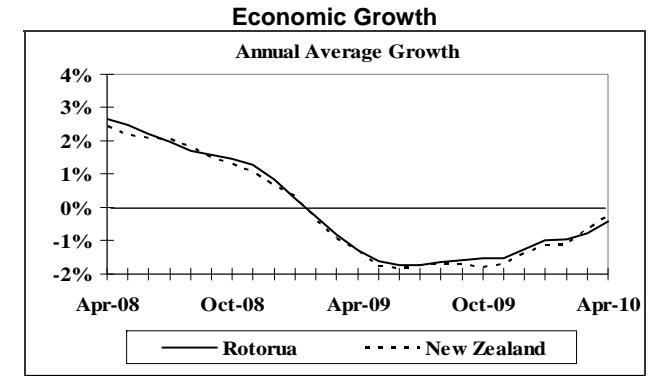
In the Rotorua District, primary production (including farming and forestry but excluding related processing and manufacturing) generates 7.2% of total employment compared with 6.0% nationally and in 2010 contributed an estimated \$493 million (17%) towards Rotorua's total economic output. Many manufacturers, service industries and contractors in Rotorua are directly affected by progress in the district's primary sector. Rotorua's soils are well suited

for pastoral farming and forestry, and the district's average annual rainfall of 1,400mm is distributed evenly throughout the year. Rotorua also has a sunny climate and relatively little wind.

Recent major developments have slowed with the economic downturns. There are however advanced plans to further develop the Rotorua Central Mall, work has also started to convert the old post office building to inner city apartments and the airport extension to enable trans-Tasman capability was completed at the end of 2009. Extensive additions to the Rotorua museum will be completed in August 2011. These major investments will all have a positive impact on the business confidence in the region.

A total of 70 houses with a median sale price of around \$246,500 were sold in Rotorua during May 2010. This was a slight increase compared to 63 houses sold in April 2010 but was less than the 90 houses sold in May 2009. The annual average growth rate in the number of houses sold in Rotorua has slowed significantly from 7.2% for the year ended April 2010 to only 0.9% for the year ended May 2010.

There is also strong support for the tourism and screen production sectors with Rotorua being a major partner in the regional film office initiative known as Film Central and the strong destination marketing programme being implemented by Destination Rotorua Tourism Marketing.



Source: APR Consultants

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 2010 show that the local business confidence indexes are slightly down, with a mix of positive and negative expectations.

The Rotorua confidence indexes are showing reducing confidence levels, although most indexes are still positive. The positive indexes showed that the majority of Rotorua residents expect the economy to improve.

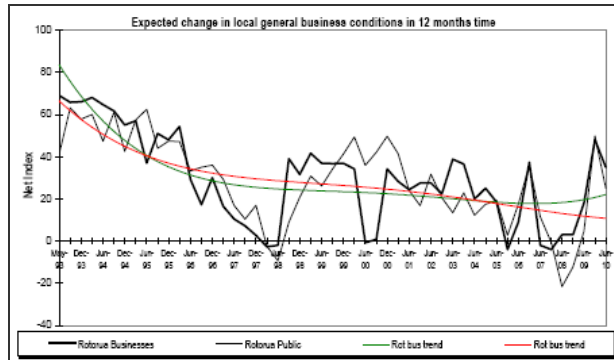
On a positive note, Rotorua businesses and households expect local general business conditions and Rotorua economic activity to increase. Personal income levels are expected to increase and profits for business are also expected to increase.

Sustainable development reports **cont.**

Economic Well-being Report

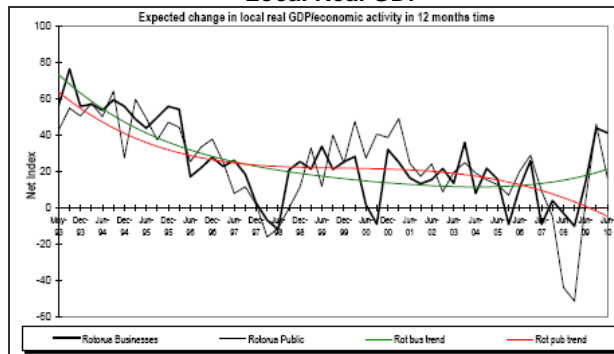
Businesses are planning to invest more into their businesses and keep promotion at June 2010 levels. Businesses are planning on employing more over the year to June 2011. On the negative side, Rotorua residents expect prices to increase, interest rates to rise and unemployment to increase from June 2010 levels. Businesses involved in exporting reported an expectation of increasing export levels. Residential construction businesses expected increasing volumes of construction from June 2010 levels.

Local General Business Conditions



Source: APR Consultants; June 2008 Business & Consumer Confidence Survey - www.rotorua-business.com

Local Real GDP



Source: APR Consultants; June 2008 Business & Consumer Confidence Survey - www.rotorua-business.com

Agriculture

Farming and its associated processing are estimated to contribute around 8% of Rotorua's total economic output in 2010. Most of the agricultural land in Rotorua is dedicated to dairy, beef, sheep and deer farming. There is an increasing number of smaller lifestyle blocks in the District, as well as rationalisation and more intensive use of larger farming blocks. Dairy and deer farming have shown strong profitability in recent years.



Forestry

Rotorua is at the heart of the dominant wood supply region in New Zealand. The Central North Island supply area produces nearly 50% of New Zealand's annual wood harvest, and is projected to remain the dominant wood producing region in New Zealand. Rotorua is located in close proximity to vast plantation forestry resources, including the extensive Kaingaroa Forest. Rotorua is also located halfway between Kawerau and Tokoroa, which have the two largest forestry processing sites in New Zealand, and is less than one hour's drive from the major forestry export port, Port of Tauranga. Red Stag's Waipa mill, located on the outskirts of Rotorua's main urban area, is currently the largest sawmill in Australasia. Rotorua is the home of the internationally renowned New Zealand Crown Research Institute - Scion (formally New Zealand Forest Research Institute Ltd). Scion has expanded



its research capabilities to meet the growing consumer demand for renewable materials and products from plants offering wide ranging technical and scientific capability to anyone in the business of producing materials or creating products using renewable plant resources.

In 2009 Rotorua's forestry sector directly and indirectly employed around 1,220 people, with forestry and first stage processing alone employing 400 people in wood product manufacturing. Organisations based within the Rotorua District make a significant contribution to all aspects of national forestry, including industry training and research. A depth of experience and expertise exists within the numerous engineering, manufacturing, harvesting, transport, and professional service businesses involved with forestry related activities in Rotorua. Many of these regularly service the Kawerau and Tokoroa based pulp and paper mills.

Manufacturing

The manufacturing and construction sectors jointly account for 5 100 jobs in the Rotorua District. Around 40% of all manufacturing employment in Rotorua relates to wood and paper products manufacturing. Machinery and equipment manufacturing and food and beverage processing are also significant local employers.



Economic Well-being Report

Sustainable development reports **cont.**

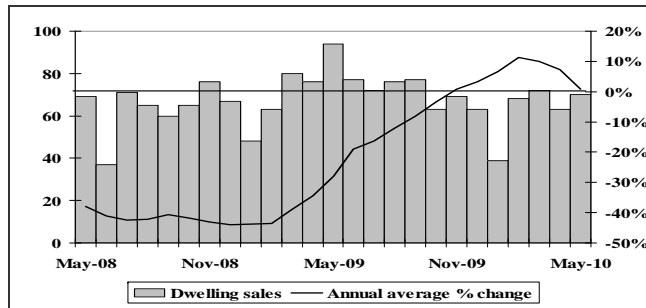
Construction and real estate

The construction sector includes residential, non-residential and civil construction, as well as building-related services such as plumbing and roofing. Around 56% of jobs in this sector in Rotorua are in construction trade services with the remainder in general construction. The fortunes of this sector are subject to greater variation in market activity than many other industry sectors.



The construction sector employs around 1,720 people in the Rotorua District, which represents an annual average growth since 2005 of 2.5%. The real estate sector employs around 430 people in the Rotorua District, which represents an annual average decline since 2005 of 2.2%.

Residential Real Estate Sales



Source: Real Estate Institute of New Zealand

Transport

The transport sector includes road freight, bus transport, taxis, rail transport, air transport, and services to the transport industry such as warehousing. In 2009 Rotorua's transport sector accounted for around 1,170 jobs in the district. The sector in Rotorua is dominated by road transport and related services. Road freight transport accounted for around



500 jobs while passenger transport accounted for 70 jobs. This is a reflection of the strategic central North Island location of the Rotorua District, as well as the dominance of agriculture, forestry and tourism and the road cartage associated with these industries. The route from Rotorua to the Port of Tauranga is used intensively to carry wood and wood products, dairy industry products, and manufactured goods.

Rotorua Airport has been redeveloped and is reinforcing Rotorua's position as a premier visitor destination. Much of the infrastructure at the Rotorua Regional Airport (Rotorua Airport) has recently undergone a phase of redevelopment and the airport is now fully trans-Tasman capable.

Wholesale and Retail

Collectively the wholesale and retail sectors in Rotorua account for over 4,170 jobs. Major categories of wholesale and retail trade include personal and household goods, as well as machinery and motor vehicles. Rotorua has a diverse trade base, and is influenced by both domestic household spending and overseas visitors.



In recent years, the upgrade of the central business district (CBD) and the arrival of Rotorua Central has had a profound effect on some retail businesses, particularly around the City Focus and at the northern end of the city near the lakefront. The opening of major chains such as Rebel Sport, Glassons, Countdown, Harvey Norman and many national and international fast food chains has also increased the attractiveness of the city for both residents and out-of-town shoppers. The conversion of the post office building to luxury apartments in the CBD as well as the introduction of the night market and el fresco dining will continue to contribute to the vibrance of the CBD.

Sustainable development reports **cont.**

Economic Well-being Report

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 conference and events sectors. 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. Rotorua has a wide range of accommodation, from backpackers and major hotels to luxury lodges. The December 2009 commencement of direct trans-Tasman flights into Rotorua marked an important milestone in Rotorua's tourism development as the reduced travelling time to reach Rotorua has significantly improved the attractiveness of Rotorua as a short break, conference, events and regional touring destination for Australians.

The tourism industry in Rotorua is a major contributor to the district's economy. For the year ending December 2009 the Ministry of Tourism estimates the Rotorua district attracted more than 1.7 million overnight visitors and 1.3 million day visitors. The 1.7 million overnight visitors had an average length of stay of 1.9 nights, which equates to approximately 3.2 million visitors nights spent in the District. 20% of all jobs in Rotorua are within tourism businesses (that's one in five people employed in the tourism industry) and a further 5% of jobs are dependent on tourism by virtue of being in roles that service the tourism industry. The Ministry of Tourism forecasts visitor expenditure in the Rotorua region

will be \$512 million for the year ending December 2010. This expenditure has a significant flow-on effect into other business sectors that service the tourism industry, into the many Rotorua households that have members employed in the tourism industry, and into the wider Rotorua community as wages and profits derived from visitor expenditure are spent by local residents and businesses.

The development and marketing of Rotorua tourism is guided by the Destination Rotorua Visitor Industry Strategic Plan, which maps out the future of the Rotorua visitor industry product for the next 5-10 years. The implementation of this plan is well supported by the Destination Rotorua Tourism Marketing department of Rotorua District Council along with support and guidance from the Rotorua Tourism Board.

Environmental Well-being Report

Sustainable development reports **cont.**

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 formed part of the 2007 Rotorua State of the Environment Report, which was published in February 2008. The next State of the Environment Report will be produced in 2012.

The 2007 State of the Environment report presented data on 36 baseline indicators of environmental progress. 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
- Geothermal Resources
- Culture, Heritage and Tourism
- Biodiversity
- Open Spaces
- Rural Land
- Urban Design and Amenity
- Sustainable Waste Management
- Sustainable Infrastructure
- Transport
- Energy Resources
- The Global Environment

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, 35 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 Maori 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. A major program of engagement with Iwi is also underway as part of the district plan review.

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 Rotorua Te Arawa Lakes Strategy Group, a collaborative body made up of Bay of Plenty Regional Council, 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 have been progressed such as the Ohau Channel diversion at Lake Rotorua/ Rotoiti, and alum dosing and in-lake flocculent treatment in Lake Okaro. In tandem a significant programme of sewerage reticulation for lake side communities is underway with the Okawa Bay/Mourea stage completed in 2007 Hinemoa Point sewerage scheme completed in 2008 and Rotokawa and Brunswick completed in 2009. The district council is presently in the process of reticulating other lakeside communities with Okareka to be completed this year, Okere Falls, Otaramarae scheme and Whangamarino scheme starting in August and completed in late 2011, and Hamurana and Awahou to be completed in 2012. The Wastewater Treatment Plant has also undergone an upgrade to further reduce nutrient levels reaching Rotorua's lakes and streams, the upgrades have included methanol dosing to remove nitrogen and a side stream Membrane Bio- reactor plant to be constructed in 2011 to enable better treatment during high wastewater flows. 77% of residents are provided with a sewerage system of these, 96% 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 bylaw assists in reducing contaminant runoff into the lakes of the district.

Sustainable development reports **cont.**

Environmental Well-being Report

In the longer term it is recognised that changes in land use and land management practices are required 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. The review of the Rotorua Geothermal Plan by Bay of Plenty Regional Council is progressing and may create opportunities to make use of the geothermal resource for community heating schemes. Regional councils Bay of Plenty Regional Council and Environment Waikato are working together for consistency in management of Rotorua's geothermal assets.

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 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).

Sustainable Waste Management

Up to 80% of Rotorua's current waste stream has potential to be recycled and reprocessed. The recycling centre at the landfill and the in-town recycling centre diverts an average of about 20,000 tonnes of material including household recycling, green waste and building waste from the landfill each year. Figures show that household recycling has been increasing. Increased use of these recycling facilities would help to reduce Rotorua's waste to landfill. The current rate of waste to landfill is approximately 18kg 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 3,837 noise complaints received and 82% 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. Council is also progressing Urban Design Framework. The purpose of this study is to provide a strategic framework for development over the next 15-20 years. The strategy is being considered as part of the district plan review.

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 approximately \$1 million. Another \$600,000 per year is spent on urban and rural street improvements. 82% of residents are satisfied with roads in the district.

The Rotorua Entraceways Strategy seeks to enhance the main entrances on State Highways into the city. The western entranceway at Tarukenga was completed in June 2010 while options for an eastern entranceway near to the airport are being investigated. 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.

Sustainable development reports **cont.**

More than half of surveyed residents (61%) believe that traffic in and around Rotorua has become worse (although 64% also say that it is easy to drive in and around the city centre). Community satisfaction 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 was implemented in 2008-09, resulting in more frequent trips with a shorter duration. Since 2001 there has been almost 55% increase in the number of passenger kilometres travelled on the public bus service. There are more than 17 km of marked cycle ways within Rotorua's urban area, but less than 3% of working-age residents use a bicycle as their main mode of transport to work. Council has prepared a Transport Demand Management Strategy which aims to improve the efficiency of use of the transportation network. Potential benefits of the strategy include a reduced requirement to build more roads, less fuel use (and associated pollution), and fewer vehicles on the roads. The strategy consists of five major recommendations, all of which are in various stages of implementation.

Climate Change

The environmental wellbeing 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 monitors its carbon emissions and is implementing its Corporate Sustainability Action Plan. The action plan addresses issues such as energy use, transport and waste. Council has recently employed a Business Manager with responsibility to oversee and facilitate ongoing corporate and community sustainability projects.

Air quality

Monitoring of Rotorua's air quality has shown exceedances of the National Air Quality Standards set by Ministry for the Environment. Although air quality monitoring is a regional council function, Bay of Plenty Regional Council and Rotorua District Council have formed the Rotorua Air Quality Joint Committee for a joint approach to address the causes of poor air quality. The committee have recently consulted on a proposed draft Air Quality Bylaw, and commented on Ministry for the Environment's discussion paper on air quality which seeks to amend the National Environmental Standard.

Sustainable development reports **cont.**

Cultural Well-being Report

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 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

¹ Cultural Well-being 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](#)

Leisure and recreation

Both leisure and recreation activities support health and overall well-being 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 2009/10, Council has contributed to this area by:

- Hosting the Magma Film Festival in 2010 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 recreation programmes through the Rotorua Aquatic Centre.
- 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.
- Oversight of contracts with both Te Papa Takaro and Sport BOP, to support the provision of healthy action options in the district.
- Youth input into parks and reserves development.
- Facilitated and developed youth activities and event provider meetings to meet needs of young people in the district.
- Promoting Library Week and services offered at the public library.
- Development and distribution of two Hobbies, Interests and Passions (HIP) brochures for people over 50 years in the Rotorua district.
- Implemented a Recreation and Activities project for young people in Western Heights, Eastern Suburbs, Fordlands and Koutu.
- Planning for four new youth spaces in Rotorua.
- Providing leisure reading, music CDs and DVDs.

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 2009/10, Council has contributed to this area by:

- Provision of an arts space, Toi Tangata, within the public library which offers free display space for local artists.
- 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 Te Pukenga Koeke o Te Whare Taonga o Te Arawa, the Maori advisory board to Rotorua Museum, which provides guidance regarding Te Arawa taonga and facilitates the relationships between the Museum and the hapu and whanau of Te Arawa.
- Implementing the Rotorua District Council Art in Public Places Policy and Art & Cultural Policy.
- Managing the content of Creative Rotorua website which identifies local artists, studios and events.
- Collaborating with Arts funders to host an Artist in Residence programme.
- Provision of arts opportunities as part of Children’s Day celebrations.
- Hosting youth specific workshops and events during Youth Week and Music Month ie: Fight for the Spotlight youth concerts.

Cultural Well-being Report

Sustainable development reports **cont.**

- Supporting local musical artists through music at the Band Rotunda and during May 2010, NZ Music month.
- Hosting ArtsMAD in October 2009, December 2009 and February 2010, bringing local artists, designers and architects together.
- Encouraging community arts participation through Fish Out of Water (annual event) and painting city power boxes.
- Supporting Mini Pasifika Festival 2009.

Maori heritage

A strong cultural identity can contribute to people's overall well-being. 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 2009/10, Council has contributed to this area by:

- Developing a Memorandum of Understanding with Te Arawa Lakes Trust.
- Engaging with the Office of Treaty Settlement, in relationship to Central North Island claim and lakes settlement.
- Holding Te Reo classes for staff employed by Rotorua District Council.
- Facilitating the Iwi Consultative Committee, who meet fortnightly to consider Resource Consent applications.
- Supporting the Te Arawa Standing Committee.
- Maori representation on the Youth Council.
- Hosting meetings on Marae.
- Providing funding for Maori land Trusts – Mana Whenua Fund.
- Workshops with schools on Te Arawa Tikanga.

- Establishing Inter-Agency Forum of Maori policy professionals from Councils, Department of Conservation, Historic Places Trust, Internal Affairs, NZ Fire Service and Te Puni Kokiri.
- Working with Iwi on development of entranceway carvings.
- Collecting, preserving and providing access to all written forms of local history, which includes Maori heritage, at the public library.
- Developing Treaty of Waitangi and Fenton Agreement council displays.

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 2009/10, Council has contributed to this area by:

- Managing the content of Creative Rotorua 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 central business district amenities by City Focus Manager.

- Hosting a variety of displays at the Rotorua Museum which tell the story of the area.
- Produced second print run of The Volcanic Heartland Guide to Public Art.
- Overseen development of direct flights from Rotorua to Sydney.

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 2009/10, 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.
- Awarding Community Asset Development Funds.
- Maintaining the community halls in the district.
- Supporting the activities of Keep Rotorua Beautiful group.
- Working towards District Plan review.
- Developing relationships with Iwi through Memoranda of Understanding and protocols.

Sustainable development reports **cont.**

Cultural Well-being Report

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 2009/10, Council has contributed to this area by:

- Received delegation from Wuzhong District of Suzhou in China, supported visit of local businesses to Beppu in Japan and hosted Mayor of Lake Macquarie as part of Sister City activities.
- 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.
- Commissioned public art works at Western Heights.
- Provision of collections in foreign languages.

Access to information through print and electronic resources

Rotorua District 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 2009/10, 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 District Library, Destination Tourism, Event Venues and City Focus.
- Reviewed and improved Council's website.
- Publishing an updated Good Health (a directory of local health and social services).
- Printing Youth Cards for all young people. These list services which can support young people and offer discount vouchers with a range of retailers.
- Funding the work of the Rotorua Information and Communications Technology Trust (ICT Trust).
- Redevelopment of Rotorua District Library facilities.
- Maintaining burial and cremation records for genealogical research.
- Youth websites maintained, www.rotaz.co.nz and www.working4youth.com.
- Maintaining Get Active Stay Active website which outlines physical activity options in the district.
- Providing public access to Fundview and Breakout funding databases at seven locations around Rotorua and at RDC's Civic Centre.
- Monthly contribution to Ohinemutu Informer.
- Kaupapa Maori page on RDC website and various links (>Youth Council>Kaupapa Maori).
- Allowing access to digital information in the public library.

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 2009/10, 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 from Beppu students studying in Rotorua and international students studying in Rotorua.
- Celebrating Maori Language Week activities in July 2009 (dual signage).
- Supporting the participation of cultural groups in public events like Santa Parade.
- Supporting Globalfest celebration.
- Supporting Youth Week and Children's Day.
- Supporting Mini Pasifika Festival 2009.
- Offering display space within the public library to non commercial groups – allowing them to promote their organisations.

Employee relations report

Employment Situation

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

Approximately 29% of salaried staff and 72% of waged staff employed by Council are union members and therefore employed under the respective negotiated collective agreement terms and conditions while the remaining percentage of 59% are employed on individual employment agreements.

Staff Turnover

The overall staff turnover for the year ending 30 June 2010 which includes both wages and salaried staff but excluding fixed term and casual employees was 5% compared with 10% in 2009 and 14% in 2008.

There has been a downward trend in staff turnover over the last two years with a reduction of 5% from last year, compared to 4% reduction in 2009.

Turnover statistics are down nationally with people opting to stay put during times of higher unemployment and uncertainty. Council does not take these market conditions for granted and continues to explore and apply innovative solutions to attract and retain the best skills and experience available.

Recruitment

There were 43 positions advertised during the year with 44 staff exiting the organisation. There were 10 internal promotions/transfers and 42 new starts.

Health and Safety

Council values a healthy and safe working place which stimulates and positively supports people to achieve outcomes in a safe manner, thereby contributing to operational effectiveness and sustainability.

Council achieved a Secondary ACC accreditation rating for Health and Safety practices during this financial year and the goal for the next twelve months is to achieve Tertiary ACC accreditation.

An active safety management system which operates to best practice and strives for excellence in safety operates across Council. There is a Steering Group made up of employees and managers that provide strategic direction to the 5 functional safety committees that meet each month.

During the last twelve months the key focus has been the implementation of injury prevention initiatives. Safer ways of working, new equipment, effective communication and additional training has reduced the number of injuries to employees.

Safety representatives are actively involved with incident reporting and investigation to ensure incidents are carefully investigated to establish the incident cause and implement new ways of working to prevent harm.

During the year ended 30 June 2010 there were 107 reported accidents.

We have continued to provide flu vaccinations for staff during the year and 177 staff took up this opportunity in 2010 compared to 141 in 2009 and 112 in 2008.

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 2009-10, 1,050 training courses, seminars, forums and conferences were attended by staff. Some of these courses were attended by reasonably high numbers of staff such as; attendance at Conferences / Seminars / Workshops / Forums/ Symposiums (380), First Aid (170), Tertiary studies (27), Microsoft/job related Software Training (20); CDEM training (32); Te Reo training (30), and KIOSK training (217) run in-house by Human Resources staff 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 24 long serving staff members in recognition of loyal service to Council and the community. One long serving staff member has completed 45 years service, with four others completing 30 years service, another 8 having completed 25 years. In addition, 11 staff completed 20 years service. These 24 staff have a total accumulation of 585 years of service with Council.

The loyalty of these staff to Council is commendable.

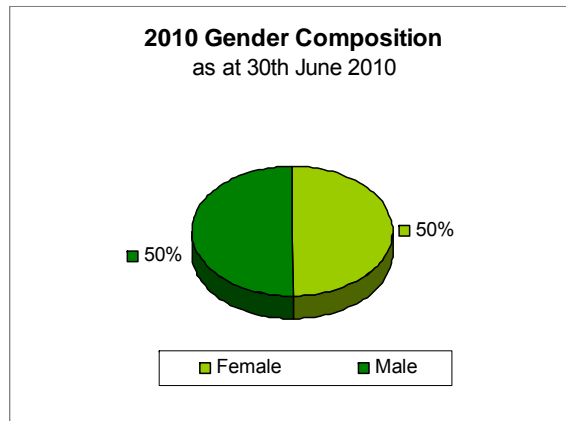
Employee relations report **cont.**

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

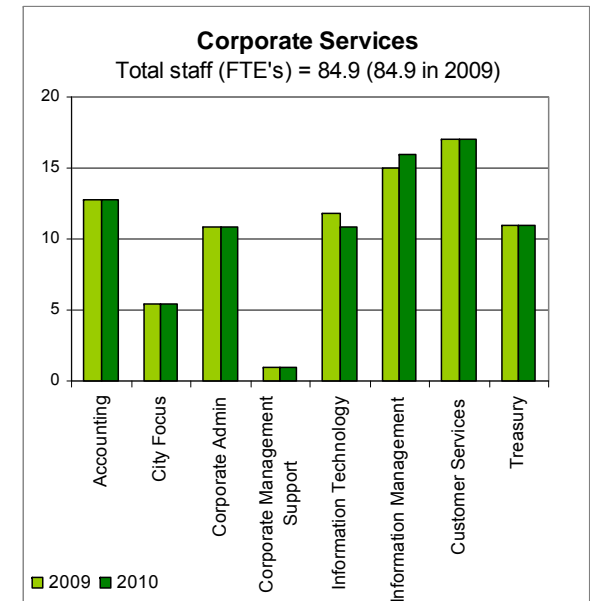
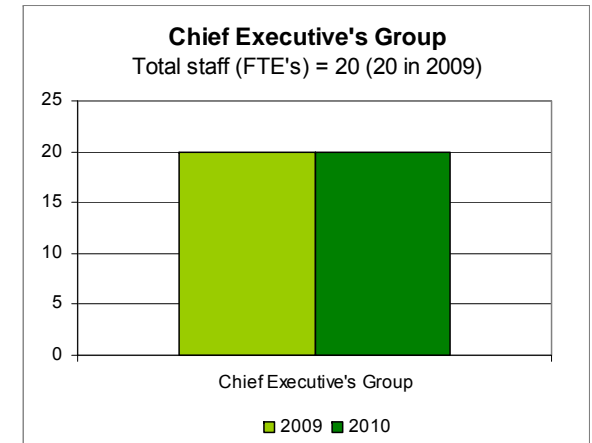
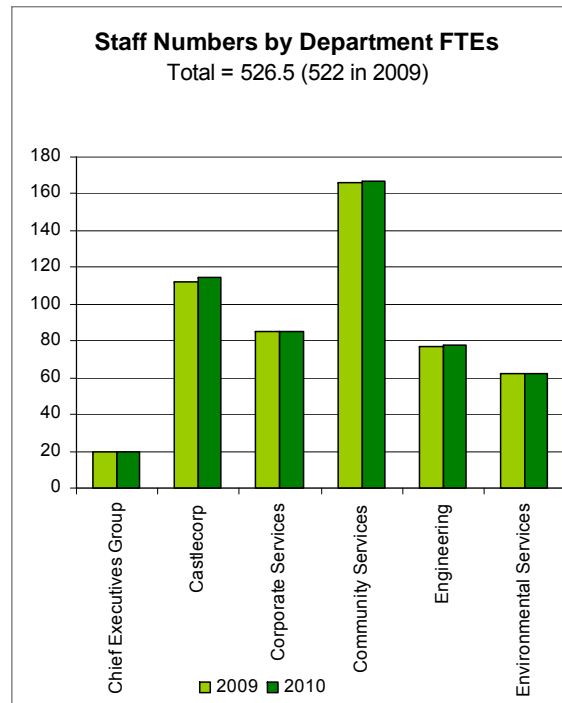
As at 30 June 2010, the gender composition of Council was 50% female and 50% male, which remains the same composition as in 2009. These numbers include staff employed either in full time, part time or casual positions.



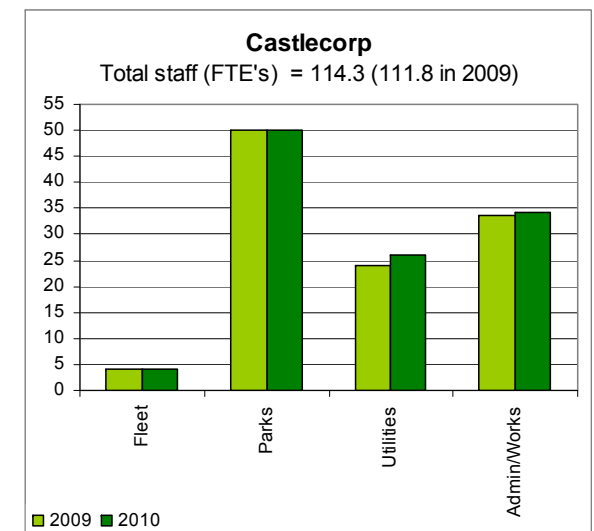
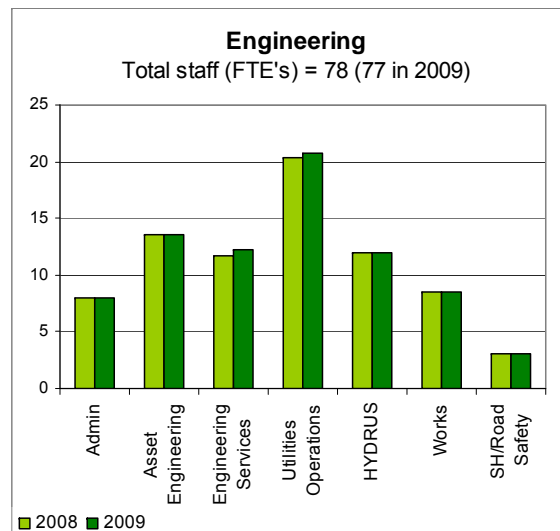
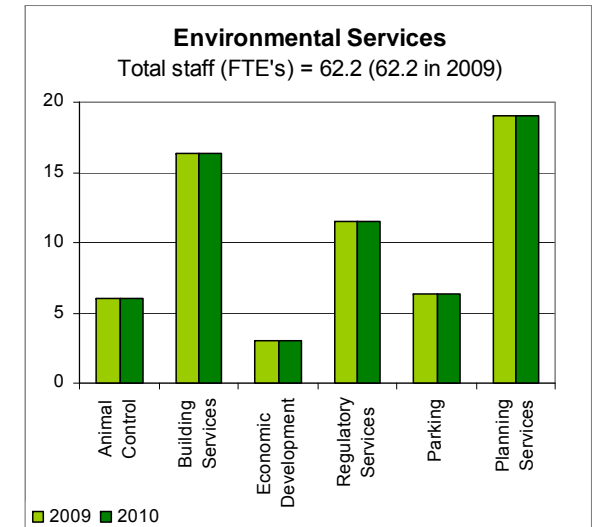
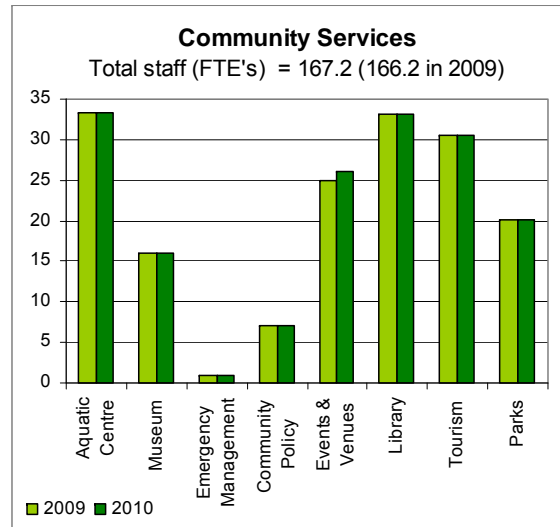
Staff Numbers

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

The staff numbers represent fulltime equivalents (FTEs).



Employee relations report **cont.**



Statements of service performance

Council is responsible and accountable for giving effect to community identified outcomes and priorities 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 the 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.

Community



Council



Statements of service performance **cont.**

Further details

1. Council's Ten Year Plan, for the period from 1 July 2009 to 30 June 2019, outlines 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 a community satisfaction 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 June 2010 survey are the ones used in this report.

4. The community satisfaction survey was undertaken this year by Key Research Ltd. They compared residents' satisfaction with Council services, with the satisfaction of residents from the previous year. Overall, the levels of satisfaction with Council services was similar to previous years, although the percentage of "very satisfied" dropped for some of Council's services.
5. 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 Business Unit - CastlecCorp. These areas include roading, waste management, land drainage, janitorial and reserve maintenance. Council's professional staff are responsible for the planning, programming and total management of these contracts to ensure professional and council standards are maintained.

Performance Targets for 2009/10

Council has 150 performance targets and achieved 120 of them. The analysis by group is as follows:

Group	Targets Achieved	Targets Not Achieved
Governance and Strategic Direction	6	1
Social and Cultural	50	10
Environmental and Regulatory	30	8
Tourism and Economic Development	13	3
Infrastructural	21	8
Total	120	30

Overall, the achievement of 80% of performance targets was an excellent result, as a conscious effort had been made to set targets which were achievable but required good performance by the organisation to achieve them. Some of the targets not achieved were those which involved community satisfaction with the council service, and there are many factors which can influence this result. In most cases, where the performance targets were not achieved, council was just below the target.

Governance and strategic direction group

Contribution to Outcomes

Community Outcomes							
A safe and caring community	A community that respects its environment	A healthy community	A prosperous community	A community with excellent facilities, services, activities and events	A community that values its living Maori culture	A learning community	A "happening" community
✓	✓	✓	✓	✓	✓	✓	✓

Overview of Group

This group comprises the Governance and Strategic Direction activity, which includes the following functions:

- Democracy
- Kaupapa Maori
- Policy and Strategic Direction
- Corporate Support functions, which includes:
 - Corporate Administration
 - Corporate Property
 - Information Technology and Information Management
 - Records
 - Customer Services
 - Land Information Services
 - Accounting and Treasury

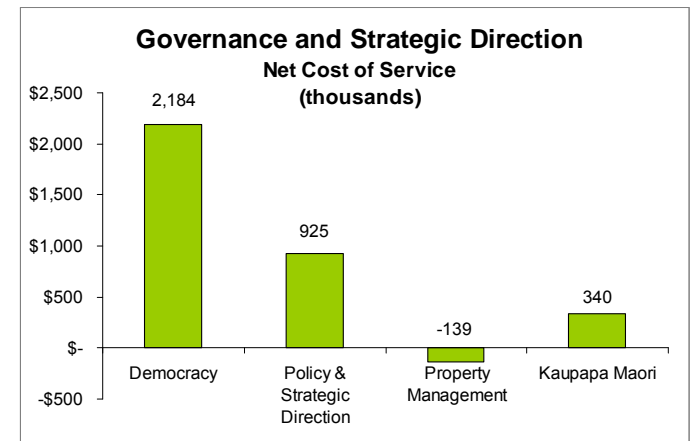
The Governance and Strategic Direction Group underpins Council's democratic processes and provides policy and priorities for strategic direction, advocacy, and delivery of services to best meet the community's needs.

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

The review of the community outcomes undertaken in 2008 confirmed that the outcomes are still relevant and while significant progress has been made, there is still a long way to go. As a result of this consultation, 'community leadership' was added as an overarching theme. Council's community leadership role is particularly important in the current economic environment where a clear direction and commitment is needed to address a wide range of issues. Council's role in promoting sustainable development and the well-being of the community is also of significant importance and underpins many of the proposals set out in the draft Ten Year Plan.

Potential Significant Negative Effects

Though no significant negative effects have been identified in relation to this activity group, some minor negative effects associated with the democratic process have been highlighted in the Governance and Strategic Direction Activity Plan.



Governance and strategic direction group **cont.**

Why we do it

To provide strong representation and advocacy through open and transparent decision-making processes.

To guide the organisation with inspired competent leadership and direction.

To create bridges of understanding between Council and the Maori community. To manage Council's relationships with Te Arawa and tangata whenua.

This year's highlights and achievements included:

- Hosted a number of overseas delegations.
- Held elections for Council's Te Arawa Standing Committee.
- Finalist for NZICA annual report awards.
- Determination by Local Government Commission approving Council's representation decisions.
- Adoption of Council's Annual Plan 2010/11, and amendments to the Ten Year Plan 2009-19.
- Adoption of Waste Management and Minimisation Plan.
- Adoption of Annual Report to 30 June 2009 (actual expenditure being very close to budget).
- Adopted a Corporate Procurement Manual.

What we do

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

This activity also 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.

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. There is also a Rotorua Lakes Community Board comprising four elected members and two appointed members (Councillors). The community board represents residents who reside around Lakes Rotoiti, Rotoma, Okareka and Tarawera.

This activity also incorporates:

- 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.

Community Outcomes

A safe and caring community

- By considering and incorporating safety aspects into services and facilities provided by council.

A community that respects its environment

- By helping to maintain the natural and physical environment through various activities.

A healthy community

- By providing facilities and services to standards and quality expected to ensure a healthy community.

A prosperous community

- By ensuring the community's views are heard before decisions are made.

A community with excellent facilities, services, activities and events

- By providing sound democratic and corporate governance.
- By leading the development of a vision for the district.

A community that values its living Maori culture

- By making decisions that respond to or plan for current and future community needs.
- By increasing the organisation's capacity to consult, inform and respond to concerns raised by Maori.

Governance and strategic direction group **cont.**

- By undertaking the role of caretaker for many of the district's resources, for today's and future generations.

A learning community

- By ensuring that council provides services and facilities that increase the learning and knowledge of its residents.

A "happening" community

- By undertaking a number of activities and initiatives to help make Rotorua the destination of choice for national and international visitors.

Cost of Service

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATING COSTS			
Direct Costs	1,706	1,942	2,103
Financial Costs	(382)	112	311
Depreciation	4,146	2,190	2,348
Other	513	0	13
Total Costs	5,983	4,244	4,775
REVENUE			
Fees and Charges	2,306	743	749
Investment Income	115	39	109
Subsidies and Grants	5	0	117
Targeted Rates	46	50	95
Total Revenue	2,472	832	1,070
Net Cost of Service	3,511	3,412	3,705

Minor roundings may occur in above totals

Capital Expenditure

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
Renewals	848	1,316	973
Growth	303	3,580	1,644
Backlog	0	80	0
Level of Service	2,738	2,020	2,583
Total Capital	3,889	6,996	5,200

How we pay for this activity

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATIONAL FUNDING			
Net Cost of Service of General Rate Activities	3,511	3,412	3,705
Less Depreciation of General Rate Activities	(2,689)	(2,190)	(2,348)
Depreciation Funded by General Rates	848	1,316	973
Total Rates for/(from) Operations	1,670	2,538	2,330
CAPITAL FUNDING			
Capital Funded by:			
Funding from Depreciation (Rates)	1,175	1,316	973
Loans from/(to) Corporate Fund	2,763	5,600	4,227
Capital Grants	319	80	0
Asset Sales	(368)	0	0
Total Capital	3,889	6,996	5,200

Minor roundings may occur in above totals

Capital Expenditure – Major Projects

for the year ended 30 June: (thousands)	2010 Actual
Strategic property purchased	2,315
Imaging property files	723
Aerial photography	213
Hardware and software	930
Renewals others	74
Less transfer / sale	(366)
	3,889

Minor roundings may occur in above totals

Variance from budget

Operating Costs – Savings in direct costs as a result of efficiencies in staff training, overtime printing and stationery, consultants, as well as the Annual Plan included budget for a corporate lawyer but was not recruited. Finance costs favourable to budget due to achieving better than budgeted interest rates, partly offset by an increase in the landfill aftercare provision.

Depreciation unfavourable due to building revaluations the capitalisation of the ozone software, and loss on revaluation of asset as not owned by council. Other costs include a write-down in the value of the forest assets and a financial swap.

Revenue – Higher than budget as a result of additional rental revenue, asset recognised first time, higher external cost recoveries and a prior year GST wash-up and FBT recovery.

Capital Expenditure – Lower than budget primarily due to the Grow Rotorua fund not utilised.

Governance and strategic direction group **cont.**

Performance for 2010

Level of Service	Performance measures	Target for 2009/10	Achievement	Comments
Governance, Leadership and Decision making.	% of residents satisfied with Council's decisions and actions ¹ .	71%	Not achieved	62%
	% of residents rate level of council information to be sufficient ¹ .	61%	Achieved	64%
	Triennial election held without successful appeal.	N/A	N/A	The next triennial election will be held in October 2010.
	Electoral representation reviewed in timely manner.	Representation review completed	Achieved	Representation review undertaken and determination made by Local Government Commission 11.08.09.
	Review options for local government in Rotorua District.	Report on options and public consultation	Achieved	Report presented to Finance Committee for consideration and adoption 05.08.09.
	At least every three years report on Community Outcomes progress.	Community outcomes report	Achieved	Report presented to Finance Committee 04.08.10.
	Review Community Outcomes every 6 years	N/A	N/A	Community outcomes were last reviewed in 2008, and it is anticipated they will be next reviewed in 2014.
Encourage the preservation and sustainable development of Maori resources.	Provide funding and assistance for the preparation of Mana Whenua plans.	1 plan	Achieved	Assistance for mana whenua plans provided to 8 applicants.
Foster partnership between Council and Maori on matters of mutual interest.	Hold a workshop between Maori and Council to discuss matters of mutual interest.	1 workshop per year	Achieved	3 workshops held during the year.

¹ Community satisfaction survey (with Council services) undertaken in June 2010, which includes the views of 400 residents selected at random.

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, services, activities and events	A community that values its living Maori culture	A learning community	A "happening" community
60	Aquatic Facilities	✓		✓					✓
65	Community Engagement and Support	✓		✓	✓	✓	✓	✓	✓
70	Emergency Management	✓		✓					
73	Events and Venues			✓	✓	✓			✓
76	Public Gardens and Open Spaces	✓	✓	✓		✓			✓
80	District Library				✓	✓	✓	✓	✓
83	Rotorua Museum of Art & History						✓	✓	✓

Overview of Group

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

- Aquatic Facilities
- Community Engagement and Support
- Emergency Management
- Events and Venues
- Public Gardens and Open Spaces
- District Library
- Rotorua Museum of Art & History

The Social and Cultural Group activities 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 provided to the level expected without Council's contribution and involvement.

The uncertain economic background against which this Ten Year Plan has been prepared imposes more than the usual challenge in planning social and cultural investment and services for the next ten years. These proposals have been developed to reflect tightened circumstances of affordability whilst acknowledging increased pressures from withdrawal and/or reduction in the availability of grants to community groups, and to Council, from the philanthropic sector. Flexibility to respond to changing social and economic issues as the emerging economic crisis takes clearer shape is retained wherever possible.

Potential Significant Negative Effects

Events and Venues

This activity 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 safely with these heavy use events. These effects will be managed through infrastructure design and traffic management plans.

Aquatic Facilities

There is potential for activities and services to fail to meet the changing needs of the community.

Public Gardens and Open Spaces

This activity impacts on traffic management with associated noise pollution during peak activity periods. Cemeteries tend to have a negative effect on neighbouring property values.

Emergency Management

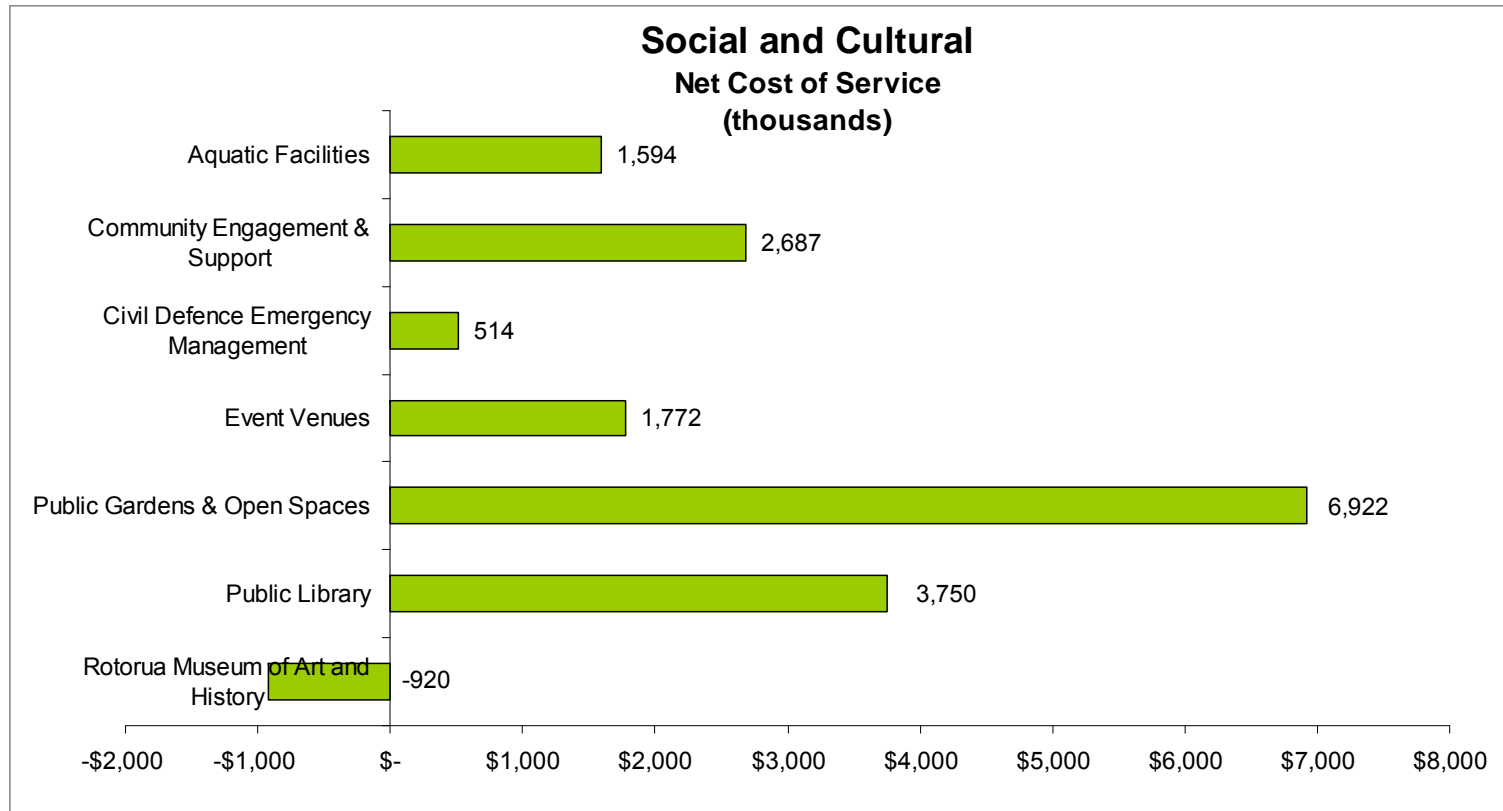
There is potential for a reduction in levels of community self reliance if this activity is viewed as purely the responsibility of local or central government.

Community Engagement and Support

By providing community assistance opportunities it is possible for organisations to become reliant on council rates funding instead of seeking other possible funding options.

These and a number of other negative effects identified, and associated mitigation options, are provided in the respective activity plan sections.

Social and cultural group cont.



Aquatic facilities activity

Why we do it

To promote healthy active lifestyles and to provide the community with low cost, diverse leisure and recreational opportunities. To foster positive strategic partnerships with the local community including swim and sports clubs, recreation and health professionals, government and industry organisations and local business.

This year's highlights and achievements included:

- **Visitor Admissions** – 333,137 unique visitor admissions.
- **Learn to Swim** – 41,297 unique enrolments.
- **Unison Lakes Safety Programme** – 1,637 students enrolled.
- **Qualmark** – 5 Star rating – highest rating certified by NZ Tourism's official quality agency with 94.6% result.
- **Enviro-Gold Accreditation** – Achieved for Responsible Tourism (first swimming pool in New Zealand).
- **Learn To Swim** – Winner of the National New Zealand Water Safety Awards (Education Category).
- **Sustainability** – Energy savings on average of 4% every year since 2004/2005. Reduced trade waste and water by meter from two main swimming pools by 27% on last year (2,455 m3).
- **Waste Minimisation** – 23% decrease in waste to landfill (recycling of 1,595 kg).

What we do

The Facilities

The Rotorua Aquatic Centre is open 7 days per week from 6.00am to 9.00pm and operates 364 days per year. It is a Pool Safe accredited facility and is made up of:

- 50m outdoor swimming pool
- 18m indoor learners pool
- 25m indoor swimming pool with a 7m bulkhead.
- 3 outdoor spa pools,
- Indoor lazy river
- Indoor spa pool.
- Splash pad
- A cardio studio in partnership with Gold's Gym

The facilities have five star Qualmark certification from New Zealand Tourism's Official Quality Agency.

Investigations are underway to assess the changing needs of Rotorua's demography, an ageing population and changing recreational patterns in order that the facility continues to meet the needs of the community. Any capital improvements arising from these investigations are to be developed for detailed consideration in the next Ten Year Plan.

Fees at the Aquatic Centre have been constant for some time and are now well below industry norms. A 50 cent increase for 1 July 2009 will provide a catch-up to restore the real level of admission income. A further increase of \$1.00 in July 2013 will take into consideration inflation and the completion of investment towards value added attractions at the facility.

Recreational and Sporting opportunities

The centre is one of many major aquatic facilities based in the Central North Island and caters for local,

regional and national aquatic sports and provides recreational, health, fitness and leisure programmes and services. Sporting and physical activity opportunities include recreational programmes based at the centre such as aqua jogging and aerobic classes, Aqua Mums, Green Team Holiday Programme, Flippa Ball (mini water polo), indoor business house soccer, Ripa Rugby, Sit 'n' be Fit. Other activities include swimming, water polo, canoe polo, underwater hockey, 'Learn to Swim' programmes, playground and inflatable fun, volleyball and an onsite cardio studio.

Water Safety Education

The centre offers Learn to Swim programmes targeting all age groups, Unison Lake Safety Programme, Rangatahi Lifeguard Award, Central North Island Lifeguard Competition, boat safety, Swim for Life Campaign, preentry Police swim test, training and assessment.

Health and Community Wellbeing

The centre offers Youth Efx Events which cater for teenagers from 11 to 17 years of age and occur twice per year. The event includes music, inhouse DJs, dance competitions, singing, water activities and fun.

In addition 'Give it a Go Day' caters for the full community and provides for local sporting clubs to promote their sports and activities to the whole community in a fun filled, educational day at the Aquatic Centre.

Whanau Day provides a fun filled day for families to enjoy the Aquatic Centre and to interact with each other.

The cardio studio contributes to healthy living by offering a range of cardio vascular equipment specific to building fitness, rehabilitation and weight management.

Aquatic facilities activity **cont.**

Community Outcomes

A safe and caring community

- By providing a safe public space for families and whanau to work, play and talk together
- By providing opportunities to learn personal and community safety skills

A healthy community

- By giving everyone the opportunity to participate in sport and physical activity
- By encouraging the community to live healthy and active lifestyles

A “happening” community

- By providing a variety of fun and accessible activities and event
- By providing pools for competitive swimming, underwater hockey and water polo

Cost of Service

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATING COSTS			
Direct Costs	2,516	2,617	2,527
Financial Costs	71	71	46
Depreciation	334	275	292
Other	0	0	0
Total Costs	2,921	2,963	2,865
REVENUE			
Capital Revenue	18	105	90
Fees and Charges	1,296	1,264	1,026
Investment Income	12	8	10
Subsidies and Grants	1	6	3
Total Revenue	1,327	1,383	1,129
Net Cost of Service	1,594	1,580	1,736

Capital Expenditure

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
Renewals	117	236	46
Total Capital	117	236	46

Minor roundings may occur in above totals

How we pay for this activity

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATIONAL FUNDING			
Net Cost of Service of General Rate Activities	1,594	1,580	1,736
Plus Capital Revenue	0	105	90
Less Depreciation of General Rate Activities	(330)	(275)	(292)
Depreciation Funded by General Rates	117	236	46
Self Funding/DC Reserve Movements	31	0	100
Total Rates for/(from) Operations	1,412	1,646	1,680
CAPITAL FUNDING			
Capital Funded by:			
Funding from Depreciation (Rates)	117	236	46
Total Capital	117	236	46

Minor roundings may occur in above totals

Variance from budget

Operating Costs – Savings achieved in energy and chemical costs as well as reductions in overtime.

Capital Expenditure – Lower than budget due to delays in lighting project.

Aquatic facilities activity cont.

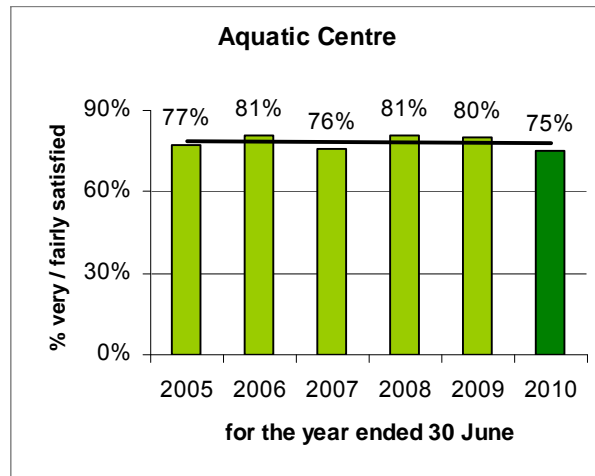
Performance for 2010

Level of Service	Performance measures	Target for 2009/10	Achievement	Comments
To provide fun, safe and affordable swimming pools for competitive sports, casual recreation and health and fitness training.	% of households used/visiting the Rotorua Aquatic Centre in a year.	68%	Not achieved	64% Significant maintenance works were undertaken for part of the year, which closed one of the pools. This may have contributed to the target not being achieved.
	Number of visits and net operating cost of providing the service.	330,000 visits at <\$4.85	Achieved	333,137 visits at \$4.40
	% of users/visitors who are very/fairly satisfied with the level of service.	90%	Not achieved	88% Difference between target and result is within margin of error.
	Pools are safe and well supervised and PoolSafe accreditation achieved.	100%	Achieved	PoolSafe accreditation achieved.
Provide innovative targeted programmes to raise activity levels.	% of children in Rotorua who have completed Unison Lake Safety Programmes by the time they reach high school ending 2016/2017.	20%	Achieved	Commenced recording in 2003 with target on track to achieve in 2012 – currently 63.6%
	Number of people who are members of the Cardio gym.	350	Achieved	360 people are members of the gym
	Number of people participating in recreation programmes.	1,200	Achieved	1,831 people participated in recreation programmes
	Number of individuals participating in Learn to Swim School programmes.	40,000	Achieved	41,297 individuals participated in Learn to Swim programmes

Aquatic facilities activity cont.

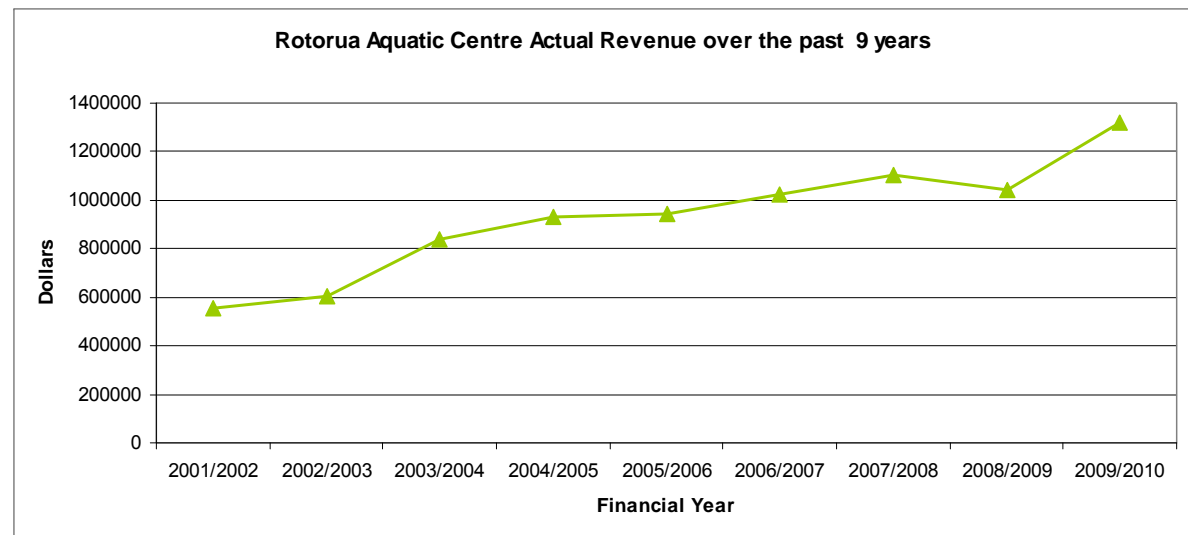
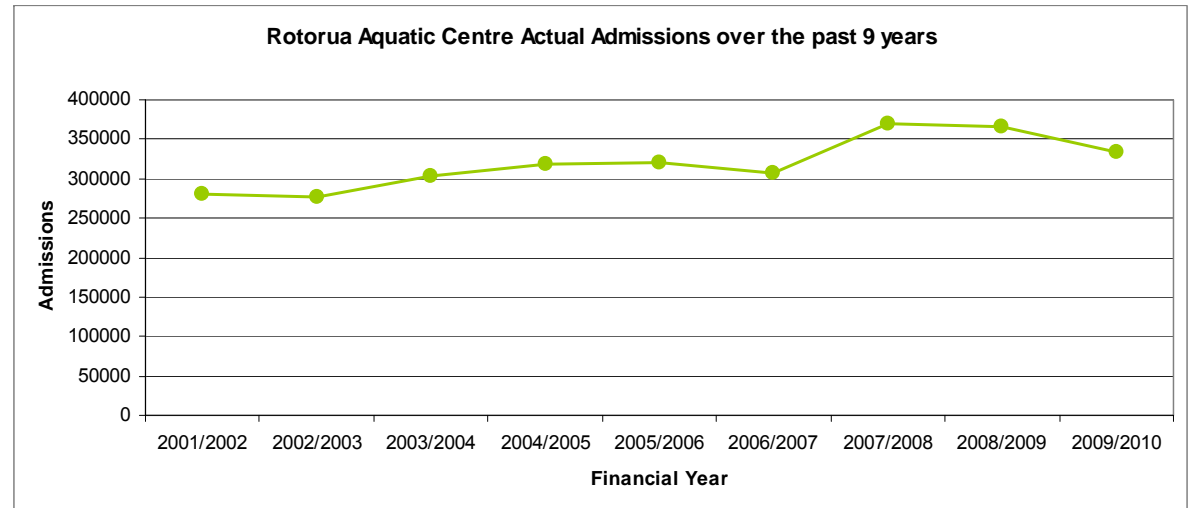
Community Satisfaction Survey

The graph below has been prepared from the annual Community Satisfaction Survey.

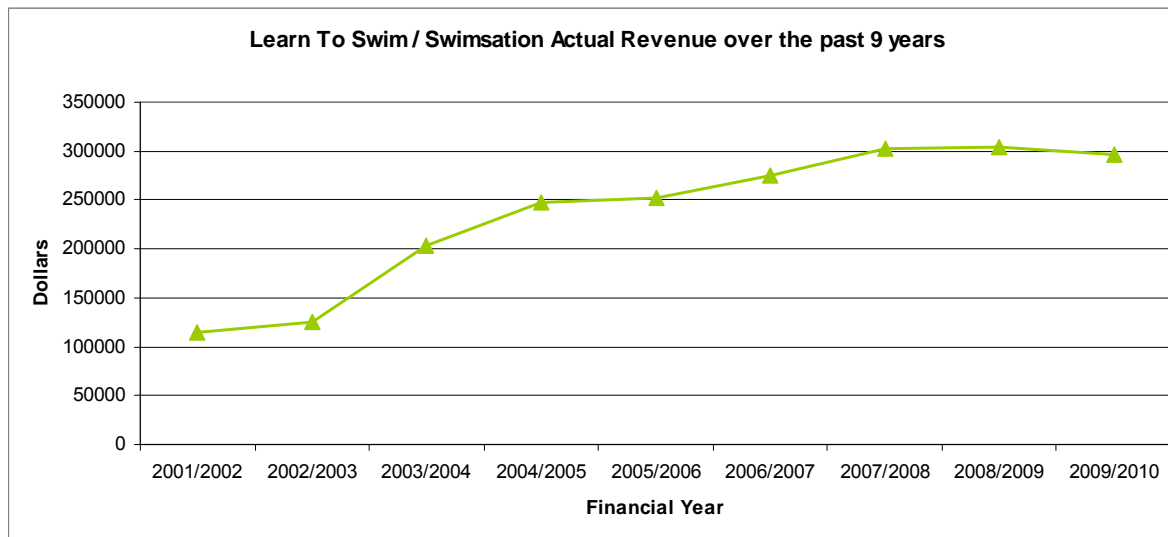
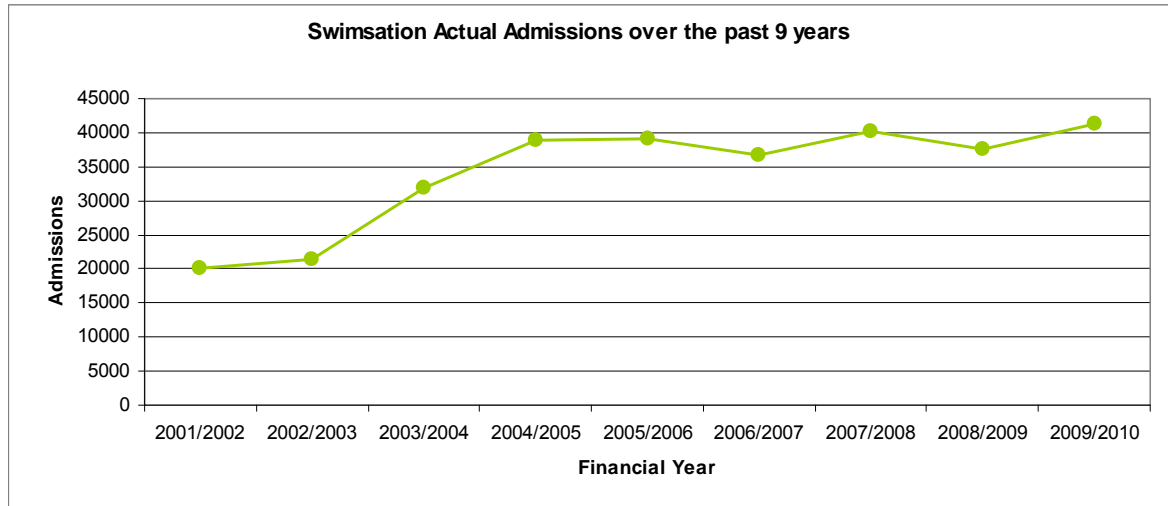


This graph shows the percentage of survey respondents that are very or fairly satisfied with this service over the last six years. There is a trend line which helps show the general direction of service satisfaction over time.

Other Indicators



Aquatic facilities activity cont.



Community engagement and support activity

Why we do it

To foster social and cultural well-being, by engaging with communities to help achieve their objectives, build their capacity, strengthen their identity, and ensure their sustainability.

This year's highlights and achievements included:

- **Pensioner Housing** – All the pensioner units were retrofitted with ceiling insulation with Council accessing co-funding through the Energy Efficiency Conservation Authority (EECA).
- **Sister Cities – Beppu Japan** – In June the Mayor hosted the 10th group of Hamurodai Students. These students attend school for a week at Western Heights High School and a strong relationship now exists between the two schools. The group consisted of 40 students, the Principal of the school and two teachers, one of whom has accompanied all the previous groups.
- **Anzac Day** – The 2010 service was held in the Banquet Room of the Convention Centre with over 1000 people in attendance.
- **Grants**
 - **Creative Communities NZ, Rotorua Scheme** – \$42,858 distributed to 35 organisations.
 - **Community Grants** – \$23,710 distributed to 19 organisations.
 - **Community Asset Development Fund** –
 - \$195,297.66 John Paul College to assist with the multi purpose arena fit out.
 - \$30,626.63 Rotorua SPCA for a new cattery/kittenry.
 - \$16,000 Lake Okareka Tennis and Netball Club for new playing surfaces.
 - \$5504.34 Rotorua Antediluvian Order of Buffaloes for upgrading of their toilet block.

- **Community Safety Projects Fund** –
 - \$7,000 Western Heights Community Association for 'Project Guardian'.
 - \$3,000 + GST Netball Rotorua for their security camera project.
 - \$10,000 Rotovegas Community Trust's 'A Champion Made'.
 - \$4,000 Age Concern Rotorua for their 'Trusted Tradespeople Database'.
 - \$856.40 + GST St Chad's Communication Centre Trust's 'Safety in the Community for People with Intellectual Disabilities' project.
- **Youth Spaces Project** – Began project management and consultation on the development of four new skate parks/facilities over the next two years for young people in the Western Suburbs.
- **E OHO Project** – Year 2 successfully completed in Ngongotaha, Eastern Suburbs, Fordlands, Western Heights and Koutu. Successful funding received to undertake a third year of the project.
- **Youth in Local Government** – RDC Youth Councillors and E Oho young people presented at the conference, April 2010. Won the Youth Participation and Supreme Award.
- **Pianos in the Wild** – Adapted from UK artists project. Organised in conjunction with Ivan Purvis the project attracted many favourable comments from locals and visitors who enjoyed playing and listening to pianos in four outdoor public locations.
- **City Transformer Boxes** – Repainted after 15 years with support from Unison and Resene. A number of artists participated, including Marc Spijkerbosch who was the original artist.
- **Fourth Magma Short Film Festival** – Over 150 entries with 50 screening in the end to full evening houses. Support from Script to Screen, the New Zealand Film Commission and Ngā Aho Whakaari. A collaborative project with community interests.

- **Winston Churchill Fellowship** – Awarded to RDC Community Arts Officer.
- **International Safe Community Designation** – Rotorua achieved Safe Community designation in May. Rotorua's application for designation has been cited as one of the best in the world.
- **Mobile CCTV** – RDC was successful in an application for co-funding from the Rotorua Energy Charitable Trust for this project. A mobile unit has now been delivered.
- **CPTED (Crime Prevention through Environmental Design)** – 99 local people were trained in basic principles by Tony Lake of the International Security Management and Crime Prevention Institute. CPTED assessments carried out on five sites in the city, recommendations from the report are now being implemented
- **Healthy Homes Project** – Retrofitted a further 141 homes (May 2010).

What we do

Community Halls

The Council maintains 8 rural and one urban community hall, and makes a financial contribution to two other halls used by residents of the district. The halls provide indoor meeting places for people who live within the district. They are hired out to users, and managed by local volunteer committees. The halls are in Ngongotaha, Mamaku, Kaharoa, Lake Okareka, Waikite, Reporoa, Broadlands, Rerewhakaaitu, and Ngakuru. Financial contributions are made to halls in Atiamuri and Lake Rotoma.

Community engagement and support activity **cont.**

Engaging Communities

The council works with community organisations to ensure their sustainability. When strong, these organisations can make positive contributions to the social and cultural wellbeing of people in the district. Engagement includes: programmes, projects and activities for specific groups. The scope of work includes engagement with young and older people, those interested in art and the arts community, ethnic communities, people who are disadvantaged, and crime and safety concerns. This work includes research to track the social impact of societal and demographic changes, and gambling activity within the district.

Community Assistance

The council, provides contestable funding schemes which allow community groups to make contributions towards achieving Rotorua's community outcomes. The schemes are:

- **Community Asset Development Fund**

Previously the fund allocated \$3m over a ten year period towards construction of community infrastructure and facilities. In this Ten Year Plan, the amount is \$590k over the ten years.

- **Community Grants**

Designed to assist/support a wide range of 'Not for Profit' community organisations to continue their work around meeting the needs of the community. Grants are usually up to \$1,500. The Funds can be used for most purposes except capital. An annual fund of \$28k per annum is available.

- **Creative Communities**

RDC acts as an agent for central government, with the funds received from central government distributed by the Creative Communities Committee.

- **Community Safety**

Designed to assist groups/organisations undertaking projects with safety as the focus. In the last Ten Year Plan the fund made available \$50k per year. In this plan it is \$25k per year.

- **Grants for Services**

RDC currently provides grants for services over \$5k per annum to 7 local organisations: Neighbourhood Support Trust, Citizens Advice Bureau, Rotorua Social Services Council, Sport Bay of Plenty, Te Papa Takaro O Te Arawa, Rotorua Arts Village Experience, Rotorua Youth Centre Trust. These grants operate in the form of three year contracts with agreed deliverables, the total value being \$271k per annum. Another level of grants for services exists covering funds distributed to organisations of less than \$5k per annum. Funding of \$23k is available.

Ahead of planning this Ten Year Plan, the council invited expressions of interest from all of the above organisations and requested them to consider contributing to community outcomes. In approving the Ten Year Plan budgets, Council has considered the allocation of this funding amongst these and additional applicants.

Pensioner Housing

The council provides and maintains pensioner housing complexes in Ngongotaha, Westbrook, Glenholme and Fenton Park. There are 152 units. Council is looking into further partnerships to complete the upgrade of the Rawhiti complex in Glenholme, within this Ten Year Plan.

Sister Cities

Council maintains Sister City relationships with Wuzhong (China), Beppu (Japan), Lake MacQuarrie (Australia) and Klamath Falls (USA). Council hosts young American students travelling with the 'People to People' programme, and maintains relationships with local high schools/English language schools who host international students.

Community Outcomes

A safe and caring community

- By working with a range of organisations on agreed priorities, including Safe Community designation
- By working towards safe homes and streets, lowering crime rates, improving perceptions of safety amongst residents, curbing alcohol related violence in the district
- By providing safe public spaces through use of Crime Prevention Through Environmental Design (CPTED) principles
- By actively working to create supportive environments for those affected by child abuse and family violence in the district
- By supporting implementation of the Rotorua Safe Families Action Plan
- By contracting with local 'not-for-profit' organisations
- By implementing the RDC Crime Prevention Plan

Community engagement and support activity **cont.**

A health community

- By working with a range of organisations to promote healthy eating – healthy action
- By implementing a range of activities and events which offer people the chance to be involved in activities which promote social and cultural wellbeing
- By working with young and older people, and families in the community, to support their needs and encourage contributions to the activities available
- By participating in projects which improve the health of those living in the district eg. Healthy Homes, Local Air Management Area (air quality)

A health community

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A prosperous community

- By working with organisations who support young people involved in education, training and employment
- By facilitating capacity building amongst local artists and arts organisations

A community with excellent facilities, services, activities and events

- By contributing to the support of local not for profit organisations through accommodation and grants for services contracts
- By partnering with other agencies around priority projects e.g. Safe Families Campaign

A community that values its living Maori culture

- By use of Te Reo in a variety of areas: advertising of Community Assistance grant schemes; Maori language week activities; dual language signage at RDC venues; and in printed resources
- By maintaining relationships with local Maori communities/organisations
- By promoting events associated with Matariki each year

A learning community

- By supporting training for people working in voluntary roles eg. committee members
- By producing research/directory resources which are available to organisations and students within the district
- By facilitation of professional development opportunities for people working in the community
- By ensuring access to information about sources of funding eg fund view databases

A “happening” community

- By working with groups and organisations in the community to hold a number of events and activities which support social and cultural wellbeing
- By facilitating and supporting projects which foster artistic expression, art, music, dancing, public performances and exhibitions

Community engagement and support activity **cont.**

Cost of Service

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATING COSTS			
Direct Costs	2,956	3,266	2,696
Financial Costs	60	60	98
Depreciation	837	802	787
Total Costs	3,853	4,128	3,581
REVENUE			
Capital Revenue	110	0	0
Fees and Charges	782	777	712
Investment Income	1	2	2
Subsidies and Grants	273	119	244
Total Revenue	1,166	898	958
Net Cost of Service	2,687	3,230	2,623

Capital Expenditure

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
Renewals	94	97	3
Growth	0	0	193
Level of Service	277	0	84
Other Capital Expenditure	0	0	0
Total Capital	371	97	280

Capital Expenditure – Major Projects

- Community Assistance

for the year ended 30 June: (thousands)	2010 Actual
Youth Centre building upgrade	277
Other	94
	371

Minor roundings may occur in above totals

How we pay for this activity

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATIONAL FUNDING			
Net Cost of Service of General Rate Activities	2,687	3,230	2,623
Plus Capital Revenue	107	0	0
Less Depreciation of General Rate Activities	(837)	(802)	(788)
Depreciation Funded by General Rates	5	20	3
Self Funding/DC Reserve Movements	82	73	(37)
Total Rates for/(from) Operations	2,044	2,521	1,801
CAPITAL FUNDING			
Capital Funded by:			
Funding from Depreciation (Rates)	83	20	3
Loans from/(to) Corporate Fund	1	0	193
Capital Grants	198	0	0
Reserves Net	89	77	84
Total Capital	371	97	280

Minor roundings may occur in above totals

Variance from budget

Operating Costs – Community Assistance Development Fund grants not fully paid out.

Revenue – Favourable variance to budget due to additional funding for the Youth Centre building, arts projects and community projects.

Capital Expenditure – Youth Centre building upgrade not budgeted in Annual Plan.

Community engagement and support activity **cont.**

Performance for 2010

Level of Service	Performance measures	Target for 2009/10	Achievement	Comments
Directly and indirectly provide assistance to community groups to build their capacity and help them achieve their objectives.	Implement and maintain proposed safety initiatives.	Achieve WHO Safe Community designation. Implement Crime Prevention Plan.	Achieved	Council received WHO Safe Community designation. The Safe Community agreement was signed on 25.06.10. The Crime Prevention Plan was implemented through a variety of projects in the period 01.07.07-30.06.10.
	All rural and urban halls have a building warrant of fitness.	100%	Achieved	All warrants of fitness were renewed by June 2010.
	Community grants rounds are completed each year.	4	Achieved	Community grants rounds were undertaken as follows: Community Safety Fund – 29.10.09 and 01.04.10. Creative Communities – main round, 22.04.10 – discretionary round, 15.10.10. Community Asset Development Fund – 25.02.10. Community Grants – 26.05.10.
	Grants for services contracts are in place with local not-for-profit groups and annual accountability reports are completed.	8	Achieved	Deliverables for eight not-for-profit groups were negotiated by 14.10.09. Accountability reports due 15.01.10 and 16.07.10.
	% of tenancy level in Community House.	96%	Achieved	Community House for 2009/10 was totally tenanted for the year.
Management of pensioner housing tenancies so that the account is self funding.	Rental income covers 100% of operational costs.	No cost to ratepayer	Achieved	Total operational costs (excluding depreciation) was \$624,000 while revenue was \$707,000.
	% of unit occupancy.	95%	Achieved	The occupancy rate for pensioner housing was 97.5%.
	% of tenants rate overall satisfaction with their units as good/very good in two-yearly satisfaction surveys.	85%	Achieved	The overall satisfaction for tenants (rating units as good/very good) was 85%.
Reviewing central government policy development and recommending a submission from a Rotorua standpoint.	% of mayor and councillors very/fairly satisfied with the Rotorua perspective put forward each year.	65%	Not achieved	The rating of the mayor and councillors was 33.3%.
	Update Good Health, Social Monitor and youth services information annually.	100%	Achieved	Good Health 2010 published 05.05.10. Social Monitor released 03.02.10. Youth Issues Directory has the ability for services listed in it to update their own details as required.
	Update demographic publications after each census. (Changing Communities, Youth Profile, Older Persons Profile and Patterns of Well-being – NZDep index is derived from the Census).	N/A	N/A	The demographic publications are programmed to be updated in 2011/12.

Emergency management activity

Why we do it

To care for our community well-being by planning, training and educating for a response to management of and recovery from an emergency. This can be at a national, regional or local level.

This year's highlights and achievements included:

- **Survival Kits/Emergency Plans** – Overall increase of 2.27% of people with survival kits and 2.32% increase in families having an emergency plan for the family.
- **What's the Plan Stan** – Updated in August and distributed to every school in the country. John Paul College, Glenholme Primary, Lynmore Primary, Malfroy Primary, Aorangi Primary, Mamaku Primary, Kaharoa Primary were visited and presented with the resource accompanied by a talk to the students.
- **Annual Exercise – "Cyclex"** – A storm scenario May 2010. Agencies involved in the exercise included RDC, Police, Fire, Lakes DHB, AREC, MCDEM and BOP CDEM Group. RDC Customer Service Centre used for the first time in its capacity as a communications centre.
- **Response** – Team deployed to Whakatane in June to assist with evacuation of properties during the flood event.

What we do

Civil Defence

The Civil Defence Emergency Management (CDEM) Act 2002 requires Rotorua District Council to be responsible for civil defence emergency management within its boundaries. Rotorua is a member of the Bay of Plenty CDEM Group, the plan for which was approved by the Ministry of CDEM in May 2005 and reviewed in April 2008.

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

New Zealand has an integrated approach to CDEM, known as the '4Rs' i.e:

Reduction: Identifying and analysing long-term risks to human life and property from hazards; taking steps to eliminate these risks if practical, and, if not, reducing the magnitude of their impact and the likelihood of occurrence.

Readiness: Developing operational systems and capabilities before a civil defence emergency happens; including self-help and response programmes for the general public, and specific programmes for emergency services, lifeline utilities and other agencies.

Response: Actions taken immediately before, during or directly after a civil defence emergency to save lives and protect property, and to help communities recover.

Recovery: The coordinated efforts and processes to bring about the immediate, medium-term and long-term holistic regeneration of a community following a civil defence emergency.

Rural Fire

The Forest and Rural Fires Act 1977 requires the Rotorua District Council to meet the requirements of the act. To do this Rotorua District Council has established the Rural Fire Authority covering over 120,000 hectares of rural land with three volunteer Rural Fire Forces located within rural communities. These volunteer forces are well trained and resourced to respond to and manage various fire and other emergency incidents. RDC also has a well trained and equipped first response unit, within its business unit, Castlecorp.

Community Outcomes

A safe and caring community

- CDEM awareness is promoted throughout the community by talks/presentations to schools, community groups and organisations
- Effective liaison is maintained with local emergency service personnel, including joint search and rescue activities
- CDEM is a member of the RDC Community Safety Forum

A healthy community

- CDEM is a member of the Lakes DHB Key Stakeholders Forum
- CDEM input into the regional Pandemic Plan

Emergency management activity **cont.**

Cost of Service

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATING COSTS			
Direct Costs	530	491	550
Financial Costs	4	4	2
Depreciation	45	36	44
Total Costs	579	531	597
REVENUE			
Fees and Charges	0	1	0
Subsidies and Grants	65	19	74
Total Revenue	65	20	74
Net Cost of Service	514	511	523

Capital Expenditure

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
Renewals	18	25	35
Total Capital	18	25	35

Minor roundings may occur in above totals

How we pay for this activity

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATIONAL FUNDING			
Net Cost of Service of General Rate Activities	514	511	382
Less Depreciation of General Rate Activities	(45)	(36)	(13)
Depreciation Funded by General Rates	18	25	35
Total Rates for/(from) Operations	487	500	404
CAPITAL FUNDING			
Capital Funded by:			
Funding from Depreciation (Rates)	18	25	35
Total Capital	18	25	35

Minor roundings may occur in above totals

Variance from budget

Operating Costs – Higher than budget due to increase due to Kaitaia fire (recovered in revenue), and tools and equipment replenishment.



Emergency management activity **cont.**

Performance for 2010

Level of Service	Performance measures	Target for 2009/10	Achievement	Comments
Reduction Reduce the long-term risk to human life or property arising from all hazards.	% of hazard maps reviewed, and changes to the hazardscape recorded and updated annually.	100%	Achieved	All hazard maps reviewed and 5 maps were updated during the year.
Readiness Training and resources in place (plans, training exercises, standard operating procedures (SOPs) and equipment or access to them).	Number of locally run exercises each year (desk top and full mobilisation of local EOC).	1 desk top exercise 1 exercise involving the full mobilisation of local emergency operations centre	Achieved	Desk top exercises as part of regional training. Annual Exercise held 11 May.
Response Action immediately before, during or directly after an emergency that can save lives, minimise property damage, or improve recovery.	Availability of Emergency Management Coordinator or acting EMC.	100%	Achieved	EMC and 2 alternates now appointed.
	Current database of trained personnel.	100%	Achieved	All personnel (99) were trained and recorded in the database.
Recovery Training and resources/contacts in place (plans, training exercises, SOPs) to recover.	% of plans/strategies are current and approved by Bay of Plenty CDEM Group.	100%	Not achieved	First draft issued. The plans/strategies will be approved by the BOP CDEM Group by 31.12.10.
Rural Fire Protection of people, property and the environment from the hazards of fire by prevention, suppression and control in rural areas.	Rural Fire forces trained and equipped.	100%	Achieved	Rural Fire forces fully trained and equipped.
	Database of current fire permits kept up to date.	100%	Achieved	Database kept up to date (486 permits issued for season).
	Fire plan updated and certified annually.	By 1 October each year	Achieved	Fire plan was updated and certified on 29.09.10.

Events and venues activity

Why we do it

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

To attract major events to Rotorua District to provide substantial economic benefit and to make Rotorua an attractive place to live and visit.

To strategically manage and promote recreation programmes to contribute to healthy lifestyles for Rotorua residents.

This year's highlights and achievements included:

- **Rugby World Cup** – The securing of hosting rights for 5 World Cup teams to complement the previous year's allocation of three home games to Rotorua.
- **Major Sporting Events** –
 - Mountain Bike Trials World Cup.
 - Netball Test match between the Silver Ferns and The World selection.
 - NZ Maori met the touring Irish Team in a match to celebrate the 100 year anniversary of NZ Maori Rugby.
 - Rugby League Test match between the world champion Kiwis who played Tonga.
 - First Warriors game in Rotorua when they met the Sydney Roosters.
 - 2010 National Marching Championships.
 - Breakers visiting Rotorua for the first time to play a USA College team.
- **Civic Theatre Stagehouse Redevelopment** – Good progress was made on the construction of a new stagehouse with opening scheduled for 1 September 2010.

- **Retention of business** – Business levels and income was maintained or improved on the prior year figures despite the market downturn (income +6.4%).
- **Raggamuffin Reggae Festival** – 30,000 people attended January's Music Festival at Rotorua International Stadium with 79% of the audience travelling to Rotorua for the Festival.
- **Australian Marketing** – Events and Venues has vigorously promoted Rotorua and our facilities as a C&I market following the introduction of trans-Tasman air services. Conferences that are already booked are expected to bring over 4,000 Australian delegates to Rotorua.
- **The Let's Go Rotorua Airshow** – A free air show hosted at the Lakefront to celebrate the commencement of trans-Tasman flights.

What we do

Venues

This activity covers the operation of the Rotorua Convention Centre (including the Civic Theatre and ticketing agency), Te Runanga Tea House, Soundshell and the Energy Events Centre (including the Sportsdrome), and International Stadium (including Number 2 field).

Council provides quality event facilities for the Rotorua community which supports endeavours to attract large, high yield local, regional, national and international events.

The venues are used for a variety of activities including:

- Local amateur performance
- Sport and recreation
- Conference and incentive activities
- Social functions

- Touring and local professional performing groups
- Cultural activity performances

Civic Theatre Stagehouse Redevelopment

By the end of the current financial year design, contract documentation and tendering will have been completed. Construction is planned for the 09/10 financial year funded by \$3.8m from Council, (\$3.5m capital and \$300k renewals) and \$1.9m from corporates, philanthropic and community funding.

Events

This activity contributes to the identification and attraction of large major events to Rotorua and their subsequent growth. Provides assistance to event promoters and organisers in dealing with the array of people, processes and legislation that must be dealt with in organising a major event. It supports local event organisers through provision of the equipment shed and recreation programmes.

Community Outcomes

A healthy community

- By providing recreational opportunities for the community at sporting events and venues..
- By contributing to improved health status for residents using sporting venues.
- By providing effective responses to developing health issues, and developing partnerships to promote healthy living.

A prosperous community

- By high utilisation of the various RDC venues and the attraction of major events to Rotorua which encourages growth and promotes employment opportunities.

Events and venues activity **cont.**

A community with excellent facilities, services, activities and events

- By providing Rotorua with a range of venues of national and international standard.
- By providing a range of venues for both major events and community use.

A “happening” community

- By attracting/hosting events including sporting, cultural festivals, arts, leading edge activity events, celebrating and nurturing traditional Maori Culture and fostering artistic expression in art, music, dancing, public performance and exhibitions.

Cost of Service

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATING COSTS			
Direct Costs	3,975	4,179	4,003
Financial Costs	744	551	660
Depreciation	1,621	1,791	1,684
Total Costs	6,340	6,521	6,347
REVENUE			
Capital Revenue	941	1,232	316
Fees and Charges	2,021	1,621	2,062
Subsidies and Grants	56	0	0
Targeted Rates	1,550	1,569	58
Total Revenue	4,568	4,422	2,436
Net Cost of Service	1,772	2,099	3,911

Minor roundings may occur in above totals

Capital Expenditure

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
Renewals	210	722	535
Backlog	0	411	0
Level of Service	3,835	5,955	8
Other Capital Expenditure	0	0	0
Total Capital	4,045	7,088	543

Minor roundings may occur in above totals

Variance from budget

Operating Costs – Favourable to budget due to theatre upgrade project being conducted throughout the year, so operational costs of convention centre achieved savings.

Revenue – Favourable variance due to venue rental higher at the Energy Events Centre and the Stadium, partly offset by less development contribution revenue, less capital grant due to catering contract not going ahead.

Capital Expenditure – Stagehouse redevelopment payment delayed.

How we pay for this activity

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATIONAL FUNDING			
Net Cost of Service of General Rate Activities	1,772	2,099	3,911
Plus Capital Revenue	837	950	316
Less Depreciation of General Rate Activities	(1,621)	(1,791)	(1,684)
Depreciation Funded by General Rates	206	722	535
Self Funding/DC Reserve Movements	(373)	(51)	(283)
Total Rates for/(from) Operations	821	1,929	2,795
CAPITAL FUNDING			
Capital Funded by:			
Funding from Depreciation (Rates)	595	722	535
Loans from/(to) Corporate Fund	2,386	4,366	8
Capital Grants	1,064	2,000	0
Total Capital	4,045	7,088	543

Capital Expenditure – Major Projects

for the year ended 30 June: (thousands)	2010 Actual
Theatre Stagehouse upgrade	3,777
Sportsdrome building replacement (roof)	113
Other	155
	4,045

Minor roundings may occur in above totals

Events and venues activity **cont.**

Performance for 2010

Level of Service	Performance measures	Target for 2009/10	Achievement	Comments
Excellent well maintained and well used venue s.	Number of Rotorua residents who use an Events and Venues facility during the year. ¹	80%	Achieved	84%
	% of residents satisfied with the level of service.	80%	Achieved	85% Users were surveyed during the year as to whether they were satisfied or not.
	% of repeat bookings from commercial clients within a three year period.	50%	Achieved	There were 112 repeat bookings from commercial clients for the year which represented 75.2%.
Encourage and promote a wide range of events and conferences with high levels of participation that add to the appeal of Rotorua for its citizens and visitors.	% of hirers are from community groups.	40%	Achieved	52% 365 community groups hired venues out of 697 for the year.
	% increase due to growth in relation to participation levels.	5%	Achieved	27% The usage/hire of facility increased by 71,262 pax when compared to 2008/09. The higher percentage is due to an increase in large public events ie: Raggamuffin, NZ Maori fixture, rugby league test, Warriors match, 4 x ANZ netball matches (3 in prior year) and a netball test.
	Number of conferences each year.	> 25	Achieved	34
	Number of delegates attending each year.	> 11,000	Achieved	11,346

¹ Community satisfaction survey (with Council services) undertaken in June 2010, which includes the views of 400 residents selected at random.

Public gardens and open spaces activity

Why we do it

To provide a network of open space at a neighbourhood and district level for casual and organised recreation; to contribute to the shape and form of the places in which we live.

To contribute directly and indirectly to the physical, mental, and spiritual health, and to the social, cultural, economic and environmental well-being of the Rotorua community and its environment.

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

To protect and enhance ecological and heritage landscape values within the Rotorua District.

This year's highlights and achievements included:

- **Playgrounds** – 2 new playgrounds at Stanley Drive Reserve and Alexander Road, and 2 replacement playgrounds at Streamdale Reserve and Chapman Place completed.
- **Liberty Swing – Aquatic Centre** – Placement of disability swing.
- **Key Research Survey** – Beautification & Landscaping 96% satisfaction result, 84% Sportsfields, 92% Reserves & Playgrounds.
- **Castlecorp Parks Maintenance Savings** – 10% savings made equating to \$400,000.
- **Lakefront Development** – Full consultation completed with Concept Plan for future development adopted by Council.
- **Rotorua Community Youth Centre Trust** – Completion of Stage 1 Medical Centre and establishment of reserve as a smoke free zone.

- **Entranceways** – Completion and unveiling of entranceway structures to Rotorua at Tarukenga, including a grant from First Sovereign Trust for \$57,000 and \$13,000 from Rotorua Trust.
- **Ecological** – Vaile Road Reserve wetland enhancement - \$30,000 grant (over a three year period) from Waikato Catchment Ecological Enhancement Trust.
- **Lake Okaro** – Lake edge ecological planting completed.
- **Dutch Wind Sculpture** – Installed in Government Gardens.
- **Ray Boord Park/Westbrook** – New cricket wicket.
- **Cycleways** – Sunset Road/Edmund Road cyclezone – 1.5km cycleway/walking track access completed in Linton Park East.
- **Lakes signage** – Rationalisation of lake signage (20 locations) combining RDC, BOP Regional Council navigation, Fish & Game, DOC, Iwi and community notices/rules including contribution from BOP Regional Council of \$37,817.
- **Waipa Mountain Bike Carpark** – Leasing of land from EROS thereby securing public access to Whakarewarewa Forest Mt Bike Trails.
- **Redwoods** – Children and Family Fun Day attracted 1500-2000 people. Bunnings Go Kart Race raised \$400 for the Rotorua Hospital Children's Unit.

What we do

Open space

The council provides and manages 800 hectares of reserve land excluding the Tokorangi Forest, 45 kilometres of walkways, 72 playgrounds with 227 individual pieces of play equipment, and 50 hectares of sports field land. This open space provides for recreation and organised sport, garden environments and green corridors that contribute to the district's natural form, character and amenity values.

Cemeteries/crematorium

The council provides and manages five operational cemeteries and one crematorium to meet the burial and remembrance needs of the community. Cemeteries are located at Rotorua, Mamaku, Reporoa, Ngakuru-Waikite and Kauae. Kauae cemetery is owned by the Kauae Cemetery Trust with council being responsible for its maintenance.

Council purchased land at Horohoro in 2008/09 to provide for burials as land at the existing Rotorua Cemetery and Kauae Cemetery has reached or is nearing capacity. Discussions continue with Ngati Whakaue Tribal Lands over a preferred site on State Highway 5 adjacent to Kauae Cemetery. It is expected that a decision will be made during the 2010/11 year and the chosen site developed accordingly.

Tokorangi / Whakarewarewa forest parks

Rotorua District Council is responsible for the maintenance of walking and mountain bike trails in the Tokorangi Forest, famous for the magnificent stands of towering Californian Coastal Redwoods. The tracks in the adjacent Whakarewarewa Forest are maintained by volunteer track sponsors.

The council is charged with maintaining and enhancing the landscape, recreational potential and aesthetic value of the forest as a significant backdrop to Rotorua.

Urban design / policy development

The Parks and Recreation Department plays a major role in urban design, being responsible for peer review of all subdivision and landscaping plans submitted to council. This department provides a consultation service to other council departments on landscaping, recreational opportunities and optimal utilisation of potential resources.

The department also manages development of strategic documents for parks and recreation activity in order for the service to be provided within council policy and industry best practice.

Public gardens and open spaces activity **cont.**

Nursery

Council operates an in-house nursery to provide a cost effective supply of quality plants for Council's parks, gardens and displays (indoor and outdoor); environmental improvement and streetscaping projects; The nursery also provides high quality plant material to other local authorities which in turn subsidise the cost of plants used within Rotorua District.

Community Outcomes

A safe and caring community

- By ensuring our parks, reserves and open spaces are safe, welcoming areas for the community to gather and interact in.
- By planning facilities and structures in accordance to Crime Prevention Through Environmental Design (CPTED) principles.
- By meeting a range of community burial and cremation needs.

A community that respects its environment

- Through the principle of Kaitiakitanga (guardianship), managing and protecting our natural resources.

A healthy community

- By providing areas for people to engage in healthy activities.

A community with excellent facilities, services, activities and events

- Through the provision of facilities, reserves and services to a high quality that are affordable, well maintained and managed.

A “happening” community

- By providing the opportunity for a range of active and passive recreational and leisure opportunities and events.

Cost of Service

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATING COSTS			
Direct Costs	8,077	8,358	8,651
Financial Costs	943	940	777
Depreciation	1,482	1,121	1,403
Total Costs	10,502	10,419	10,831
REVENUE			
Capital Revenue	963	723	489
Fees and Charges	2,520	1,389	1,349
Investment Income	88	61	117
Subsidies and Grants	8	0	0
Total Revenue	3,579	2,173	1,955
Net Cost of Service	6,923	8,246	8,876

Capital Expenditure

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
Renewals	298	465	1,550
Growth	287	804	24
Backlog	111	123	0
Level of Service	334	503	2,166
Total Capital	1,030	1,895	3,740

Minor roundings may occur in above totals

How we pay for this activity

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATIONAL FUNDING			
Net Cost of Service of General Rate Activities	6,923	8,246	8,876
Plus Capital Revenue	995	723	489
Less Depreciation of General Rate Activities	(1,480)	(1,121)	(1,403)
Depreciation Funded by General Rates	298	465	1,550
Self Funding/DC Reserve Movements	769	36	45
Total Rates for/(from) Operations	7,505	8,349	9,557
CAPITAL FUNDING			
Capital Funded by:			
Funding from Depreciation (Rates)	220	465	1,550
Loans from/(to) Corporate Fund	591	502	171
Capital Grants	27	0	0
Development Contributions	131	594	215
Reserves Net	67	334	1,804
Total Capital	1,036	1,895	3,740

Minor roundings may occur in above totals

Public gardens and open spaces activity **cont.**

Capital Expenditure – Major Projects

for the year ended 30 June:	2010 Actual
(thousands)	
City Entrance, boatramp, parks and ground development	922
Youth Centre bore development	50
Other renewals	58
	1,030

Minor roundings may occur in above totals

Variance from budget

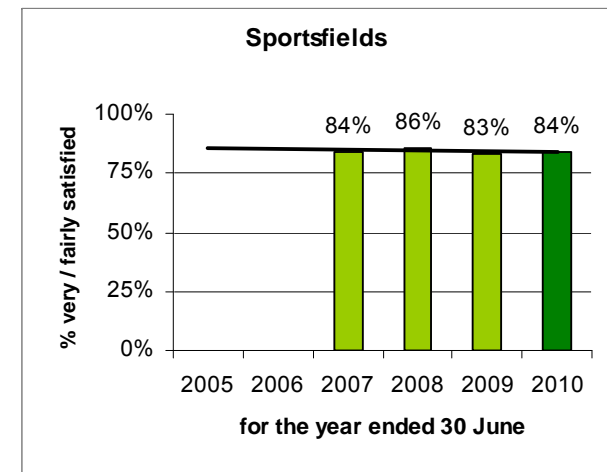
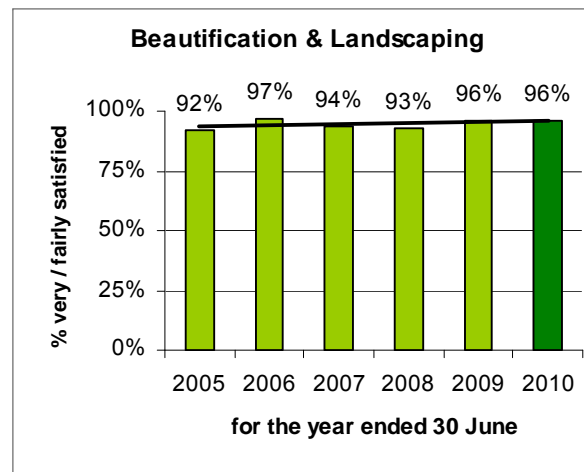
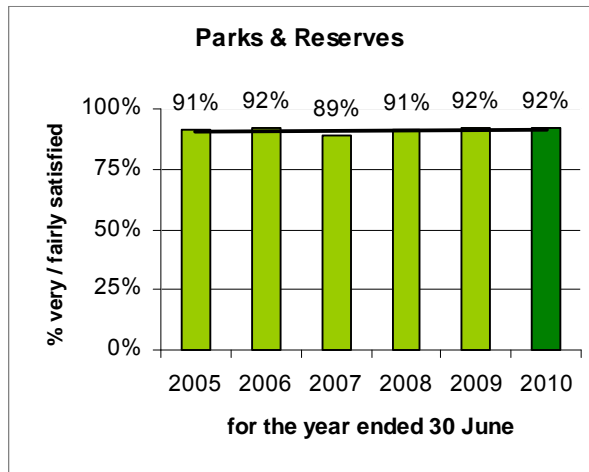
Operating Costs – Direct costs favourable to budget due to efficiencies gained in Castlecorp contract. Depreciation is higher due to revaluation of buildings.

Revenue – Favourable revenue due to higher than budgeted financial contributions, higher value in vested assets, and additional revenue in rental and lease revenue due to new agreements.

Capital Expenditure – Capital works deferred include Kuirau Park development, Westbrook development, Redwood bus charging and Tarawera landing project.

Community Satisfaction Survey

The graphs below have been prepared from the annual Community Satisfaction Survey.



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.

Public gardens and open spaces activity **cont.**

Performance for 2010

Level of Service	Performance measures	Target for 2009/10	Achievement	Comments
Open Spaces				
Enhance the aesthetic look of Rotorua in terms of quality plantings, bedding displays, interpretation and design.	% of residents very/fairly satisfied with level of service. ¹	90%	Achieved	96%
Provide a network of parks, open spaces and wetlands that meet community and environmental needs (environmental sensitivity awareness).	Amount of reserve per 1000 population.	12 hectares/ 1000 people	Achieved	14.25 ha/1000
Provide a variety of recreation opportunities and facilities in parks.	% of children's play areas within 500m of dwellings in the urban area.	90%	Achieved	96.9% There are 19,100 dwellings that are nearer than 500 metres from a children's play area out of a total of 19,711 dwellings in the urban area.
	Kilometres of walkways provided in the District.	45 kilometres	Achieved	64 kilometres
Provide and maintain sports fields for local, regional, national competitions, and participation.	% of residents very/fairly satisfied with the level of service as measured by the community satisfaction survey. ¹	88%	Not achieved	84% Difference between target and result is within the margin of error.
Cemeteries/Crematorium				
Ensure that culturally sensitive, well designed, conveniently located cemeteries and cremation facilities are available in Rotorua District.	Provision of sufficient long term burial plots in Rotorua District main cemetery (shown as the number of years of developed plots).	3/4 years supply	Achieved	As at 30 June 2010 it is estimated there is 6-7 years supply of burial plots in the main cemetery for the Rotorua district.
	Provision of sufficient daily cremator capacity.	6/day	Achieved	

¹ Community satisfaction survey (with Council services) undertaken in June 2010, which includes the views of 400 residents selected at random

Rotorua district library activity

Why we do it

The District Library exists to provide education, information, cultural and recreational resources; to minimise economic, social and cultural barriers to information access for all the people of Rotorua District. The library is a repository for local history, including Maori history, for future generations. It reflects Rotorua culture and the diversity of the community, with special collections of New Zealand, Maori and Polynesian history, matched with information and books in other European, Asian and Pacific languages.

It plays an important role in improving the standard and quality of life of residents by providing the means for lifelong learning, independent decision-making and cultural development of the individual and social groups, reflecting the diversity of the community.

This year's highlights and achievements included:

- **Blessing of the Children's Library** – A celebration of the completion of all the upgrade projects connected with the Children's Library, including the installation of the Storyteller's Chair. This was combined with the launch of Auntie Bea's new book – Hoha the Taniwha.
- **Maori Language Week 2009 – Te Reo i te Hapori – Maori Language in the Community** – This was celebrated over a period of four weeks with competitions using Maori/English crosswords, bilingual "Match the Words" puzzles, interactive library displays and educational library tours.
- **Teens Programmes** – Wii Sports Programmes, a talent quest, an art competition, a photography competition, and movie making. The Teens Book Club is held monthly.

- **Author Nights** – Ron Crosby - First 50 years of NZ SAS; Justin Brown - Bowling through India; Sylvia Bowden - How to stop your kids going broke; Raewyn Weller - inspirational biography of sister, local woman Jan Binnie; Marc Spjkerbosch - award-winning mural artist; Max Cryer - Idiosyncratic English phrases.
- **Children's Programmes** – July *Step Back in Time* – activities based on ancient civilisations; October – Rock Star Quest and Fright Night, summer holiday reading programme *Go Wild* and join the Reading Stampede; April – The Fantastical Gloriputious World of Roald Dahl.
- **Book exchange with Sister City, Beppu** – Books about Rotorua and books in English for all ages were sent to the Beppu Library in exchange for several boxes of books in Japanese for the foreign language collection.

What we do

Collections/lending services

The library opens Monday to Saturday for 59 hours per week, as follows:

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

The library provides a range of children's, teens and adults' fiction and non-fiction books in normal and large print, magazines, not-for-loan reference books, special collections of NZ books, a historical collection of local newspapers on microfiche, talking books, music CDs, CDRoms and DVDs. The library houses the Community Toy Library, a collection of material belonging to the Rotorua Branch NZ Society of Genealogists, Te Rangikaheke papers (held in trust for Ngati Rangiwewehi) and a variety of Maori Land Court minute books. All of these are available to the public.

Community Contacts Database

The library created and now maintains the Community Contacts Database which contains information on more than 1,000 clubs and organisations.

Website

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.

Mobile Library/House Bound Service

The mobile library delivers the library service to those who cannot access the library physically due to the Library location and transport. The service operates Monday to Friday. The housebound service delivers books and resources to members of the community who are restricted to their homes due to illness or disability. The service is operated fortnightly by volunteer drivers.

Programmes/Displays & Exhibitions

Various programmes are provided to cover differing age groups belonging to or using the library. These include:

- Toddler Times (twice a week)
- School holiday programmes
- Teens programmes
- Author evenings (at least six times a year)
- Reading Round for adults (monthly)
- Research programmes for individuals to learn how to improve their searching skills and find out more about the library (monthly)

Space is provided for exhibitions and displays to showcase to members and users various community and national events.

Rotorua district library activity **cont.**

Library Mascot

The Library's mascot, Fletcher Tuatara, visits schools with staff to inform students about the library and encourages them to become members/users. All new entrants in the district's primary schools are provided with special packs to encourage them to join the library.

Community Outcomes

A prosperous community

- By providing improved opportunities
- A well educated workforce contributes to the economic performance of a community

A community with excellent facilities, services, activities and events

- By providing an excellent facility and resources to the community that would not otherwise be provided by private enterprise

A community that values its living Maori culture

- By fostering Maori cultural activities and expression
- By respecting Te Arawa as part of the unique heritage of Rotorua District

A learning community

- By providing learning activities accessible for everyone
- By providing excellent pre-school/infant facilities
- By providing whanau supported learning
- By encouraging literacy and lifelong learning, supporting formal and informal education

A "happening" community

- By providing leading edge activity events
- By fostering artistic expression, art, music, dancing, public performances and exhibitions
- By providing great facilities to visit

Cost of Service

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATING COSTS			
Direct Costs	2,827	2,703	2,812
Financial Costs	191	102	169
Depreciation	1,070	799	1,110
Total Costs	4,088	3,604	4,091
REVENUE			
Capital Revenue	12	25	104
Fees and Charges	326	352	332
Investment Income	0	0	12
Subsidies and Grants	0	0	5
Total Revenue	338	377	453
Net Cost of Service	3,750	3,227	3,638

Capital Expenditure

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
Renewals	646	622	656
Growth	0	0	51
Backlog	20	60	0
Level of Service	49	0	1,957
Other Capital Expenditure	0	0	0
Total Capital	715	682	2,663

Capital Expenditure – Major Projects

for the year ended 30 June: (thousands)	2010 Actual
Library books	547
Library canopy and chiller	75
Other renewals	93
	715

Minor roundings may occur in above totals

How we pay for this activity

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATIONAL FUNDING			
Net Cost of Service of General Rate Activities	3,750	3,227	3,638
Plus Capital Revenue	4	25	104
Less Depreciation of General Rate Activities	(969)	(799)	(1,110)
Depreciation Funded by General Rates	646	622	656
Self Funding/DC Reserve Movements	(79)	0	(38)
Total Rates for/(from) Operations	3,352	3,075	3,250
CAPITAL FUNDING			
Capital Funded by:			
Funding from Depreciation (Rates)	653	622	656
Loans from/(to) Corporate Fund	62	60	245
Development Contributions	0	0	1,407
Reserves Net	0	0	355
Total Capital	715	682	2,663

Minor roundings may occur in above totals

Variance from budget

Operating Costs – Direct cost variance primarily due to staff costs higher than planned due to high sick leave. Increase in depreciation due to building revaluations and finance costs relate to higher than budgeted interest charges to the development contribution reserve. Staff cost higher than planned due to high sick leave.

Revenue – Less income than projected for overdues.

Capital Expenditure – Final upgrade of building, canopy cost not budgeted.

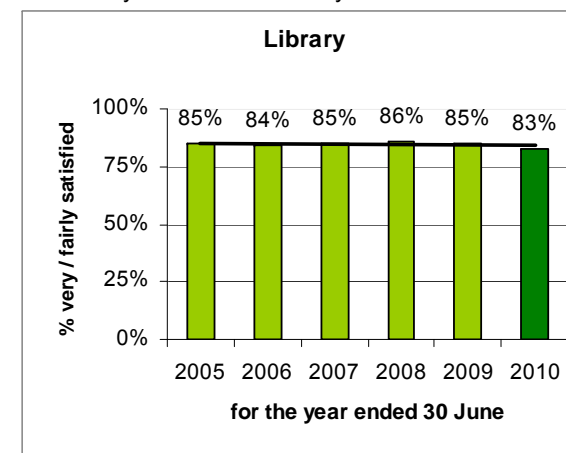
Rotorua district library activity **cont.**

Performance for 2010

Level of Service	Performance measures	Target for 2009/10	Achievement	Comments
Library readily accessible to residents and visitors and meets the needs of the community.	% of population are members of the library.	60%	Not achieved	Currently 39,216 residents (58%) are members of the library. Council has recently upgraded the library and runs programmes to attract patrons.
	% of households who have used the library in the last 12 months.	69%	Achieved	There was at least one member from 74% of households which used the library during 2009/10.
	Annual visits per capita.	5.5	Achieved	5.8 per capita
	% of residents who are very/fairly satisfied with the level of service (as measured by community satisfaction survey). ¹	86%	Not achieved	83% Difference between target and result is within the margin of error.
Maintain a collection of local Maori and European print resources for reference and study.	% of published and unpublished print material reflecting Rotorua's heritage and culture purchased each year.	100%	Achieved	National Bibliography is regularly scanned to ensure these collections are maintained – all known sources of supply are checked for publications and any local material, self published or printed, is included.
Maintain collections of fiction and non fiction for information, education and recreation.	Average annual items issued per capita	11	Not achieved	There were 742,543 items (10.9 per capita) issued for the year.
	Number of items purchased p.a. per capita.	0.28	Achieved	There was a total of 18,952 items (0.28 per capita) purchased during 2009/10.
Provide events that reflect the art and cultural interest of the community with a specific focus on literacy.	Number of children's programmes per year.	4 pa	Achieved	There were 4 children's programmes held on 7-16/07/09, 29/09-8/10/09, 7/12/09-20/01/10, 6-15/04/10.
	Number of teens' programmes per year.	2 pa	Achieved	There were 3 teen's library programmes held on 6-17/07/09, 16/12/09-2/02/10, 2/03-31/04/10.
	Number of 'toddler time' sessions per week during term time.	2 per week	Achieved	Toddler time sessions were held 2 days each week throughout the year.
	Number of guest authors per year.	6 pa	Achieved	There were 7 guest authors at the library on the following dates: 07/08/09, 26/08/09, 21/10/09, 15/04/10, 30/04/10, 19/05/10, 14/06/10.

Community Satisfaction Survey

The graph below has been prepared from the annual Community Satisfaction Survey.



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.

¹ Community satisfaction survey (with Council services) undertaken in June 2010, which includes the views of 400 residents selected at random

Rotorua museum of art & history activity

Why we do it

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** – Construction of Stage III of the Centennial Project, the South Wing, began in July 2009. The project is running to schedule and within budget (at 1 August 2010) with a construction completion date of April 2011. The finished museum will open to the public on 20 August 2011.
- **Exhibitions and Public Programmes** – Staged 23 exhibitions during year, and 17 public programmes. Many attracted over 100 people and some people were turned away due to overcrowding. Floor talks proved extremely popular.
- **Education Programme** – A total of 11,426 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 its eleventh year. The current three year contract runs until 30 June 2013.
- **Visitor Numbers and Admissions Revenue** – A total of 106,931 visitors came to the Museum during the year. Admissions revenue of \$686,931 was earned, while \$260,028 in retail sales was made.
- **Visitor Spend** – Total spend for the year averaged \$8.92 per visitor. This remains one of the highest spends per visitor of any museum in New Zealand

and is especially notable as local residents do not pay any admission at all.

- **Ground Stabilisation Project** – Stage 1 successfully completed as part of the South Wing Construction Project. Stage 2 the atrium back towards the north wing commenced in July 2010 receiving \$400,000 funding from Lotteries Environment and Heritage Fund.

What we do

The Rotorua museum of Art & History, Te Whare Taonga o Te Arawa, is situated in the Bathhouse, an historic landmark building sited strategically in Government Gardens, a heritage precinct of national importance. The Bathhouse building holds a category 1 classification from the NZ Historic Places Trust, the highest level of significance for buildings in New Zealand.

The museum opens to the public every day except Christmas Day, from 9am to 8pm daily during NZ daylight saving time, and from 9am to 5pm the rest of the year.

The Centennial Project which commenced with the reinstatement of the viewing platform in 2006 will see the Bathhouse building completed to its original specifications and is due to be completed in 2010-2011. A major fundraising campaign, led by a dedicated charitable trust, is well advanced towards securing funds towards this \$22 million project. Stage II of the project, the North Wing Extension was completed in September 2008 and opened to the public in November 2008. Stage III, the South Wing Extensions has commenced in May 2009 and will be completed in 2011.

Reflecting the value added through capital investment, Council will increase its adult admission price to \$15

for all paying visitors at the completion of the South Wing, effective 1 July 2011.

Collections

Seven important collections are at the heart of the museum's identity. They are (with catalogued holdings as at 30.06.08):

- Ethnology (658 items catalogued)
- Fine Arts (2,196 items catalogued)
- Natural Environment (472 items catalogued)
- Photography (17,035 items catalogued, approx. 75,000-100,000 items in total)
- Resource and archives (8,055 items catalogued)
- Social History (12,592 items catalogued)
- Taonga Maori (1,303 items catalogued)

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

Exhibitions

- **Taking the Cure**
Tells the story of the Bathhouse building and the origins of tourism in Rotorua.
- **Maori Battalion**
B Company of 28 Maori Battalion was made up of volunteers from the Rotorua/Bay of Plenty/Thames-Coromandel areas and fought in some of the most famous campaigns of WWII. This exhibition is a tribute to those men, and the people they left behind.

Rotorua museum of art & history activity **cont.**

■ Tarawera Eruption

The 1886 eruption of Mount Tarawera changed the lives for all who lived in this area forever. The fabulous Pink and White Terraces were destroyed, along with many villages around the mountain. This exhibition tells the story of the fateful night and remembers the victims, both Maori and Pakeha.

■ Rotorua Stories Cinema

An interactive theatre experience telling the stories of Rotorua in a dramatic and entertaining way was added to the museum's attractions in 1998, and has been upgraded at regular intervals since. It remains a core part of the museum experience for locals and visitors alike.

■ Mudbath Basement

The famous Mudbath Basement has recently been opened up again to visitors after 100 years. Visitors must go through the basement of the building to arrive at the mudbaths which have sat undisturbed in the same place for over 100 years.

■ Viewing Platform

Reinstatement of the historic viewing promenade on the North Wing roof (Stage 1 of the centennial project) was completed in March 2006, and made possible by grants from the Ministry of Tourism and the NZ Lotteries Grants Board which supplementing annual plan funding from RDC.

Programmes

A dynamic and active programme of public lectures, films, tours, floor talks and children's activities is provided throughout the year. Some of the events are so popular that dozens of people are turned away. It is expected that the public programme will continue to grow as the museum grows into the new galleries provided through the Centennial Project.

Guided Tours

Guided tours provided by a team of over 70 volunteer docent guides have become a core part of the Rotorua Museum experience. The guides undergo a rigorous 14 week training programme before graduating and starting their careers as guides for museum visitors. Tours will take place on the hour in the summer months and five times daily in winter.

Education

Since 1998 the museum has been contracted by the Ministry of Education to provide Learning Experiences Outside the Classroom to some 12,000 school students per annum. Two teachers are employed to develop and deliver curriculum-linked programmes and school groups come from all over New Zealand to use the service. The current contract expires in 2010 after which the museum will seek a new contract.

Community Outcomes

A community that values its living Maori culture

- By preservation and sustainable development of Maori resources.

A learning community

- By providing learning activities accessible for everyone.
- By providing quality educational institutions.

A "happening" community

- By providing great facilities to visit.
- By fostering artistic expression, art, music, dance, public performances and exhibitions.

Cost of Service

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATING COSTS			
Direct Costs	2,394	2,378	2,589
Financial Costs	121	114	80
Depreciation	418	641	425
Total Costs	2,933	3,133	3,094
REVENUE			
Capital Revenue	2,768	5,629	2,144
Fees and Charges	1,084	1,125	1,083
Subsidies and Grants	2	0	6
Total Revenue	3,854	6,754	3,233
Net Cost of Service	(921)	(3,621)	(139)

Capital Expenditure

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
Renewals	83	332	419
Growth	19	91	2,458
Level of Service	5,508	8,063	0
Total Capital	5,610	8,486	2,877

Minor roundings may occur in above totals

Rotorua museum of art & history activity **cont.**

How we pay for this activity

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATIONAL FUNDING			
Net Cost of Service of General Rate Activities	(921)	(3,621)	(139)
Plus Capital Revenue	2,763	5,629	2,144
Less Depreciation of General Rate Activities	(418)	(641)	(425)
Depreciation Funded by General Rates	83	332	419
Self Funding/DC Reserve Movements	(8)	0	7
Total Rates for/(from) Operations	1,499	1,699	2,006
CAPITAL FUNDING			
Capital Funded by:			
Funding from Depreciation (Rates)	100	332	331
Loans from/(to) Corporate Fund	2,069	2,130	10
Capital Grants	3,441	6,024	2,448
Development Contributions	0	0	88
Total Capital	5,610	8,486	2,877

Minor roundings may occur in above totals

Capital Expenditure – Major Projects

for the year ended 30 June: (thousands)	2010 Actual
Centennial Development Stage 3	5,355
Ground improvement	153
Exhibition fitout	67
Collection development	2
Other renewals	33
	5,610

Minor roundings may occur in above totals

Variance from budget

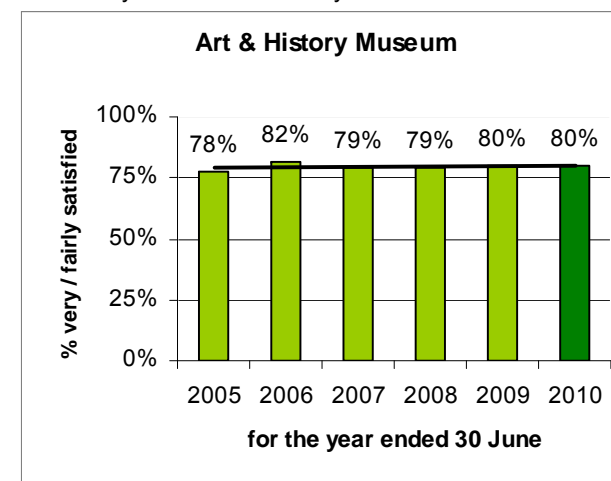
Operating Costs – Favourable variance in depreciation due to capital upgrade project not yet capitalised.

Revenue – Admissions are less than expected and capital revenue delayed in line with capital expenditure.

Capital Expenditure – Centennial Development Stage 3 on time, but payment timings delayed.

Community Satisfaction Survey

The graph below has been prepared from the annual Community Satisfaction Survey.



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.

Rotorua museum of art & history activity **cont.**

Performance for 2010

Level of Service	Performance measures	Target for 2009/10	Achievement	Comments
An outstanding museum experience, open seven days a week and free to local residents of Rotorua.	% of households in Rotorua that visit the museum each year.	55%	Achieved	62% of Rotorua households surveyed stated that at least one member of the household visited the museum during 2009/10.
	% of local residents very /fairly satisfied with the museum and its services. ¹	75% with an increasing trend corresponding with future capital development of the museum	Achieved	80%
Collect, preserve, catalogue and conserve the community's cultural heritage.	Number of collections and items.	7	Achieved	The museum continues to maintain 7 permanent collections.
Interpret and display the art, culture and stories of Rotorua and Te Arawa via a number of permanent exhibitions.	Number of permanent exhibition galleries.	7	Not achieved	During the year there were six permanent exhibition galleries due to closure of Mud Bath Basement for ground stabilisation project.
Provide a range of educational levels including primary, secondary, tertiary and adult learning.	Number of public programmes (workshops/lectures) per year.	15	Achieved	17 public programmes (workshops/lectures) were undertaken for the year.
	Number of students each year participating in the LEOTC programme (curriculum based learning).	12,000	Not achieved	11,426 students participated in the LEOTC programme for the year. More emphasis will be put on promoting the LEOTC programme, especially once the centennial project is completed.
Provide a range of unique exhibitions from other parts of New Zealand.	Number of touring exhibitions.	10	Achieved	23 touring exhibitions were hosted during the year.
	Number of language based navigational maps so museum visitors can self-guide around the museum.	14	Achieved	At all times throughout the year there were at least 14 navigational maps available for visitors.
	Number of guided tours per day.	7	Achieved	There were 7 guided tours each day during winter and 10 guided tours during summer.

¹ Community satisfaction survey (with Council services) undertaken in June 2010, which includes the views of 400 residents selected at random

Environmental and regulatory 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, services, activities and events	A community that values its living Maori culture	A learning community	A "happening" community
89	Animal Control	✓	✓						
91	Building Services	✓	✓	✓	✓			✓	
93	Environmental Planning Implementation	✓	✓	✓	✓	✓	✓	✓	✓
96	Environmental Planning Policy	✓	✓	✓	✓	✓	✓	✓	✓
98	Infrastructural Planning and Compliance		✓		✓	✓			
100	Inspection	✓	✓	✓					
104	Parking Enforcement	✓			✓				

Overview of Group

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

- Animal Control
- Building Services
- Environmental planning implementation
- Environmental planning policy
- Infrastructural planning and compliance
- Inspection
- Parking enforcement

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 balancing competing rights of individuals and groups to do different things.

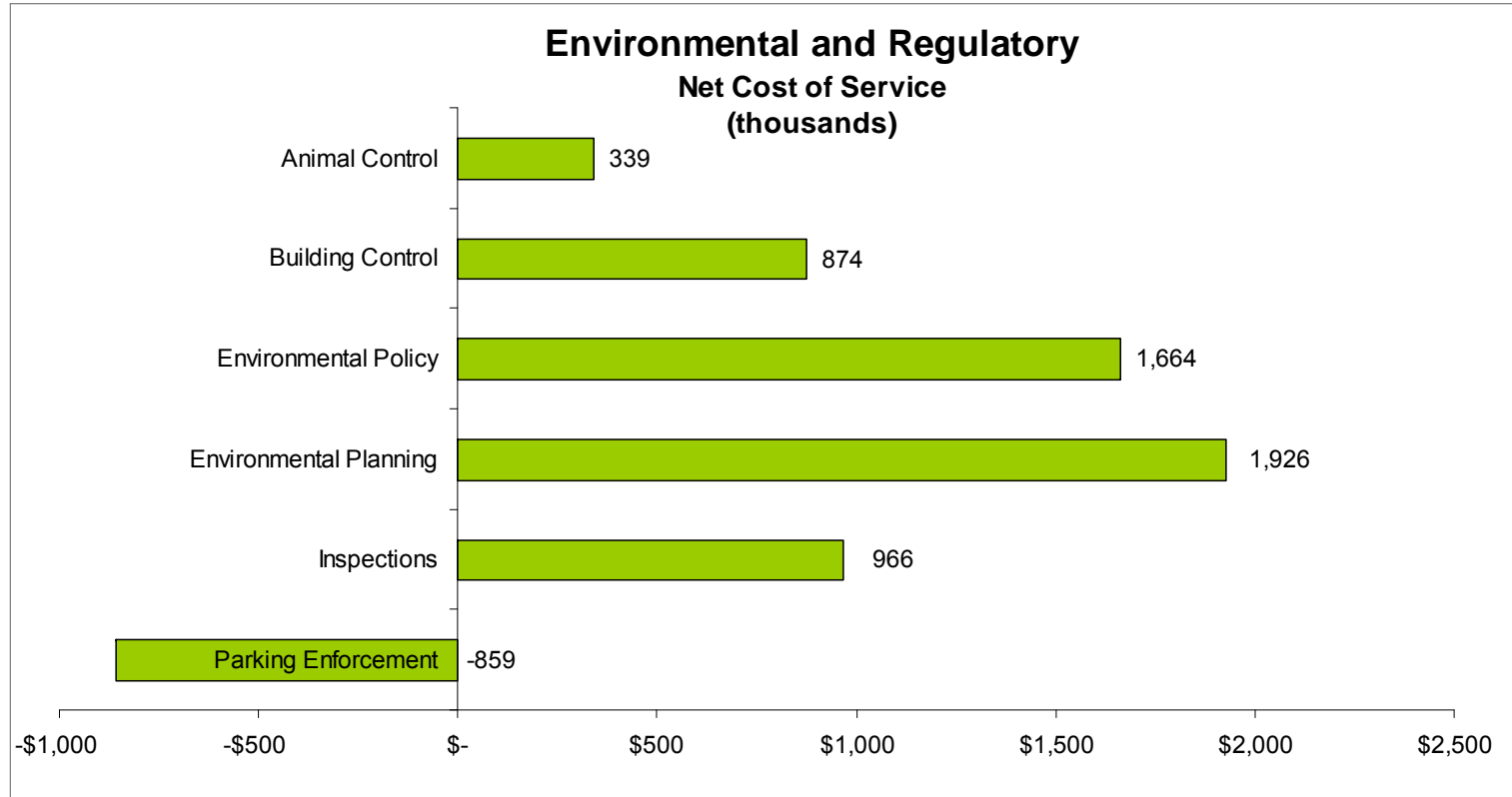
The new government has already signalled its intent to make changes to the Resource Management Act (RMA). These changes may affect how council manages the resource consent process and the review of the district plan.

Potential Significant Negative Effects

Potential negative effects may include:

- Statutory processes take time and can be lengthy, and 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 affect levels of service.
- Expenses associated with the high degree of consultation that must be undertaken for policy development projects.
- These and a number of other negative effects identified, and associated mitigation options, are provided in the respective Activity Plan sections.

Environmental and regulatory group **cont.**



Animal control activity

Why we do it

To enhance the safety of the public by the control of nuisance dogs and stock wandering in public places. In addition both the dog control act 1996 and the impounding act 1953 place specific statutory functions on territorial authorities.

This year's highlights and achievements included:

- 117 dogs were re-homed from the pound during the year.

What we do

- Provide a complaint resolution service in relation to uncontrolled dogs.
- Control the numbers of dogs kept on individual properties in the urban area through a kennel licensing regime.
- Undertake mobile patrols to apprehend and impound wandering dogs.
- Provide an animal pound facility for the safe and humane containment of dogs and stock found wandering.
- Respond immediately to reports of livestock wandering in public places.
- Provide an educational programme on dog control which is available on an 'on demand' basis to primary and intermediate schools in the Rotorua district.
- Register around 11,000 dogs each year.
- Impound around 1,900 dogs each year.
- Euthanise around 800 dogs each year.

Control Function

This involves registration of dogs, investigation and resolution of nuisance complaints, inspection of

kennelling standards and the development and implementation of a council policy on dogs.

An education programme on dog control is provided and available on a demand basis to primary and intermediate schools in Rotorua District.

Pound Keeping Function

Dogs found wandering 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 or a public safety risk on roads and other public places. They are kept and fed until returned to owners, or public auction.

Community Outcomes

A safe and caring community.

- By providing safe public places free from uncontrolled dogs and wandering stock.

A community that respects its environment

- By facilitating the use and enjoyment of the natural environment without threat of uncontrolled dogs.

Capital Expenditure

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
Renewals	0	0	2
Total Capital	0	0	2

Minor roundings may occur in above totals

Cost of Service

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATING COSTS			
Direct Costs	853	860	847
Financial Costs	1	1	1
Depreciation	9	7	8
Total Costs	863	868	856
REVENUE			
Fees and Charges	524	563	520
Total Revenue	524	563	520
Net Cost of Service	339	305	336

How we pay for this activity

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATIONAL FUNDING			
Net Cost of Service of General Rate Activities	339	305	336
Less Depreciation of General Rate Activities	(9)	(7)	(8)
Depreciation Funded by General Rates	0	0	2
Total Rates for/(from) Operations	330	298	330

CAPITAL FUNDING

Capital Funded by:	2010 Actual	2010 Budget	2009 Last Year
Funding from Depreciation (Rates)	0	0	2
Total Capital	0	0	2

Minor roundings may occur in above totals

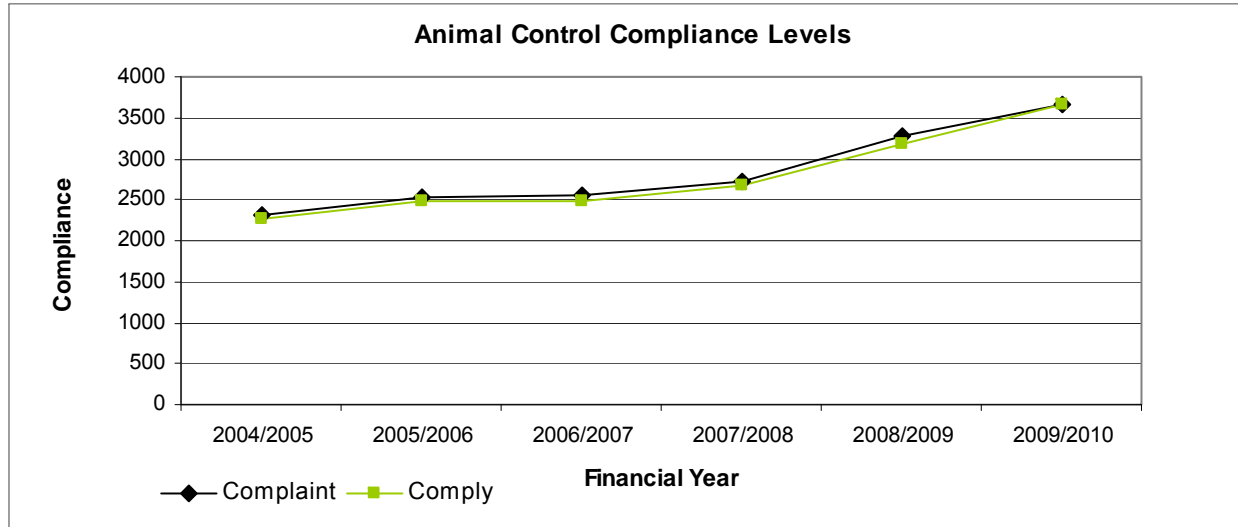
Variance from budget

Revenue – Key variance due to lower than budgeted infringements and prosecutions, also down on last year.

Animal control activity **cont.**

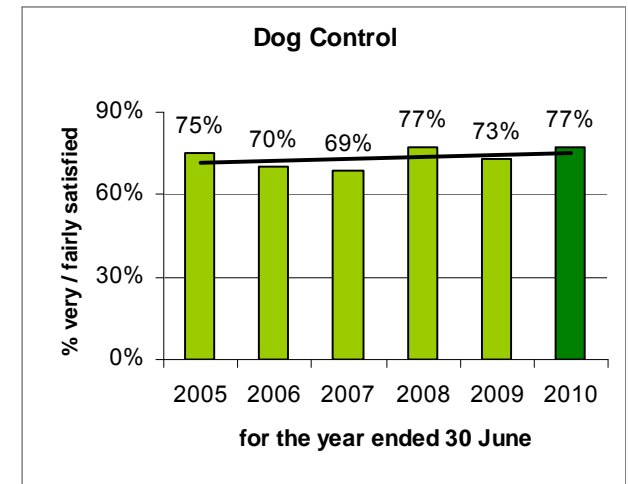
Performance for 2010

Level of Service	Performance measures	Target for 2009/10	Achievement	Comments
Provide a dog registration service.	% of known dogs registered by 30 June (measured by monitoring and auditing of registration data).	> 97.5%	Not achieved	94.85% 10,206 out of 10,760 dogs registered. Significant promotion was undertaken about registering dogs. This promotional work will be continued in following years.
Ensure dog complaints are actioned.	% of complaints responded to within 1½ working days (measured by monitoring and auditing of complaints register).	100%	Not achieved	99.97% 1 complaint outside of timeframe. Systems are in place to ensure compliance with target, and target will be achieved in forthcoming years.
Ensure stock complaints are actioned.	% of complaints about wandering stock responded to immediately (measured by monitoring and auditing of complaints register).	100%	Achieved	



Community Satisfaction Survey

The graph below has been prepared from the annual Community Satisfaction Survey.



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.

Building services activity

Why we do it

To ensure the safety of people living and working in buildings. This function is also provided to meet Council's statutory responsibilities under the Building Act 2004, and to ensure Rotorua district is provided with buildings that meet appropriate building standards.

This year's highlights and achievements included:

- Processing 98.2% of all building consent applications within the statutory timeframes.
- Accreditation as a Building Consent authority maintained.
- Implementation of a risk based approach in auditing buildings with a warrant of fitness.

What we do

- Process Project Information Memoranda (PIMs).
- Process building consent applications, assessing against the Building Code.
- Inspect building work in conjunction with building consents.
- Issue Code Compliance Certificates for buildings constructed in accordance with the consent.
- Audit buildings that have a Building Warrant of Fitness (BWOFF).
- Deal with complaints and breaches of the Building Act.
- Issue compliance schedules and compliance schedule statements.
- Issue notices to fix.
- Issue infringement notices.

Community Outcomes

A safe and caring community

- By ensuring buildings are safely constructed and maintained.

A community that respects its environment

- By ensuring heritage buildings are given due consideration during alterations.

A healthy community

- By ensuring dangerous and insanitary buildings are dealt with to mitigate or remove the danger or insanitary condition.

A prosperous community

- By ensuring consents are processed in a timely manner.
- By ensuring inspections are available within a reasonable timeframe.

A learning community

- By ensuring Council provides information to the community on various acts and regulations.

Cost of Service

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATING COSTS			
Direct Costs	2,656	2,233	2,073
Depreciation	13	7	10
Total Costs	2,669	2,240	2,083
REVENUE			
Fees and Charges	1,796	1,888	1,520
Total Revenue	1,796	1,888	1,520
Net Cost of Service	873	352	563

Minor roundings may occur in above totals

Capital Expenditure

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
Renewals	0	0	30
Total Capital	0	0	30

How we pay for this activity

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATIONAL FUNDING			
Net Cost of Service of General Rate Activities	873	352	563
Less Depreciation of General Rate Activities	(13)	(7)	(10)
Depreciation Funded by General Rates	0	0	30
Total Rates for/(from) Operations	860	345	583

Minor roundings may occur in above totals

Variance from budget

Operating Costs – Provision for leaky homes costs not budgeted (\$641,000) partly offset by savings in staff cost and internal consent revenue not budgeted.

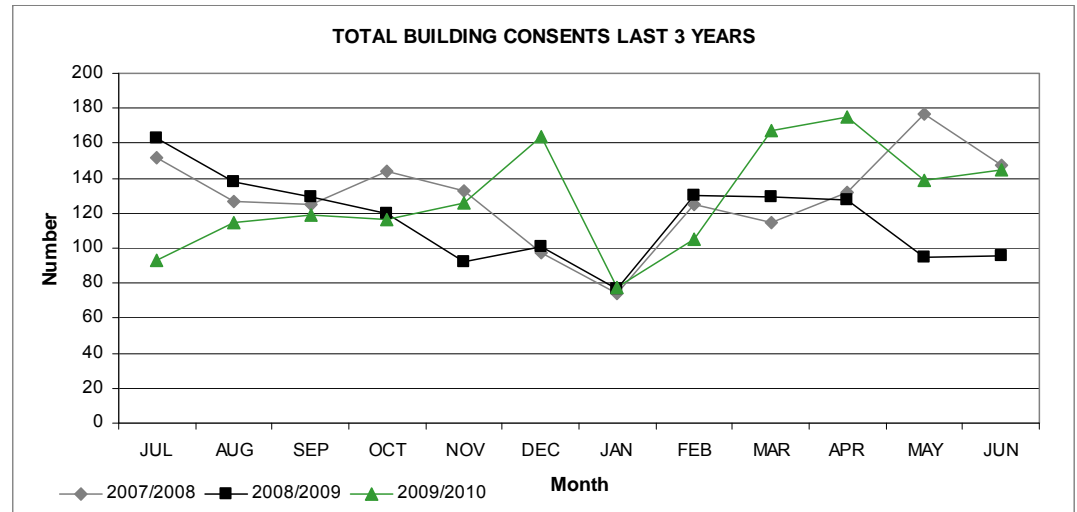
Revenue – Favourable due to unbudgeted insurance excess recovery provided for (net off against leaky homes costs above).

Building services activity cont.

Performance for 2010

Level of Service	Performance measures	Target for 2009/10	Achievement	Comments
Buildings are constructed and maintained so people can use them safely.	% of PIMs, building consents processed within 19 working days.	96%	Achieved	97% issued within 19 days
	% of inspections undertaken within 72 hours.	100%	Achieved	
	Accredited system under the Building Act 2004 is maintained after bi-annual audits.	100%	Achieved	
	% of buildings with Building Warrants of Fitness audited annually.	> 25%	Not achieved	17% There were 138 Building Warrants of Fitness audited for the year out of a total of 828. More resources will be diverted to this area in the upcoming year to ensure the target is met.
	% of complaints investigated in 72 hours.	100%	Not achieved	88% A total of 82 complaints were received, and of these 72 were actioned within 72 hours.

Building Consent Levels



Environmental planning implementation activity

Why we do it

To meet statutory requirements for the processing of consent applications; to ensure that the quality of the environment enjoyed by residents and visitors is maintained and enhanced.

This year's highlights and achievements included:

- Exceeded Annual Plan consent processing targets for land use consents, subdivision consents, and all other planning applications.
- 2009/10 processing of resource consent figures represents the best ever achieved by Planning Services.

What we do

- Council has a legislative responsibility to implement the district plan by providing planning advice, processing consents and other statutory applications, and monitoring and enforcing the district plan and conditions of resource consents.
- Provision of a duty planning service for the community to help understand how the district plan may impact on activities they want to do on their land.
- Processing of non-notified and notified land use consents within statutory timeframes.
- Processing of non-notified and notified subdivision consents within statutory timeframes.
- Monitoring of compliance for conditions of consent.
- Ensure compliance with provisions of the district plan, and take enforcement action to ensure that this occurs.

Community Outcomes

A safe and caring community

- By the assessment of applications against planning framework that recognises the need to provide for safe homes, streets, and safe public spaces.

A community that respects its environment

- By the implementation of planning management controls to assist in improving the natural and physical environment, and in achieving environmental respect.

A healthy community

- By the implementation of an environmental planning framework that recognises of the need to provide for a healthy community, and to reflect this in policy decisions.

A prosperous community

- By the implementation of a planning framework that supports the local economy, recognises and provides for quality development, and celebrates and promotes the district's uniqueness.

A community with excellent facilities, services, activities and events

- By providing a well planned district with supporting infrastructure, facilities, and services, that contribute to residents' and visitors' enjoyment of the district.

A community that values its living Maori culture

- By implementation of an environmental planning framework that accounts for Iwi aspirations, recognises the spiritual and cultural connection of Maori, and recognises and provides for this in consent decisions.

A learning community

- By the assessment of applications in a manner that supports increasing knowledge and awareness.

A "happening" community

- By providing an environmental planning framework that supports the hosting of activities and events, and that assists creativity in the environment.

Cost of Service

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATING COSTS			
Direct Costs	2,137	2,197	2,253
Depreciation	10	7	12
Total Costs	2,147	2,204	2,265
REVENUE			
Fees and Charges	222	305	217
Total Revenue	222	305	217
Net Cost of Service	1,925	1,899	2,048

Capital Expenditure

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
Renewals	0	0	10
Total Capital	0	0	10

Minor roundings may occur in above totals

Environmental planning implementation activity **cont.**

How we pay for this activity

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATIONAL FUNDING			
Net Cost of Service of General Rate Activities	1,925	1,899	2,048
Less Depreciation of General Rate Activities	(10)	(7)	(12)
Depreciation Funded by General Rates	0	0	10
Total Rates for/(from) Operations	1,915	1,892	2,046
CAPITAL FUNDING			
Capital Funded by:			
Funding from Depreciation (Rates)	0	0	10
Total Capital	0	0	10

Minor roundings may occur in above totals

Variance from budget

Operating Costs – Overall lower than budget, primarily due to reallocation of internal costs.

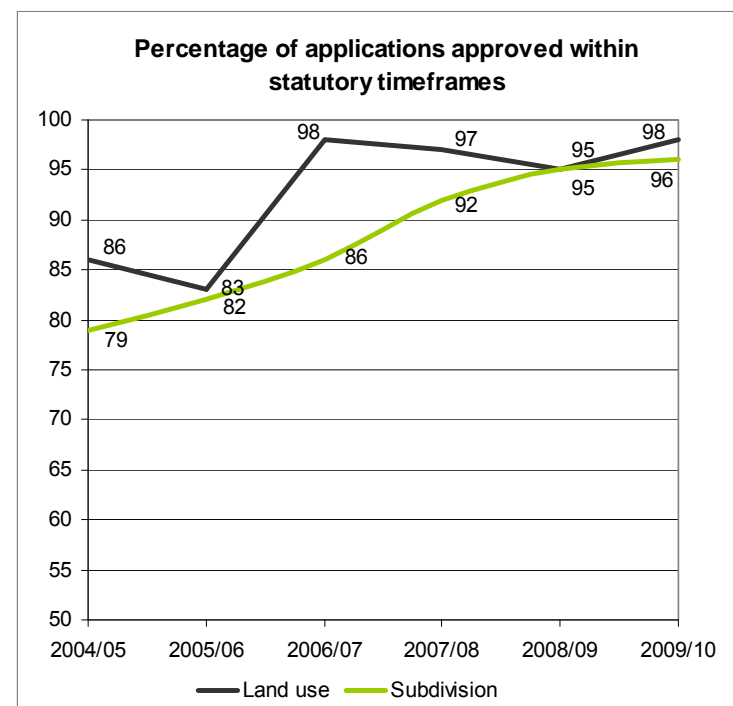
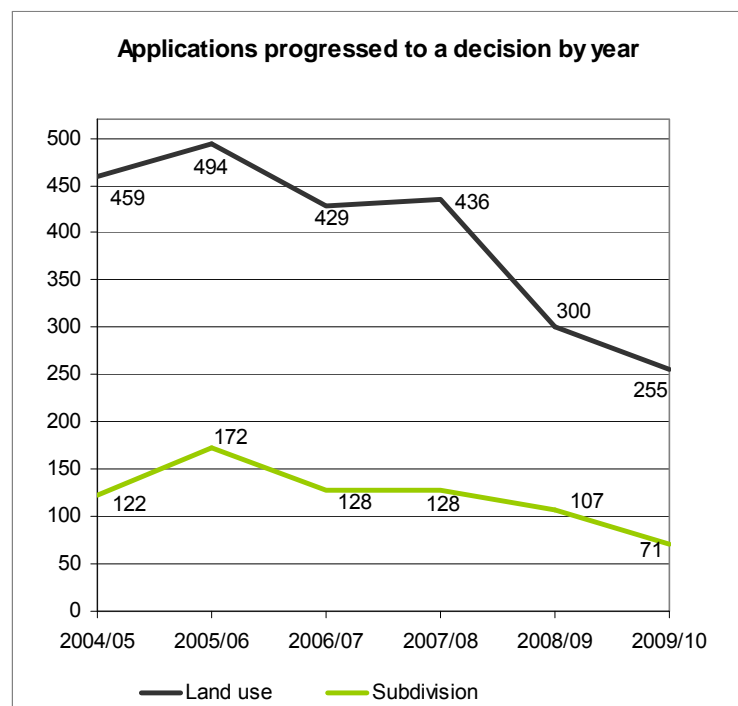
Revenue – Lower than budget due to lower volumes of applications.

Performance for 2010

Level of Service	Performance measures	Target for 2009/10	Achievement	Comments
Timely and consistent processing of resource consent applications.	% of land use consents processed with statutory timeframes.	> 92%	Achieved	98%
	% of subdivision consents processed with statutory timeframes.	> 92%	Achieved	96% Performance in this area has been improving each year. compares favourably with other councils.
	% of 223/224 applications processed within statutory timeframes.	100%	Not achieved	90% 22 out of 23 223's applications were processed within the statutory timeframe. 10 out of 11 224's were processed within the timeframe (10 working days) imposed by staff – there is no statutory timeframe for 224 applications.
	% of other applications processed within statutory timeframes.	> 90%	Achieved	100%
Appropriate community input sought for application with wide ranging environmental effects.	Monthly hearings matrix maintained and regular reporting to Planning and Bylaws committee.	100%	Achieved	
High degree of probity in resource consent decision making.	Six monthly report of Hearing Commissioner appointments.	100%	Achieved	
Monitoring of compliance with consent conditions for all consents granted.	Six monthly report to Planning and Bylaws Committee on compliance monitoring.	100%	Achieved	
Prompt responses to complaints about planning and environmental issues.	All complaints responded to within 24 hours of receipt .	100%	Achieved	
Facilitate Tangata Whenua input into decision making processes.	Maintenance of Iwi Consultative Committee Register.	100%	Achieved	

Environmental planning implementation activity **cont.**

Other Indicators



Environmental planning policy activity

Why we do it

To ensure the sustainable management of the natural and physical resources of the district now and into the future, while mitigating adverse effects.

To guide and enhance the quality of the natural and physical environment as the district grows and develops.

This year's highlights and achievements included:

- Successful round of councillor workshops to set the policy foundation for the District Plan review.

What we do

- Council has a legislative responsibility to develop, manage, and maintain a planning document that manages and controls land use and subdivision within the district, ie the district plan.
- Council's policies on managing the Rotorua environment are primarily established through the district plan.
- Progressive development and maintenance of an operative district plan. The anticipated date the district plan will be ready for public notification is November 2009.
- Monitoring the state of the districts' environment at not less than 5 yearly intervals. To date council has published state of the environment reports in 2003 and 2008.
- Monitoring and reporting on council's environmental outcomes as stated in the Ten Year Plan. Community outcomes monitoring at a local and cross-regional level.
- Advocacy on behalf of the community on local, regional and national environmental issues.

- Responding to regional and central government policy proposals where these affect land use and resource management within the district.
- Provision of strategic policy advice in relation to the environment, land management and subdivision, to elected members of council.

Community Outcomes

A safe and caring community

- By providing an environmental planning framework that recognises the need to provide for safe homes, streets, and safe public spaces.

A community that respects its environment

- By providing a primary land use planning tool that assists in achieving environmental respect, and providing planning management controls to assist in improving natural and physical environment.

A healthy community

- By providing an environmental planning framework that recognises the need to provide for a healthy community, and to reflect this in policy decisions.

A prosperous community

- By providing an environmental planning framework that is inclusive for Iwi aspirations, recognises the spiritual and cultural connection of Maori, and recognises and provides for this in policy decisions.

A community with excellent facilities, services, activities and events

- By providing an environmental planning framework that supports the local economy, recognises and provides for quality development, and celebrates and promotes the district's uniqueness.

A community that values its living Maori culture

- By providing a well planned district with supporting infrastructure, facilities, and services, that contribute to residents' and visitors' enjoyment of the district.

A learning community

- By providing useful and relevant research about the district that is easily accessed by the community.

A "happening" community

- By providing an environmental planning framework that supports the hosting of activities and events, and that assists creativity in the environment.

Cost of Service

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATING COSTS			
Direct Costs	1,659	1,886	1,594
Depreciation	5	2	4
Total Costs	1,664	1,888	1,598
REVENUE			
Capital Revenue	0	0	11
Fees and Charges	1	10	8
Total Revenue	1	10	19
Net Cost of Service	1,663	1,878	1,579

Capital Expenditure

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
Renewals	0	0	9
Total Capital	0	0	9

Minor roundings may occur in above totals

Environmental planning policy activity **cont.**

How we pay for this activity

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATIONAL FUNDING			
Net Cost of Service of General Rate Activities	1,663	1,878	1,579
Less Depreciation of General Rate Activities	(5)	(2)	(4)
Capital Revenue	0	0	11
Depreciation Funded by General Rates	0	0	9
Total Rates for/(from) Operations	1,658	1,876	1,595
CAPITAL FUNDING			
Capital Funded by:			
Funding from Depreciation (Rates)	0	0	9
Total Capital	0	0	9

Minor roundings may occur in above totals

Variance from budget

Operating Costs – Lower than budgeted costs due to savings in consultant costs by performing some out-house work in-house and tendering external services required.

Performance for 2010

Level of Service	Performance measures	Target for 2009/10	Achievement	Comments
Operative Rotorua district plan maintained and kept current.	Web based district plan kept current.	100%	Achieved	
Status of district plan reported to Planning and Bylaws Committee.	Update report to Planning and Bylaws committee at each meeting.	100%	Achieved	
Comprehensive review of operative district plan.	Notification of district plan review in 2009.	Public notification of district plan in February 2010	Not achieved	On target for notification in late 2010. Delays resulted from lack of resourcing.
Council initiated plan changes undertaken in response to topical issues, and processed to statutory requirements.	Plan changes reported to Planning and Bylaws committee and progressed within statutory time.	100%	Achieved	
Advocating on behalf of the community on regional and national environmental policy matters.	Private plan changes reported to Planning and Bylaws committee and progressed within statutory time.	100%	Achieved	
Monitor the state of the district's environment.	State of the Environment monitoring undertaken yearly.	100%	Achieved	Quarterly monitoring of State of the Environment indicators undertaken.

Infrastructural planning and compliance activity

Why we do it

To ensure the resource consent process and any consequential effect on council's infrastructural assets is managed on a sustainable basis, while providing specialist support to council's engineering services

This year's highlights and achievements included:

- Designed, built and commissioned the Trade Waste Station – Septage Disposal Facility adjacent to the WWTP as a means of ensuring all commercial discharges to the WWTP are monitored and measured. This is a live, monitored and metered discharge facility operated by card and monitored live by the Trade Waste officers PC and closed circuit television.
- Commenced quarterly billing for trade waste fees in order to align the trade waste billing with the water billing which each use the water meter as a means of measurement.
- Promulgated the revised Water Services and Trade Waste Bylaw in accordance with the requirements of the Local Government Act 2002.
- Road Corridor Access Request procedures and administration has always been regarded as being at the forefront in relation to other councils. A new NZ statute "Utilities Access Act 2010" has been promulgated which includes a new national NZ Utilities Advisory Group code. In keeping with our ethic Council k early adoption of a draft of this new national code.

What we do

- Monitoring of strategic policies that may affect council utility operations.
- To identify, prioritise and minimise council's exposure to risk and ensure that risk analysis is

carried out in day to day decision-making and practice.

- Provide an IANZ accredited laboratory and laboratory testing service for council's water, wastewater and aquatic centre functions.
- Provide a trade waste, stormwater licensing, spill control and road opening administration function for council.
- Provide land development engineering input to the resource consent, building consent, PIM and LIM processes.
- Provide an asset transfer control, engineering standards and engineering audit function.

Community Outcomes

A community that respects its environment

- By looking after our air, land and water resources.
- By contribution to waste reduction.

A prosperous community

- By supporting and encouraging development and growth.
- By facilitating the provision of good quality, efficient community infrastructure.
- By facilitating the efficient and effective use of the road services corridor.

A community with excellent facilities, services, activities and events

- By facilitating the transfer of satisfactory, safe, maintained services and roads from developers to Council.
- By providing good quality infrastructure for the future.

Cost of Service

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATING COSTS			
Direct Costs	249	794	762
Financial Costs	0	0	2
Depreciation	156	62	169
Total Costs	405	856	933
REVENUE			
Fees and Charges	896	850	926
Total Revenue	896	850	926
Net Cost of Service	(491)	6	7

Capital Expenditure

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
Renewals	56	7	233
Growth	19	0	0
Level of Service	5	0	0
Total Capital	80	7	233

How we pay for this activity

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATIONAL FUNDING			
Net Cost of Service of General Rate Activities	(491)	6	7
Less Depreciation of General Rate Activities	(148)	(62)	(169)
Depreciation Funded by General Rates	56	7	233
Total Rates for/(from) Operations	(583)	(49)	71
CAPITAL FUNDING			
Capital Funded by:			
Funding from Depreciation (Rates)	56	7	233
Loans from/(to) Corporate Fund	25	0	0
Total Capital	81	7	233

Minor roundings may occur in above totals

Infrastructural planning and compliance activity **cont.**

Variance from budget

Operating Costs – Hydrus internal charge out increased in price and an additional staff member to the team enabled more charge out hours (recovered in the direct cost line).

Depreciation variance due to budget set too low (in line with last year).

Revenue – Favourable variance due to higher than budgeted trade waste revenue (in line with last year).

Capital Expenditure – Above budget due to Trimble GPS purchase which was not budgeted.

Performance for 2010

Level of Service	Performance measures	Target for 2009/10	Achievement	Comments
To provide Integrated Risk Management to the organisation.	Number of activities reviewed in accordance with Integrated Risk Management process.	Carry out 2 additional high level reviews	Achieved	Castlecorp and Corporate Services departments were separately reviewed in accordance with integrated risk management processes and all recommendations implemented.
Provision of laboratory services and test results in accordance with IAAZ standards.	Maintain IAAZ accreditation.	100%	Achieved	IAAZ accreditation was maintained.
Manage and control the community's wastewater discharges.	% of premises that have a conditional trade waste consent or stormwater licence inspected each year for compliance.	40%	Achieved	66% 559 premises out of 839 premises with a conditional trade consent/stormwater licence were inspected for the year.
	All high risk premises monitored for compliance with their trade waste consent or stormwater licence conditions each year.	100%	Not achieved	92% 58 out of a total of 63 high risk premises were monitored for compliance with their trade waste consent/ stormwater licence conditions during the year. Mechanisms are in place to ensure all these premises will be inspected during 2010/11.
	% of pollution control complaints responded to within two hours.	90%	Achieved	99% 84 out of 85 pollution control complaints were responded to within 2 hours.

Inspection activity

Why we do it

To enhance the health, safety, comfort and well-being of residents and visitors within the district by encouraging wise use and protection of the environment and sustainable resource management.

This year's highlights and achievements included:

- Level of satisfaction with noise control rose by 2% from 2009 to 84%, in spite of the number of complaints received (3,597) being the second highest in the last ten years.
- Successful implementation of temporary liquor bans for two major events.
- All health performance targets were achieved.

What we do

- Environmental health** – the promotion and conservation of public health, achieved by the enforcement of the provisions of the Health Act, and regulations, the Resource Management Act and relevant bylaws. Activity includes the registration and inspection of food premises, hairdressers and camping grounds, investigation of health complaints, monitoring of water supplies, swimming pool water quality and noise control.
- District licensing agency** – the management of the district licensing agency as required by the Sale of Liquor Act, to administer and enforce compliance with the provisions of the act, regulations and council's liquor policy. This is intended to ensure that managers and licensed premises hold the appropriate liquor licence and to work towards a reduction in the abuse of liquor within the community.

- General** – provide a complaint response service for matters covered by a number of bylaws to minimise nuisance to the general public. This includes signs, obstruction of public property, disposal of abandoned vehicles, littering, prostitution and gambling.
- Geothermal** – administer the Geothermal Safety Bylaw 2008 and provide an advisory role including undertaking testing for the presence of hydrogen sulphide gas with the intention of ensuring as far as possible, the safety of public from geothermal activity.
- Hazardous substances** – ensure public safety in the handling and storage of Hazardous Substances by the enforcement of the Hazardous Substances and New Organisms Act, in public places and private dwellings.

Community Outcomes

A safe and caring community.

- By ensuring safe public places.
- By minimising risks from nuisances and offensive behaviour

A community that respects its environment

- By protecting and preserving the environment.

A healthy community

- By protecting and preserving public health.
- By providing effective responses to developing health issues.

Variance from budget

Operating Costs – Favourable direct costs to budget and last year due to savings in staff costs (efficiencies found) and reduction in fleet costs, external service costs and reduction in materials.

Cost of Service

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATING COSTS			
Direct Costs	1,321	1,443	1,384
Depreciation	12	9	16
Total Costs	1,333	1,452	1,400
REVENUE			
Fees and Charges	368	385	380
Total Revenue	368	385	380
Net Cost of Service	965	1,067	1,020

Capital Expenditure

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
Renewals	6	11	8
Total Capital	6	11	8

How we pay for this activity

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATIONAL FUNDING			
Net Cost of Service of General Rate Activities	965	1,067	1,020
Less Depreciation of General Rate Activities	(12)	(9)	(16)
Depreciation Funded by General Rates	6	11	8
Total Rates for/(from) Operations	959	1,069	1,012
CAPITAL FUNDING			
Capital Funded by:			
Funding from Depreciation (Rates)	6	11	8
Total Capital	6	11	8

Minor roundings may occur in above totals

Inspection activity cont.

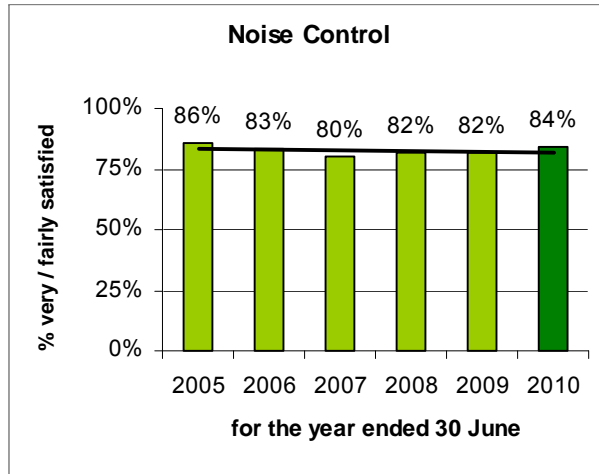
Performance for 2010

Level of Service	Performance measures	Target for 2009/10	Achievement	Comments
Environmental Health – Promotion and conservation of public health by inspection and registration of food premises, hairdressers and camping grounds, investigation/resolution of noise and health nuisances/ complaints.	% of health complaints responded to within 1.5 working days.	100%	Achieved	There were 157 health complaints for the year which were responded within 1.5 working days.
	% of food premises registered.	100%	Achieved	There were 609 food premises registered during the year.
	% of noise complaints responded to within 2 hours.	100%	Achieved	There were 3,597 noise complaints, all of which were responded to within 2 hours.
District Licensing Agency – Inspection of licensed premises to ensure compliance with licence conditions and Sale of Liquor Act.	% of licensed premises inspected under Sale of Liquor Act at least once every 12 months.	100%	Not achieved	88% 258 out of 294 premises were inspected. Mechanisms are in place to ensure that all licensed premises will be inspected during 2010/11.
General – Investigation/resolution of complaints/nuisances.	% of general complaints responded to within 1 working day.	100%	Not achieved	96.3% 284 out of 295 responded to within 1 working day. All other complaints were responded to by the next day.
	% of litter complaints responded to within 1 working day.	100%	Achieved	There were 32 litter complaints received during the year.
Geothermal – Investigation/resolution of complaints about geothermal issues and provision of gas level testing service. Ensuring compliance with provisions of Geothermal Safety Bylaw.	% of geothermal gas complaints responded to within 1 working day.	100%	Achieved	There were 39 geothermal gas complaints received during the year.
Hazardous Substances – Ensuring compliance with provisions of hazardous substances legislation and regulations in private dwellings and public places.	% of hazardous substance complaints responded to within 1 working day.	100%	Achieved	Two hazardous substance complaints were received during the year.

Inspection activity **cont.**

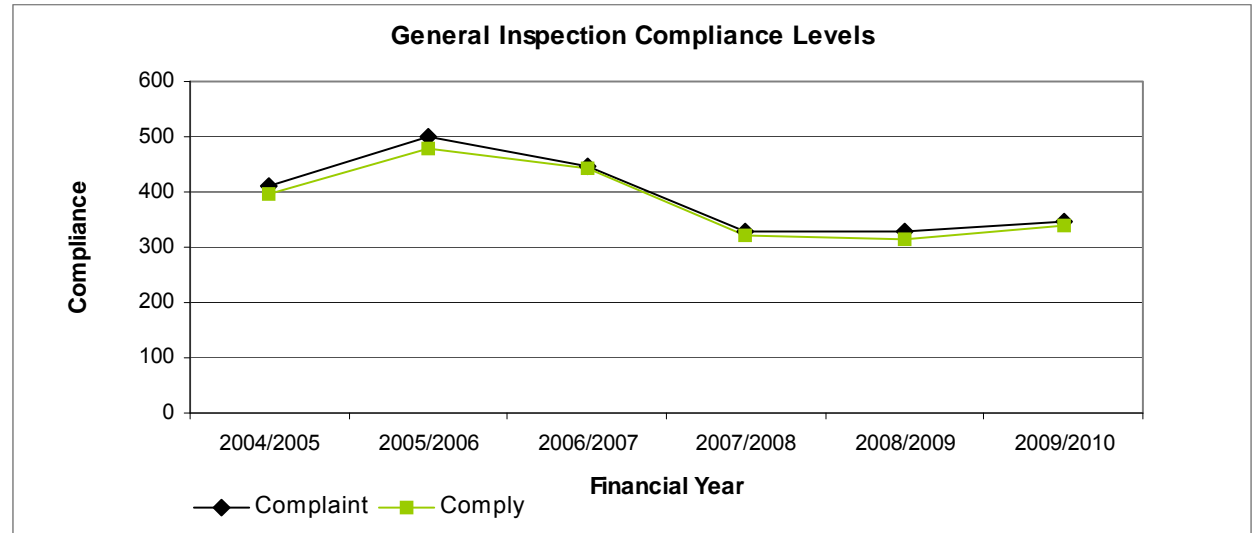
Community Satisfaction Survey

The graph below has been prepared from the annual Community Satisfaction Survey.

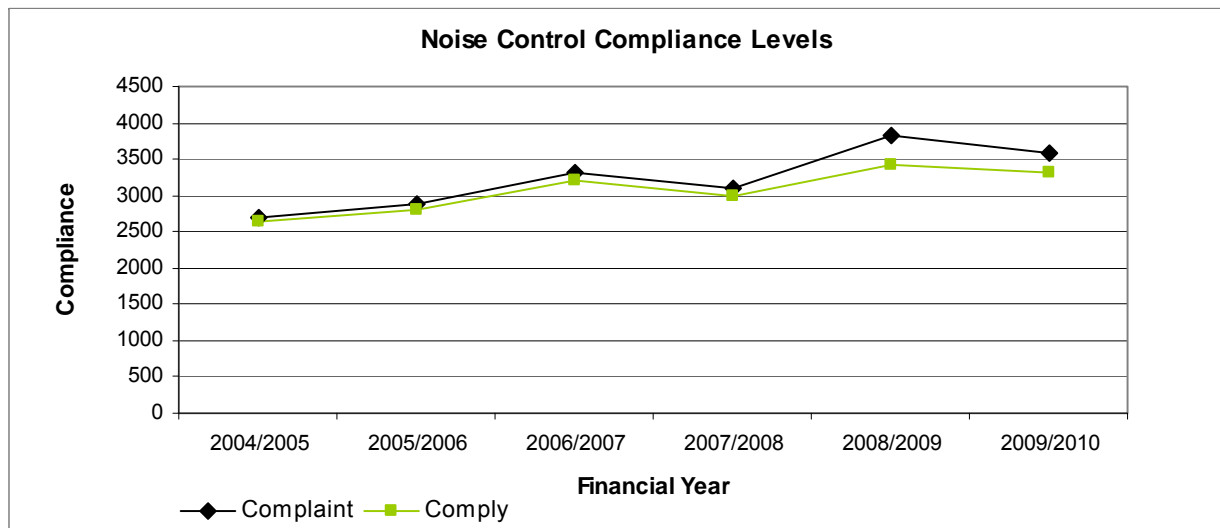
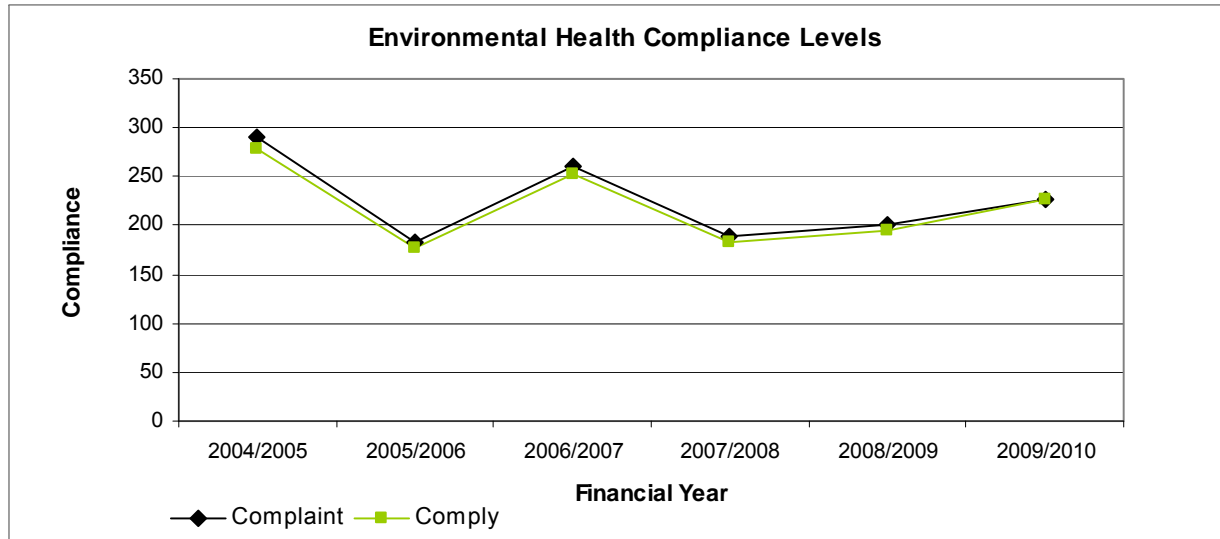


This graph shows the percentage of survey respondents that are very or fairly satisfied with this service over the last six years. There is a trend line which helps show the general direction of service satisfaction over time.

Other indicators



Inspection activity cont.



Parking enforcement activity

Why we do it

To maximise the availability of parking during working/shopping hours to ensure the CBD area has a regular turnover of parking spaces, and that parking is carried out in a safe manner.

What we do

- Ensure there is a turnover of traffic in all areas of parking.
- Ensure that drivers adhere to road rules.
- Check meters and pay-and-display machines.
- Check that vehicles are compliant and have a current certificate of vehicle inspection and current licence label when being used in a public place.
- Ensure that mobility parking spaces are available for genuine users.

Community Outcomes

A safe and caring community.

- By enforcing the parking regime and ensuring that vehicles are roadworthy.

A prosperous community:

- By encouraging more businesses to invest in the area due to the availability of parking for customers and workers alike.

Cost of Service

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATING COSTS			
Direct Costs	899	937	901
Financial Costs	1	1	0
Depreciation	13	13	13
Total Costs	913	951	914
REVENUE			
Fees and Charges	1,772	1,486	1,775
Total Revenue	1,772	1,486	1,775
Net Cost of Service	(859)	(535)	(861)

Minor roundings may occur in above totals

Capital Expenditure

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
Renewals	0	0	1
Total Capital	0	0	1

How we pay for this activity

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATIONAL FUNDING			
Net Cost of Service of General Rate Activities	(859)	(535)	(861)
Less Depreciation of General Rate Activities	(13)	(13)	(13)
Total Rates for/(from) Operations	(872)	(548)	(873)

Minor roundings may occur in above totals

Variance from budget

Revenue – Favourable to budget due to higher than estimated parking fines collected (in line with last year).

Performance for 2010

Level of Service	Performance measures	Target for 2009/10	Achievement	Comments
Ensure CBD retailing is provided with a regular turnover of parking spaces for potential customers.	% average parking availability (1 in 7 spaces available between 10am and 3pm as measured by periodic survey*).	15%	Achieved	Survey undertaken on 12-13.11.09 which showed that there was at least 1 in 7 carpark spaces available (between 10am and 3pm).
Ensure parking restrictions are enforced.	Number of days enforcement is undertaken.	5.5 days/week	Achieved	

* a number of blocks are surveyed each year in response to feedback from parking enforcement officers or queries from retailers and shoppers

Tourism and economic development 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, services, activities and events	A community that values its living Maori culture	A learning community	A "happening" community
107	Economic Development	✓	✓	✓	✓	✓	✓	✓	✓
110	Tourism		✓		✓		✓		
113	Rotorua Regional Airport	✓			✓	✓			

Overview of Group

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

- Economic Development
- Tourism
- Rotorua Regional Airport

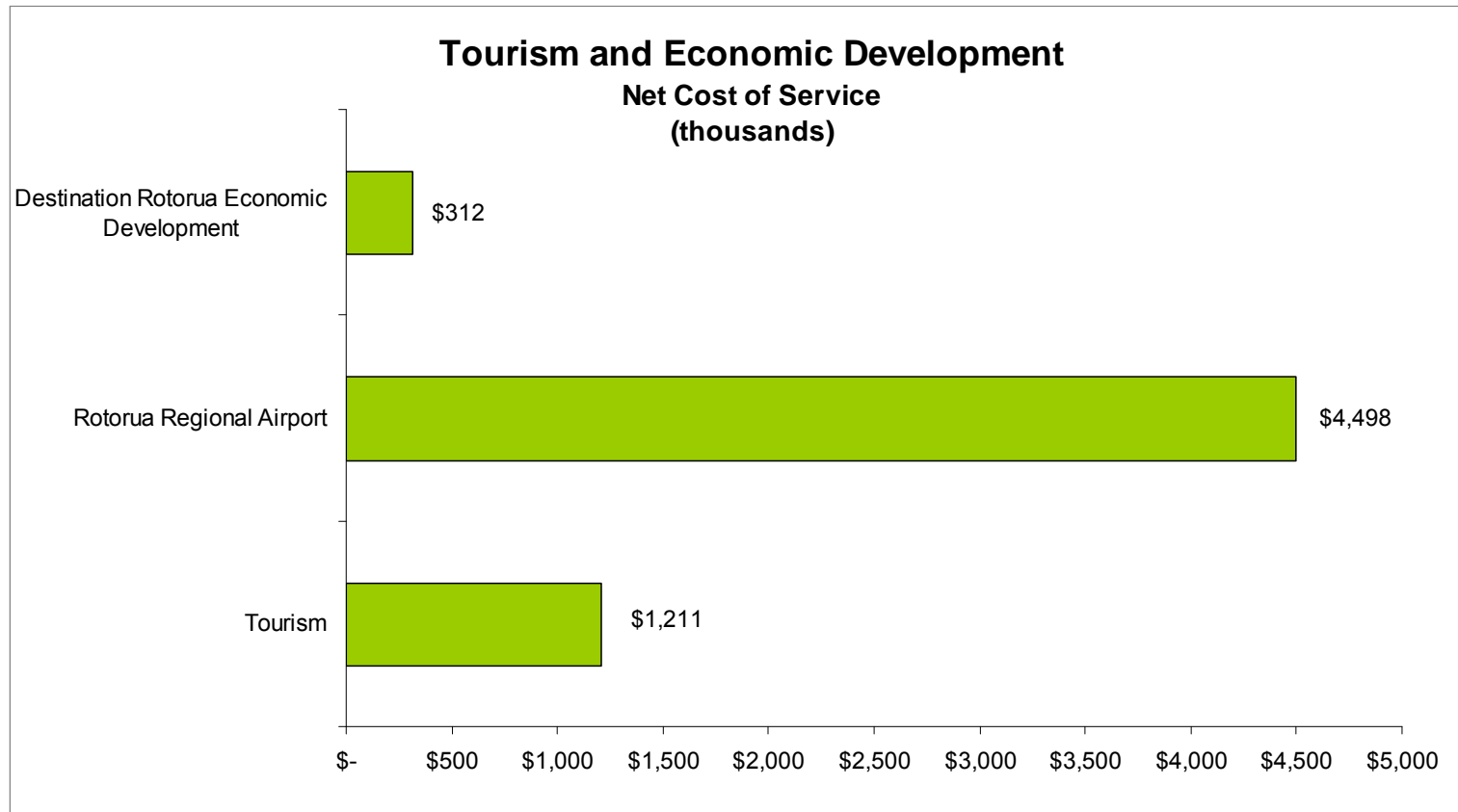
Rotorua District has a thriving tourism industry contributing to a strong economy and supported by several other sectors. Group activities ensure that we maintain and grow the district's prosperity for the benefit of all.

This Ten Year Plan is being prepared against a background of international economic turmoil unprecedented in the lives of most New Zealanders. How this international environment will affect the Rotorua economy is as yet unclear. However, it is unlikely that the tactical responses that have served us well over the last three years will be as effective, or indeed valid, in the future. Flexibility in response to changing circumstances is critical. Current examples of this would be a change in focus for tourism marketing initiatives from long-haul European and US markets to short-haul east coast Australia and domestic visitors.

Potential Significant Negative Effects

The negative effects identified and associated mitigation options are provided in the respective Activity plan section.

Tourism and economic development group **cont.**



Economic development activity

Why we do it

To encourage and stimulate sustainable economic growth through a strategic framework developed by business for business. To deliver strategic programs that provide prosperity, improved standards of living and a better quality of life for Rotorua's citizens. To act as an enabler for partnerships and capacity growth for industry, to provide a platform on which skilled workforce migrates to Rotorua, to improve the skills and education capability for local business. To develop both a vibrant and safe CBD where we work, live, invest and play.

This year's highlights and achievements included:

- **CBD revitalisation** – Facilitated the development of the alfresco dining area known as 'Eat Street', developed and launched the boutique Rotorua Nigh Market, continuing to introduce new business and development to Rotorua CBD.
- **Rotorua migrant attraction program** – Development and distribution of over 500 Live, Work, Invest and Play DVDs in the UK market as part of a four city public speaking road show. As a result we are seeing workforce gaps being filled by migrants in health and education. Migrant attraction program is also targeting the business and investment migrant market by way of an Expo in association with Working-In as part of the Grow Rotorua strategy.
- **Settlement Support** – Department of Labour have again committed to the Settlement Support function managed by the Economic Development Unit. This important interface with the migrant community will ensure migrants' needs are met and we can ensure they settle into our community.

- **Retail Strategy Shop Rotorua** – Facilitated development of a new retail strategy for Rotorua's CBD retail community focusing on measurable promotions and physical improvements in the CBD.
- **Marketing Rotorua as the place to live, work, invest and play** – A number of activities including weekly articles, interviews, speaking engagements, trade shows, forums and publications have continued to highlight the city, its culture, environment, developments and economy over the last year.
- **Grow Rotorua Development Fund** – Recently launched investment program, applications being received and likely to result in new and exciting development in Rotorua.

What we do

Information Provision

- Providing public/business access to timely, accurate and relevant Rotorua economic information via Web, publications, forums.

Facilitation

- Facilitating private sector access to economic and business development initiatives, networks, funding programs and activity within Rotorua, such as NZTE, FoRST and the BMNZ programmes.
- Working with the key economic sector groups to develop an environment that will stimulate growth.
- Building partnerships between key local, regional and central government agencies and the Rotorua business community ensuring that the private sector has input into council and government business and economic development related issues.
- Facilitating the attraction of prospective residents, business and investors to Rotorua.

Marketing

- Marketing Rotorua nationally and internationally as a great place to live, work, learn, invest and conduct business.

Project Management

- Support the implementation of the BrightEconomy Strategy and the nine point framework for growth.
- Contract outcome control of external providers such as Energy Champion.
- Rotorua Employment Skills Strategy. Working with local industry to implement the Rotorua Cluster Development programme to improve communication between key stakeholders and develop employer lead solutions that will contribute to key issues such as skill shortage, productivity, capacity, regulatory adherence and expansion.
- Young Enterprise Scheme for the Lion Foundation of New Zealand.
- Rotorua skilled migrant attraction and lead agency for Settlement Support Programme.
- Marketing Rotorua's inherent benefits to both prospective migrants and industry.
- Film Volcanic: Film Initiative/cluster programme.
- Promoting and facilitating Rotorua as a world class film destination.
- Rotorua CBD Retail Strategy: Rotorua Retail Advisory Board, Retail Promotions Co-coordinator (Shop Rotorua).
- Rotorua CBD Revitalisation Project.
- Facilitating the opening up of strategically sustainable industrial land in Rotorua District.
- Ensuring connectivity and partnerships with Iwi are strong.
- International relations and Sister City opportunities, including Nanjing Rotorua Town.

Economic development activity **cont.**

Community Outcomes

A safe and caring community

- By working with Police and assisting with a retail crime prevention strategy for retailers, and developing CBD potential.

A community that respects its environment

- By close involvement with the Sustainable Business Network in promoting sustainable business practices.

A healthy community

- By working closely with the Lakes District Health Board to attract medical staff to our region by supplying marketing collateral and other promotional aids. Assisting to promote sport and recreation to the community. Assisting agencies and Council in development of programmes/collateral to encourage healthy activities and community well-being.

A prosperous community

- By working closely with the business community to assist in attracting government funding.
- By working with local government agencies, employers and community groups to assist migrants with matching employment skill base requests.
- By assisting with the supply of relevant and accurate information.
- By developing the Film Volcanic initiative.

A community with excellent facilities and services

- By providing settlement support for new migrants.

A community that values its living Maori culture

- By promoting the use of Maori in our daily activities by actively supporting the 'Kia Ora' campaign.
- By working closely with Maori on the CBD project.
- By promotion of cultural values to new migrants via workshops and guides.

A learning community

- By supporting the Employment Skills Project as well as Enterprise Training and Business Mentors programmes.

A "happening" community

- By taking a lead role with the Shop Rotorua contract and CBD revitalisation.
- By encouraging migrant community participation.

Cost of Service

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATING COSTS			
Direct Costs	1,303	1,249	945
Depreciation	15	4	6
Total Costs	1,318	1,253	951
REVENUE			
Capital Revenue	34	20	24
Fees and Charges	65	5	32
Subsidies and Grants	128	262	144
Targeted Rates	779	788	0
Total Revenue	1,006	1,075	200
Net Cost of Service	312	178	751

Minor roundings may occur in above totals

Capital Expenditure

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
Renewals	0	0	96
Growth	121	45	0
Total Capital	121	45	96

How we pay for this activity

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATIONAL FUNDING			
Net Cost of Service of General Rate Activities	312	178	751
Plus Capital Revenue	34	20	24
Less Depreciation of General Rate Activities	(15)	(4)	(6)
Depreciation Funded by General Rates	0	0	96
Total Rates for/(from) Operations	331	194	865
CAPITAL FUNDING			
Capital Funded by:			
Funding from Depreciation (Rates)	0	0	96
Loans from/(to) Corporate Fund	121	45	0
Total Capital	121	45	96

Capital Expenditure – Major Projects

for the year ended 30 June: (thousands)	2010 Actual
CBD revitalisation – Night Market	121
	121

Minor roundings may occur in above totals

Economic development activity **cont.**

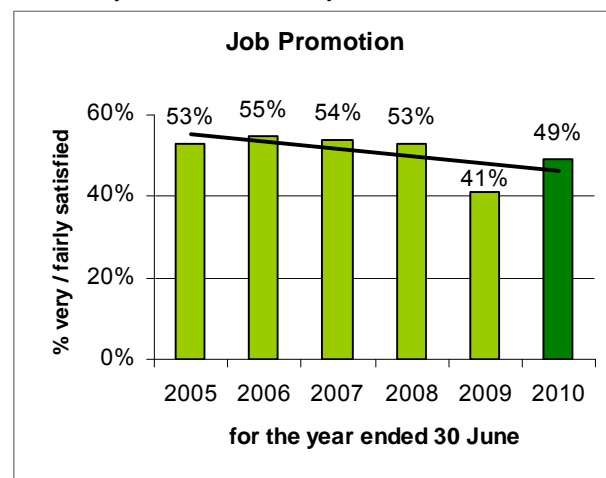
Variance from budget

Operating Costs – Greater than budget for consulting for cycleway feasibility and advertising for Let's Go Rotorua and Night Market costs.

Capital Expenditure – Infrastructure set up for Night Market not budgeted.

Community Satisfaction Survey

The graph below has been prepared from the annual Community Satisfaction Survey.



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.

Performance for 2010

Level of Service	Performance measures	Target for 2009/10	Achievement	Comments
Market Rotorua nationally and internationally as a great place to live, work, learn, invest and do business.	Number of website visits per month	Maintain at 20,000 by June 2010	Achieved	There was an average of 21,989 visits to the website (page views).
	% of business and relocation enquiries responded to within 3 working days	> 95%	Achieved	There were 98 relocation enquiries during the year, which were all responded to within 3 days.
	Number of new clients pa attracted and maintained into the BMNZ programme	12	Achieved	There were 41 new clients attracted and maintained into the BMNZ programme for the year.
	Number of new Rotorua specific business enquiries; and film and commercial enquiries generated pa	100 30	Achieved	There were 104 Rotorua specific business enquiries, and 137 film and business enquiries during the year.
	Amount of government and private sector funding attracted to assist in implementing the BrightEconomy strategy	\$50,000	Achieved	Council received \$50,000. However, Government now applies funding through RSF process on a regional basis reducing recognised regions from 26 to 14.
	Number of businesses involved in the Rotorua Employment Skills Programme	250	N/A	The Rotorua Employment Skills Programme was terminated during 2009/10 and is unlikely to recommence.
	Number of students involved in the YES (Young Enterprise Scheme)	50	Achieved	There were 60 students involved in the YES programme during 2009/10.

Tourism activity

Why we do it

Promote Rotorua as an exciting, vibrant, high quality destination and encourage more people to visit, to stay longer and to spend more.

The Rotorua Travel Office provides a point of first contact to visitors for information and booking things to see and do around Rotorua and the rest of New Zealand.

This year's highlights and achievements included:

- **Trans Tasman** – Flights commenced direct Sydney to Rotorua opening up new markets for leisure and Conference and Incentive business out of Australia.
- **Australian Sales** – Contracted representatives based in Sydney for travel trade and conference and incentive markets resulting in weekly sales activity and trade shows.
- **Joint Venture Funding** – Secured \$600,000 funding from Tourism New Zealand for major marketing campaign in Sydney, culminating with bringing 100 competition winners to Rotorua for four days of experiencing the highlights of Rotorua.
- **Media Famils** – Record number resulting in good exposure for the destination, particularly around Rugby World Cup 2011.
- **Travel Office Visitors** – A total of 916,394 came through the doors making enquiries on things to do in and around Rotorua generating income of \$1,669,000.
- **Hot Deal Brochures** – 260,000 produced during the year. Increased revenue by 2.3%.
- **The Organiser** – Management and running of four national and international conferences.

- **Joint Interpretation Conference** (September 2009) – 5 day conference, 200 delegates.
- **FRSITO – Australasian Emergency Management Training Conference** (October 2009) – National conference, 3 day conference, 159 delegates.
- **National Wetlands Symposium 2010** (March 2010) – National conference, 3 day conference, 193 delegates (referred business).
- **North Island Children's and Young Adult Librarians' Conference 2010** (July 2010) – National conference, 2 day conference, 162 delegates.

What we do

Destination Marketing

Domestic marketing

Undertake year-round marketing activity in key regions such as Auckland, Waikato and Wellington to encourage domestic travellers to come to Rotorua on a regular basis. Target markets will be household shoppers, dual income, no kids and family. Activity will include a combination of strategic media placement, attendance at consumer shows, billboard advertising, website 'hot deals' and TV advertising.

International marketing

Undertake marketing activity in the following key markets – Australia, USA, UK, Japan, China, India and other Asian markets. Activity is predominantly focused on working with the travel trade in these markets in joint venture activity, product updates, assisting with brochure development, training and facilitating familiarisation trips. A lot of this activity will be done in conjunction with Tourism New Zealand.

Event marketing

Undertake marketing activity to promote events in Rotorua. This will include both international and domestic visitors with specific events being targeted. Activity will include 12 month domestic media campaign, identify and promote one large international event, ensure key events are exposed through major external event websites, produce Rotorua events brochure twice a year with targeted distribution, and develop travel packages that can be sold in conjunction with key events.

Conference and incentive marketing

Undertake marketing activity to promote Rotorua as an attractive conference and incentive destination for both domestic and international markets. Activity will include 12 month print and online advertising, attendance at key conference tradeshows, facilitating familiarisation trips for conference and incentive organisers, organise promotional events in both Auckland and Wellington showcasing Rotorua operators and product, ensure Rotorua conference and incentive content on key websites is kept updated and relevant, and undertake direct mail and advertising targeting businesses and associations.

Rotorua Travel Office

The Tourism Rotorua Travel Office operates 364 days a year.

Domestic travel bookings

Offers a comprehensive domestic travel reservation service for both Rotorua and New Zealand products available to local residents and visitors. Commercial returns are earned through commissions on sightseeing and travel sales. It is also contracted to the Rotorua education network to provide quoting and booking services for school groups visiting Rotorua.

Tourism activity cont.

Information

A full information service is provided for Rotorua and the rest of New Zealand through counter enquires, email requests and phone inquiries. With the development of the lakefront and trans-Tasman, the Rotorua Travel Office will trial a presence at both the Lakefront and the airport providing greater access to visitors in terms of travel reservations, tourist attraction bookings and information.

'The Organiser'

A one-stop-shop for groups (international and domestic), corporates, associations and conference organising. The conference and event services provided are full registration, budget and accounting, development of the programme, venue management, speaker liaison, sponsorship and exhibition along with promotion of the event. Group services provided are quotes, itinerary planning (Rotorua tours or NZ-wide tours) and New Zealand-wide attraction, accommodation and transport information, and servicing the education network.

Community Outcomes

A community that respects its environment

- By helping to protect a range of natural resources in the district.
- By encouraging people to use and enjoy our natural environment.

A prosperous community

- By promoting our district's unique qualities to encourage more people to visit, to stay longer and spend more.
- By ensuring Rotorua is renowned for tourism; a vibrant tourism sector provides more employment opportunities for locals.

A community that values its living Maori culture

- By fostering Maori cultural activities and expression.
- By encouraging a community that recognises the value of partnerships, including the Treaty of Waitangi.

Cost of Service

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATING COSTS			
Direct Costs	5,032	4,396	4,368
Financial Costs	13	13	10
Depreciation	96	83	95
Total Costs	5,141	4,492	4,473
REVENUE			
Fees and Charges	2,040	1,988	2,124
Investment Income	30	60	61
Targeted Rates	1,859	1,882	0
Total Revenue	3,929	3,930	2,185
Net Cost of Service	1,212	562	2,288

Capital Expenditure

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
Renewals	0	6	46
Backlog	0	40	0
Total Capital	0	40	46

Minor roundings may occur in above totals

How we pay for this activity

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATIONAL FUNDING			
Net Cost of Service of General Rate Activities	1,212	562	2,288
Less Depreciation of General Rate Activities	(96)	(83)	(95)
Depreciation Funded by General Rates	0	0	46
Total Rates for/(from) Operations	1,116	479	2,239
CAPITAL FUNDING			
Capital Funded by:			
Funding from Depreciation (Rates)	0	0	46
Loans from/(to) Corporate Fund	0	40	0
Total Capital	0	40	46

Minor roundings may occur in above totals

Variance from budget

Operating Costs – Increased contributions and general marketing expenses for trans-Tasman launch campaign and JV campaign.

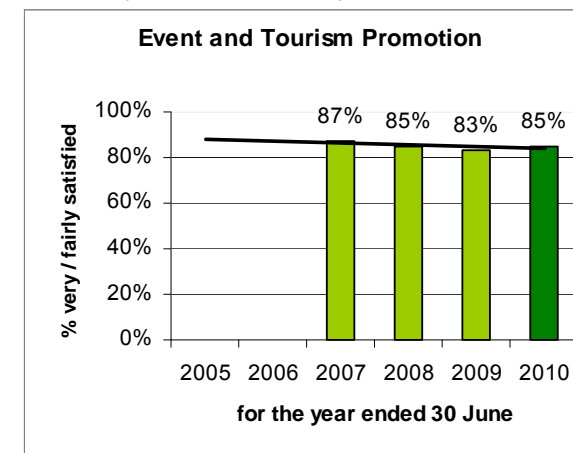
Tourism activity **cont.**

Performance for 2010

Level of Service	Performance measures	Target for 2009/10	Achievement	Comments
Destination Marketing				
Market Rotorua as a preferred destination for leisure, conference/ incentive and events visitors of both international and domestic origin.	Contribute to the number, the length of stay and the average spend of visitors to Rotorua.	1.6 million visitors	Not achieved	1.5 million visitors. Additional funds were budgeted for tourism promotion in 2010/11.
		> 2.3 average nights	Not achieved	2.25 average nights.
		> \$120 spend per person/day	Not achieved	Target no longer measured.
Encourage the Rotorua tourism industry to deliver on the promise of Manaakitanga (provision of exceptional hospitality) to the visitor experience.	Average visitor satisfaction rating of Rotorua experience as measured by the Rotorua Regional Visitor Monitor.	8 out of 10 score achieved.	Achieved	The Rotorua Regional Visitor monitor surveyed 1,075 visitors about their Rotorua experience during 2009/10 and the average rating (out of 10) of those people surveyed was 8.3.
Encourage the uptake of sustainability within the tourism industry.	% of businesses advertising in the Rotorua Visitor Guide that are associated with the Rotorua Sustainable Tourism Charter, Qualmark or Green Globe.	80%	Achieved	80.6% There was an average of 67 businesses advertising in the Rotorua Visitor Guide and 54 are associated with the Rotorua Sustainable Tourism Charter, Qualmark or Green Globe.
Rotorua Travel Office				
Booking services are provided to visitors to Rotorua to encourage extended length of stay and visitor spend.	Amount of commissions revenue generated by Travel Office.	\$1.5 million	Achieved	\$1.6 million in revenue from commissions was earned.
	% of satisfaction of industry members of the Tourism Advisory Board with the booking services provided by the Travel Office.	Review against benchmark as set in 2008/09	N/A	Tourism Advisory Board resigned during the year.
Provide an accessible, informative and friendly point of contact to visitors to Rotorua.	% of customers satisfied or very satisfied as per annual customer survey.	80%	Achieved	97% 200 customers were surveyed during the year and 194 stated they were satisfied or very satisfied with the service they received.
Provide Conference and Group services.	% of clients satisfied or very satisfied with levels of service.	80%	Not measured	Clients did provide some feedback during the year on their level of satisfaction, however, a robust measuring system was not in place. it will be in place for 2010/11.

Community Satisfaction Survey

The graph below has been prepared from the annual Community Satisfaction Survey.



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.

Rotorua regional airport activity

Why we do it

The council, representing the wider community, is taking a leadership role in developing the Rotorua Regional Airport to ensure direct access to and from Rotorua, and to serve the needs of the Rotorua and wider Bay of Plenty communities.

This year's highlights and achievements included:

- Stage 1 of the southern runway extension completed 27 August 2009.
- Trans-Tasman flights commenced 12 December 2009.
- All necessary properties for Stage 2 of the southern runway extension acquired.

What we do

Rotorua District Council owns the assets at the Rotorua Regional Airport and leases them to an operating company, Rotorua Regional Airport limited (RRAL) – a council controlled trading organisation, in accordance with the Local Government Act 2002.

This activity plan is focussed on optimal management of the assets for the overall benefit of the community through their utilisation by the operating company.

Specific responsibilities are to:

- manage and maintain the infrastructure at the airport.
- plan, implement and manage the capital development programme.

Community Outcomes

A safe and caring community

- By providing a safer option for those wanting to travel directly to or from Rotorua rather than having to travel between Rotorua and other cities, particularly Auckland, by road.
- By ensuring that the infrastructural assets are designed, built and managed in accordance with the appropriate safety standards and legislation.

A prosperous community

- By providing direct air access to and from Rotorua, the council is directly supporting the growth, employment opportunities and economic development of the city, district and wider Bay of Plenty community.

A community with excellent facilities, services, activities and events

- By contributing to an integrated transport system and a modern, safe airport for the region. The airport asset is subject to an asset management plan to ensure it remains intact and serviceable for future generations.

Cost of Service

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATING COSTS			
Direct Costs	1,523	146	166
Financial Costs	2,916	2,522	2,143
Depreciation	710	1,060	937
Other	380	0	0
Total Costs	5,529	3,728	3,246
REVENUE			
Fees and Charges	1,026	1,439	1,339
Investment Income	5	0	4
Total Revenue	1,031	1,439	1,343
Net Cost of Service	4,498	2,289	1,903

Capital Expenditure

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
Level of Service	4,678	7,108	13,994
Total Capital	4,678	7,108	13,994

Minor roundings may occur in above totals

Rotorua regional airport activity **cont.**

How we pay for this activity

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATIONAL FUNDING			
Net Cost of Service of General Rate Activities	4,498	2,289	1,903
Less Depreciation of General Rate Activities	(710)	(1,060)	(937)
Self Funding/DC Reserve Movements	(3,788)	(1,230)	(967)
Total Rates for/(from) Operations	0	0	0
CAPITAL FUNDING			
Capital Funded by:			
Reserves Net	4,678	7,108	(13,994)
Total Capital	4,678	7,108	(13,994)

Capital Expenditure – Major Projects

for the year ended 30 June: (thousands)	2010 Actual
Southern extensions and other improvements	3,135
Strengthen runway	277
Property purchases	1,254
Wetlands mitigation	12
	4,678

Minor roundings may occur in above totals

Variance from budget

Operating Costs – Direct cost variance primarily due to International Airport start-up, marketing and promotion cost.

Finance costs are unfavourable due to higher than planned interest charges.

Depreciation lower than budget due to delays in capital expenditure.

Other costs relate to revaluation of airport infrastructure assets.

Revenue – Lower than budget due to less rental collected from Airport Company.

Capital Expenditure – Stage Two delayed until appropriate land acquired.

Performance for 2010

Level of Service	Performance measures	Target for 2009/10	Achievement	Comments
The airport assets will be developed and managed in a safe manner and in compliance with the relevant legislation.	Number of airport closures or flight delays caused by the failure of the airport to meet industry safety and operational standards.	Nil	Achieved	No closures as a result of failure to meet industry safety and operational standards.
The assets will be provided at reasonable cost.	% of programmed construction and maintenance work completed on time and within budget.	100%	Not achieved	Construction not completed on time, due to delays during process of obtaining airport designations, delay in obtaining required land for project, delay in getting consents to carry out projects, and further delays due to inclement weather.

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, services, activities and events	A community that values its living Maori culture	A learning community	A "happening" community
117	City Services Operations	✓✓	✓			✓			✓
120	Stormwater and Land Drainage	✓	✓			✓			
122	Transport	✓	✓	✓	✓	✓			
125	Waste Management	✓	✓			✓		✓	
129	Wastewater		✓	✓		✓			
132	Water	✓	✓	✓	✓	✓			

Overview of Group

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

- City Services operations
- Stormwater and land drainage
- Transport
- Waste management
- Wastewater
- Water supplies

Infrastructural Group activities provide many of the traditional key services associated with councils, such as water, sewerage, roads and refuse collection. To provide these services, Council owns and manages many large and complex assets on behalf of the community.

Potential Significant Negative Effects

Stormwater and 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 check contaminant loads and efficiency of management regimes.

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 be handled by way of an environmental effects zone through the district plan. Off-site effects are mitigated by way of management methodologies.

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 aims to reduce that waste. The balance between affordability and funding is key in that high costs lead to illegal dumping. This is an ongoing issue.

Wastewater

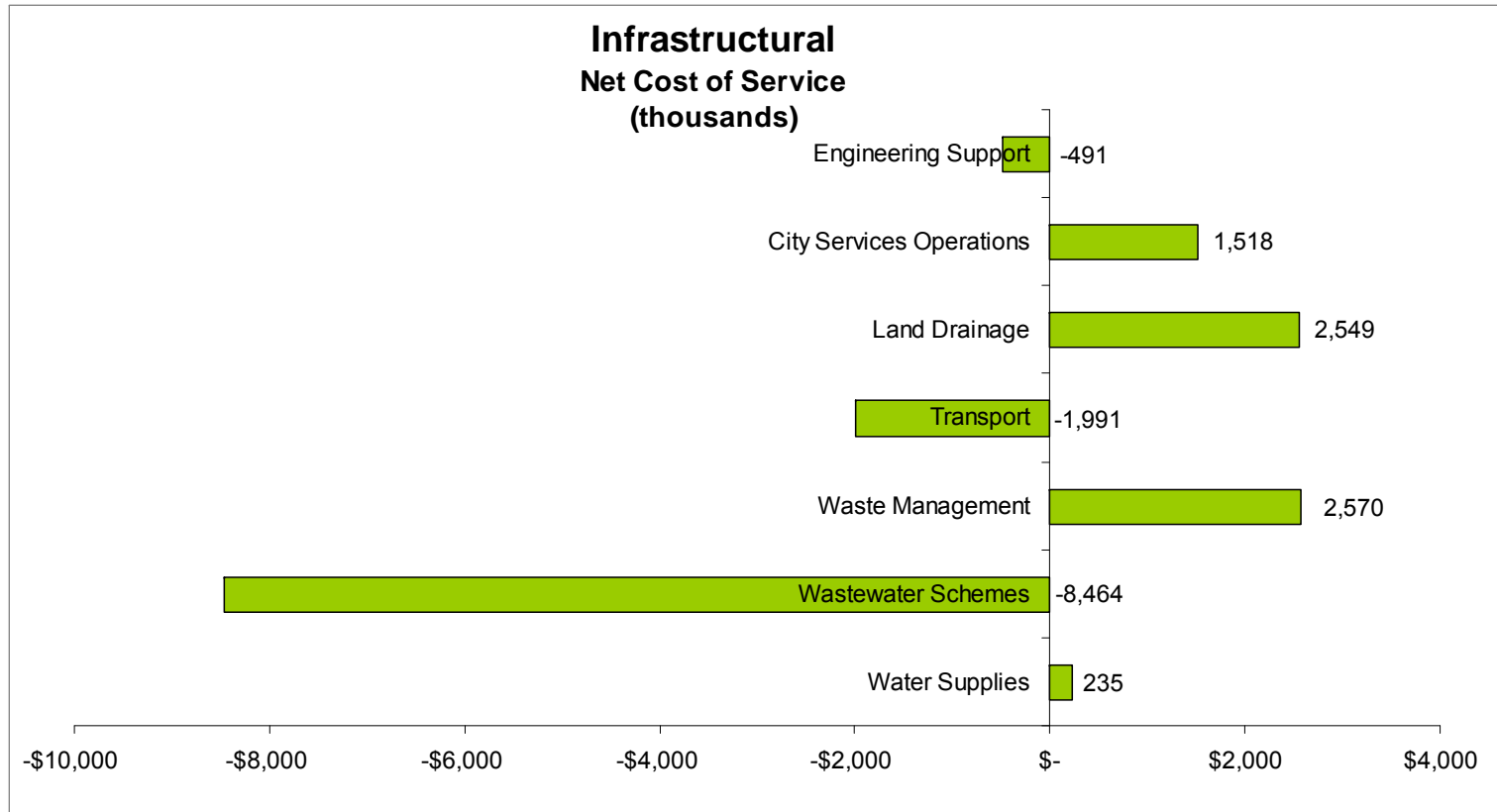
Wastewater has a negative effect on the environment and particularly on Rotorua lakes. The activity of collecting and treating wastewater reduces the negative effects.

Water

Abstraction of water resources from the natural environment may have a negative effect on the environment but is subject to resources consents and conditions.

These and a number of other negative effects identified, and associated mitigation options, are provided in the respective Activity Plan sections.

Infrastructural group **cont.**



City services operations activity

Why we do it

This service is provided to meet community expectations, and involves keeping the central city and environs, and other specified locations, clean, tidy, safe, welcoming, and vibrant.

To create and maintain a well presented, welcoming, clean, tidy, pleasant, and vibrant city centre and environs:

- to meet community expectations; and
- to impress visitors to Rotorua.

This year's highlights and achievements included:

- High level of community satisfaction with street cleaning and appearance of the CBD.
- Addition of in-house coin counter to further improve accounting/reconciliation.
- Replacement of meter trax software to new version called auto-trax.
- In excess of 300 events/performances at the City Focus.
- Addition of two more cameras and a mobile camera to enhance the CCTV network.

What we do

Council has adopted a range of policies encompassing this activity which cover the CBD, City Focus, public places, street appeals, provision and servicing of public conveniences, parking management, Lakefront and Government Gardens.

The activity is managed from the City Focus in the CBD to provide hands-on liaison with shoppers, retailers, residents and visitors.

Locations and properties managed or maintained include:

- City streets (cleaning)
- Central Business District
- City Focus
- Government Gardens
- Lakefront
- Tryon Street
- Western Heights shopping centre
- Ngongotaha village
- Public conveniences (12 facilities)
- Tourism kiosks and signage
- Skate park
- Off-street car park, Haupapa Street (95 spaces)
- Off-street parking building, Hinemoa Street (244 spaces)
- On-street parking (1,200 metered and 2,900 unmetered spaces)

Activities and services provided or supported include:

- Issue of permits for busking, street entertaining, sausage sizzles and cake/food stalls in the city centre
- Review of art in public places
- Review and comment on street openings in city centre
- Review and comment on road closures in city centre
- Crime prevention camera network
- Community policing and information centre
- Organising juvenile offenders' community work for Child, Youth and Family, and Department of Corrections
- Resident and visitor assistance and direction
- Facilitation and promotion of city events
- Street banners, flags, and decorative lighting features

- Promotion of city and district
- Review and comment on all city centre resource consent applications
- Membership of keep Rotorua Beautiful Committee
- Giant chess game
- Rotary time capsule (25 year uplift in 2028)
- Management and co-ordination of volunteer workers
- Spirit of Rotorua suggestions
- Advice on application of legislation

It also involves management of a range of:

- Regulations (including litter, dogs, liquor, signs and hoardings, traffic, skateboarders, etc.)
- Bylaws
- Engineering requirements
- Promotion initiatives
- Property management issues
- Administrative tasks
- Compliance issues

Community Outcomes

A safe and caring community

- By providing safe public places, buildings, and streets.
- By providing and managing a crime prevention camera network.
- By ensuring a very high standard of cleaning and maintenance in the areas administered.

A community that respects its environment

- By removing tagging by 7.30 am daily.
- By maintaining public conveniences to a very high standard of upkeep and cleanliness.
- By ensuring the central city area is always clean and tidy.

City services operations activity **cont.**

A community with excellent facilities, services, activities and events

- By ensuring ease of getting from place to place.
- By providing a good quality infrastructure for now and the future.

A “happening” community

- By providing well managed and organised events.
- By ensuring activity in the City Focus and Central Business District is encouraged, adds flavour, and enhances Rotorua’s character and reputation.

Cost of Service

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATING COSTS			
Direct Costs	2,530	2,612	2,572
Financial Costs	55	55	41
Depreciation	285	295	400
Total Costs	2,870	2,962	3,013
REVENUE			
Fees and Charges	1,352	1,500	1,432
Total Revenue	1,352	1,500	1,432
Net Cost of Service	1,518	1,462	1,581

Minor roundings may occur in above totals

Capital Expenditure

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
Renewals	105	163	3
Growth	0	0	71
Total Capital	105	163	75

How we pay for this activity

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATIONAL FUNDING			
Net Cost of Service of General Rate Activities	1,518	1,462	1,581
Less Depreciation of General Rate Activities	(285)	(295)	(400)
Depreciation Funded by General Rates	105	163	3
Total Rates for/(from) Operations	1,338	1,330	1,184
CAPITAL FUNDING			
Capital Funded by:			
Funding from Depreciation (Rates)	105	163	3
Loans from/(to) Corporate Fund	0	0	71
Total Capital	105	163	75

Minor roundings may occur in above totals

Capital Expenditure – Major Projects

for the year ended 30 June: (thousands)	2010 Actual
Coin sorter	27
Eruera St/Pukuatua St cameras	38
Meter management software	25
Other	15
	105

Minor roundings may occur in above totals

Variance from budget

Operating Costs – Savings on cleaning contracts and CCTV.
On-street parking revenue below budget (more in line with last year’s actuals).

City services operations activity **cont.**

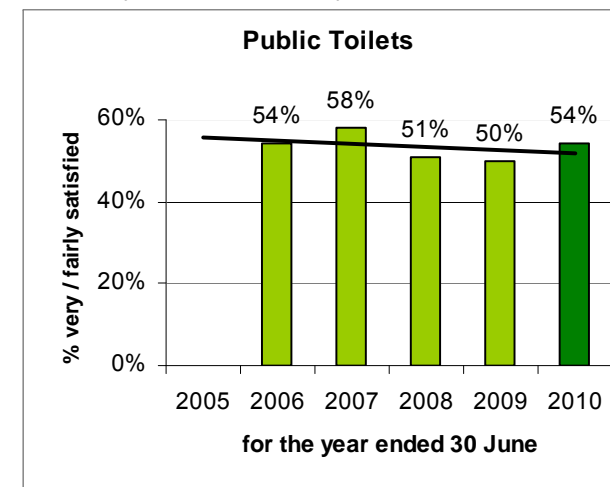
Performance for 2010

Level of Service	Performance measures	Target for 2009/10	Achievement	Comments
Provide a high standard of CBD cleaning and maintenance.	% of residents that are satisfied with appearance and cleanliness of CBD (as measured by periodic survey). ¹	70%	Achieved	96%
Car parking availability in CBD is managed to the satisfaction of users.	% satisfied with parking in the CBD (as measured by periodic survey). ¹	60%	Achieved	70%
Provision of public toilets in the CBD that meets the expectation of users.	% satisfied with public toilets (as measured by periodic survey). ¹	55%	Not achieved	54% Result is very close to target and within the margin of error.
Facilitating events at the city centre which contribute to the vibrancy of the city.	Number of events held in the city centre annually.	> 300 events held annually.	Achieved	345

¹ Community satisfaction survey (with Council services) undertaken in June 2010, which includes the views of 400 residents selected at random.

Community Satisfaction Survey

The graph below has been prepared from the annual Community Satisfaction Survey.



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

Stormwater and land drainage activity

Why we do it

To manage stormwater so that property and people are protected from flood damage, and to minimise the adverse effects of stormwater run-off on the district's lakes and waterways.

This year's highlights and achievements included:

- Completion of stage 1 of Bennetts Road stormwater system involving both renewal and upgrade works.
- Stormwater system managed successfully to a point where there was no reported damage to property.
- Management of Kaituna Scheme works on behalf of the Regional Council.
- Computer hydraulic models completed for a number of catchments, particularly Catchment 15 (Western Heights and Catchment 7 (Springfield)).

What we do

- Stormwater systems are maintained and operated to manage the drainage of excess rainfall (not what is poured or flushed down household or business drains).
- The purpose of the stormwater system is to protect building floor levels from flooding during heavy rain up to the level of a once in 50 year flood.
- Stormwater pipes are mostly less than 50 years old. The system generally has the capacity to cope with periods of heavy rain although in some areas of intensive development, extreme rainfall will result in localised flooding. The council has a programme to progressively reduce this flooding.
- The management of stormwater and flooding is complex, requiring an integrated approach covering ecosystems, people, urban design,

communities and businesses, as well as cultural, amenity and social values. Individual property owner activities can have a major impact on stormwater management. Regulation of property owner responsibilities is important as a function for local government as is being a provider of public stormwater facilities. Performance measures should therefore be developed for both the regulatory and service provider roles.

Community Outcomes

A safe and caring community

- By protecting people and property from flooding.

A community that respects its environment

- By controlling the level of pollutants in stormwater flows and protection of natural stream channel environments. This contributes to improved lake water quality.

A community with excellent facilities, services, activities and events

- By providing good quality infrastructure that will last for another 50-100 years.

Cost of Service

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATING COSTS			
Direct Costs	1,492	1,263	1,260
Financial Costs	440	440	341
Depreciation	1,120	1,117	709
Total Costs	3,052	2,820	2,310
REVENUE			
Capital Revenue	7	175	31
Fees and Charges	497	104	113
Investment Income	0	2	3
Total Revenue	504	281	147
Net Cost of Service	2,548	2,539	2,163

Capital Expenditure

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
Renewals	184	500	509
Growth	91	158	213
Backlog	854	631	0
Level of Service	9	0	0
Total Capital	1,138	1,289	722

How we pay for this activity

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATIONAL FUNDING			
Net Cost of Service of General Rate Activities	2,548	2,539	2,163
Plus Capital Revenue	0	175	31
Less Depreciation of General Rate Activities	(1,120)	(1,117)	(709)
Depreciation Funded by General Rates	184	500	509
Self Funding/DC Reserve Movements	7	0	34
Total Rates for/(from) Operations	1,619	2,097	2,028
CAPITAL FUNDING			
Capital Funded by:			
Funding from Depreciation (Rates)	103	500	509
Loans from/(to) Corporate Fund	1,035	789	208
Development Contributions	0	0	5
Total Capital	1,138	1,289	722

Minor roundings may occur in these totals

Stormwater and land drainage activity **cont.**

Capital Expenditure – Major Projects

for the year ended 30 June:	2010 Actual
(thousands)	
City stormwater upgrades	986
Stormwater renewals	77
Other	75
	1,138

Minor roundings may occur in above totals

Variance from budget

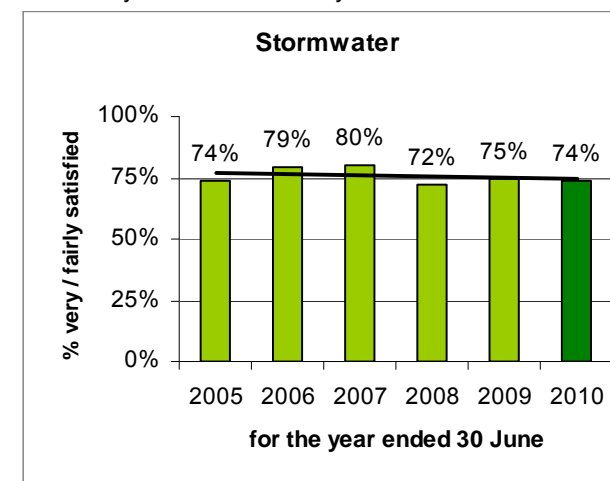
Operating Costs – Unfavourable to budget due to council rates higher than budget due to change to rating on capital value for some rating mechanisms, also a minor increase in resource consent monitoring costs.

Revenue – Additional revenue from vested assets.

Capital Expenditure – Under budget due to project Bennetts Road not completed by year end.

Community Satisfaction Survey

The graph below has been prepared from the annual Community Satisfaction Survey.



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.

Performance for 2010

Level of Service	Performance measures	Target for 2009/10	Achievement	Comments
Provision of a stormwater network to minimise the impact of flooding.	Number of dwellings per year affected by flood waters.	< 3*	Achieved	There were no reported dwellings affected by flood waters during 2009/10.
	% of blockages responded to within 24 hours.	> 95%	Achieved	100% There were 45 blockages of stormwater systems reported and all were responded to within 24 hours.
	% satisfaction of people protected by urban land drainage schemes as measured by annual community satisfaction survey.	> 80%	Not achieved	74%
Provision of a stormwater network to minimise the impact on the environment.	Number of breaches of consent conditions notified by Regional Council.	0	Achieved	There were no breaches of consent conditions notified by Regional Council.

¹ Community satisfaction survey (with Council services) undertaken in June 2010, which includes the views of 400 residents selected at random

* Records show that in most years no dwellings are affected by flooding but in a significant rainfall event some dwellings would be expected to be affected by flood waters. The performance target shown is therefore an average per year over the 10 year period.

Transport activity

Why we do it

The council provides roads and transport so that people can have safe, easy and comfortable access to homes, shops, businesses, and recreational and leisure destinations. An efficient transport network is vital to assist the district's economy. Street corridors also provide access for power, telecommunications, gas, water supply and waste disposal activities.

Council has a strong focus on road safety including reducing road crashes in our district and encouraging sustainable (buses, rail, cycling and walking) modes of travel.

The council also provides local input into highway asset management, projects and decision-making.

This year's highlights and achievements included:

- Completion of 7km of new sealed rural roads from the unsubsidised account.
- Completion of several safety improvement works.
- Construction of the Malfroy Road/Ranolf Street roundabout which is one of Council's key strategic network upgrades.
- Construction of stage 2 of the Ngongotaha to Rotorua CBD cycleway.
- Completion of all programmed renewal works from the Transport Asset Management Plan; involving reseals, pavement rehabilitation, structures, kerb and channel, footpaths and street lights.
- Completion of all required maintenance works with no deferred maintenance over 1000km of the network.
- Continued decline in crash rate and in particular with serious crashes on the local road network.

What we do

- Manage and maintain the local road network, including road marking, traffic signals, signage and street furniture.
- Plan, implement and manage capital development programmes.
- Prioritise and manage programme of road safety improvements.
- Provide, maintain and manage infrastructure to support walking, cycling and public transport (by providing and managing bus shelters and bus stops).
- Provide footpath and verge maintenance and construction in both urban and rural areas.
- Provide an ongoing programme of seal extension in the rural areas.
- Provide kerbing and channelling maintenance and construction throughout the district.
- Provide and manage streetlighting.
- Provide roadside mowing and vegetation control.
- Promoting demand management and providing education about road safety and alternatives to private passenger vehicles.
- Provide co-ordination, resources, support and advice to individuals, community groups and other agencies on road safety and sustainability projects.
- Management and administration of the local highway network is undertaken by council. This is a unique situation, normally undertaken by the NZ Transport Agency (NZTA). Council must work within the national funding and policy system but can develop and try to advance locally needed works or improvements through advocacy from within the system. The activity is virtually self-funding via a management fee on-charged to NZTA.
- Act as delegated highway manager.
- Manage highway maintenance activities within nationally set levels of service.
- Develop and deliver improvements to the network.

- Provide information and respond to the public on local highway issues.
- Provide strategic planning advice.
- Provide local emergency response on highway corridors.
- Provide local area contact for the NZ Transport Agency for highways.

Community Outcomes

A safe and caring community

- By increased public awareness leading to reduced road injuries, deaths and crashes.
- By improved safety in public places and when travelling, from provision of a safe transport system.

A community that respects its environment

- By providing roading and transport services in a sustainable manner that mitigates the impact on our air and water resources.

A healthy community

- By improving health through the encouragement and awareness of more active travel choices and more opportunities to walk and cycle.

A prosperous community

- By encouraging growth and more investment in our district through the provision of an efficient and affordable transport system.

A community with excellent facilities, services, activities and events

- By making it easier to get from place to place and to walk and cycle in the city.
- By provision of good, safe, maintained services and roads.

Transport activity **cont.**

Cost of Service

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATING COSTS			
Direct Costs	7,283	7,797	7,182
Financial Costs	1,976	1,979	1,545
Depreciation	4,618	5,423	6,071
Other	0	0	(427)
Total Costs	13,877	15,199	14,371
REVENUE			
Capital Revenue	3,645	4,066	3,405
Fees and Charges	989	182	186
Investment Income	32	18	24
Subsidies and Grants	3,093	3,453	3,085
Targeted rates	8,565	8,627	0
Total Revenue	16,324	16,346	6,700
Net Cost of Service	(2,447)	(1,147)	7,671

Capital Expenditure

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
Renewals	4,657	4,910	4,957
Backlog	0	0	2,189
Growth	763	1,443	520
Level of Service	3,093	2,826	670
Total Capital	8,513	9,179	8,336

Minor roundings may occur in above totals

Variance from budget

Operating Costs – Savings in paving maintenance, storm damage, vegetation control and traffic maintenance. Also budgeted contribution to bus service was not required. Depreciation lower due to less capital spend and delays in completing roads for capitalisation.

Variance from budget cont.

Revenue – fees and charges includes assets vested in council and assets recognised first time. Development contributions collected lower than budgeted.

Capital Expenditure – Less spent in urban street improvements, seal extension, Maori roadlines, kerb and channel, and footpath renewals.

How we pay for this activity

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATIONAL FUNDING			
Net Cost of Service of General Rate Activities	(2,447)	(1,147)	7,670
Plus Capital Revenue	3,182	4,066	3,405
Less Depreciation of General Rate Activities	(4,607)	(5,423)	(6,070)
Depreciation Funded by General Rates	4,657	5,301	4,957
Add back half share roading depreciation	(2,118)	(2,494)	(2,791)
Self Funding/DC Reserve Movements	452	0	33
Total Rates for/(from) Operations	(881)	303	7,204
CAPITAL FUNDING			
Capital Funded by:			
Funding from Depreciation (Rates)	3,449	2,808	2,798
Loans from/(to) Corporate Fund	2,213	2,520	2,314
Capital Grants	2,585	3,151	2,876
Development Contributions	202	700	348
Reserves Net	19	0	0
Asset Sales	45	0	0
Total Capital	8,513	9,179	8,336

Minor roundings may occur in above totals

Capital Expenditure – Major Projects – Subsidised Roding

for the year ended 30 June: (thousands)	2010 Actual
Cycleway construction	282
Kerb and channel renewals	27
Minor safety projects	765
New bus shelter	161
Project investigations/planning	383
Road reseals	2,458
Road reconstruction	582
Rehabilitation renewals	1,460
Structural replacement	130
Traffic service renewals	263
	6,511

Capital Expenditure – Major Projects – Works General & Unsubsidised Roding

for the year ended 30 June: (thousands)	2010 Actual
Footpath renewals	113
Kerb and channel renewals	37
Land acquisition	45
Maori roadlines	53
Minor safety improvements	23
Lakefront parks roading renewal	98
Rural seal extensions	1,070
Rural street improvements	425
Urban street improvements	138
	2,002

Minor roundings may occur in above totals

Transport activity **cont.**

Performance for 2010

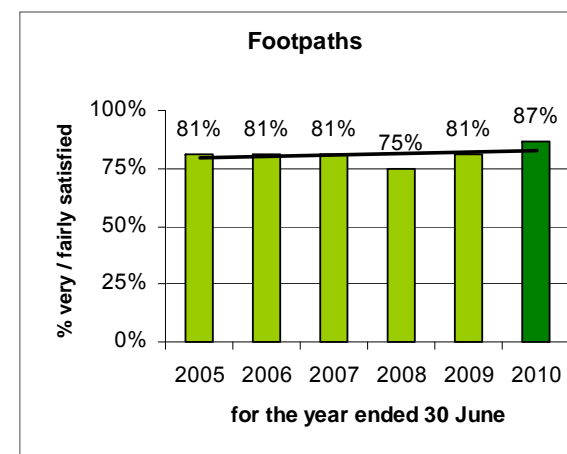
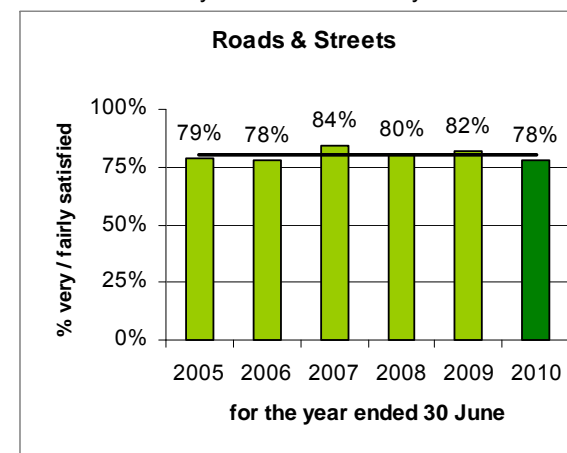
Level of Service	Performance measures	Target for 2009/10	Achievement	Comments
Improve the safety of the roading network.	RDC at or below peer* group for crashes per 100 million vehicle km travelled.	Continued decline over 10 year period (compared against peer group statistics annually*)	Achieved	115 crashes per 100 million vehicle km travelled for both RDC and peer group.
Provision of an efficient transport system that enables generally free movement from place to place.	95% of public bus services run on time	95% (Measured by BOP Regional Council)	Achieved	BOP Regional Council reported that 98% of the bus services ran on time.
Maintain parking availability in CBD.	% average parking availability (1 in 7 spaces available between 10am and 3pm as measured by survey**).	15%	Achieved	Survey undertaken on 12-13.11.09 which showed that there was at least 1 in 7 carpark spaces available (between 10am and 3pm).
Maintain road condition ratings at a level near to national average (local road only).	Cumulative road condition indices to be a minimum of -1.5% below national average.	< 1.5% minimum	Achieved	1%
Educational and sustainability programmes are supported.	At least 6 programmes are delivered per year.	100%	Achieved	7 programmes were delivered which were: <ul style="list-style-type: none"> • Speed – Back to School • Intersections • Toddlers in driveways • Drink or drive, you decide • Kids in cars (restraints) • National safety campaign – Ruru • Youth driver awareness programme.

* peer group is similarly sized councils in New Zealand e.g. New Plymouth, Hastings.

** a number of blocks are surveyed each year in response to feedback from parking enforcement officers or queries from retailers and shoppers.

Community Satisfaction Survey

The graphs below have been prepared from the annual Community Satisfaction Survey.



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.

Waste management activity

Why we do it

To manage the collection, reduction, re-use, recycling and disposal of waste in an environmentally sustainable manner.

This year's highlights and achievements included:

- Increased amount of recyclable material recovered from the domestic waste stream.
- Continued recovery of green waste and aggregate materials from waste stream.
- Reduction in amount of material landfilled.
- Landfill managed in accordance with Management Plan and consent requirements.
- Waste 2 Gold project for treatment of organic waste advanced to proof of concept stage and design of pilot plant.
- Completion of Waste Assessment and Waste Management & Minimisation Plan in accordance with the Waste Minimisation Act and adoption by Council.
- Continued provision of refuse and litter collection services.

What we do

- 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 to provide cost effective disposal facilities. There is also a public expectation that council will provide such services.
- Plan, provide and manage waste disposal facilities.
- Manage and provide recycling and re-use services.

- Provide a weekly refuse collection service for residential properties.
- Provide litter collection and management services.
- Provide waste minimisation education to the community.

Community Outcomes

A safe and caring community

- By providing safe collection and disposal of refuse.

A community that respects its environment

- By encouraging waste reduction and minimisation.
- By looking after our air, land and water resource.

A community with excellent facilities, services, activities and events

- By providing good quality infrastructure for the future.

A learning community

- By providing waste minimisation education.

Cost of Service

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATING COSTS			
Direct Costs	5,041	5,531	4,764
Financial Costs	220	152	206
Depreciation	1,696	909	1,600
Total Costs	6,957	6,592	6,570
REVENUE			
Fees and Charges	2,490	3,146	1,934
Investment Income	15	24	20
Subsidies and Grants	13	250	0
Targeted Rates	1,869	1,872	1,777
Total Revenue	4,387	5,292	3,731
Net Cost of Service	2,570	1,300	2,839

Capital Expenditure

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
Renewals	8	0	423
Growth	0	240	0
Level of Service	1,797	1,101	0
Total Capital	1,805	1,341	423

How we pay for this activity

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATIONAL FUNDING			
Net Cost of Service of General Rate Activities	2,570	1,300	2,839
Less Depreciation of General Rate Activities	(1,696)	(909)	(1,600)
Self Funding/DC Reserve Movements	224	825	(54)
Total Rates for/(from) Operations	1,098	1,216	1,185
CAPITAL FUNDING			
Capital Funded by:			
Reserves Net	1,805	1,341	(423)
Total Capital	1,805	1,341	(423)

Minor roundings may occur in these totals

Waste management activity **cont.**

Capital Expenditure – Major Projects

for the year ended 30 June:	2010 Actual
(thousands)	
Cell development	1,196
Gas flaring project	234
Waste 2 Gold	260
Other	115
	1,805

Minor roundings may occur in above totals

Variance from budget

Operating Costs – Direct costs lower than budget due to lower volumes into the landfill by 19%, higher than budget depreciation due to budget being set too low, in line with last year.

Revenue – Landfill fees lower as a result of 19% decrease in landfill volumes.

Capital Expenditure – Advanced works on landfill gas and cell development.

Performance for 2010

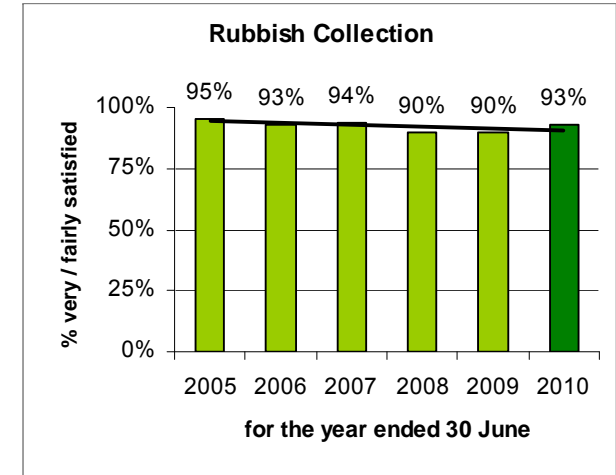
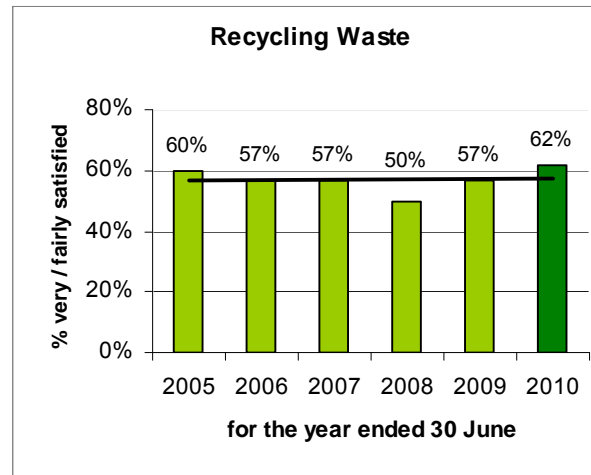
Level of Service	Performance measures	Target for 2009/10	Achievement	Comments
Provide recycling facilities within 13km to 95% of population.	Increase in recovery of recyclable materials of at least 5% pa.*	3,675 tonnes	Achieved	The total amount of recyclable material recovered for 2009/10 was 3,929 tonnes which was 6.9% above the target.
Provide for recovery of green waste and concrete.	Number of tonnes per annum of green waste and concrete recovered.	16,000 tonnes/pa ± 10%	Not achieved	Only 7,292 tonnes of green waste and concrete was recovered because of lack of building activity in the city as a result of the recession.
Provision of weekly refuse collection to communities where majority request service.	Refuse collection is completed as scheduled.	Maintain completion by 4pm daily	Not achieved	On 6 occasions the refuse collection was not completed by 4pm.
Provision of landfill/hazardous waste disposal facilities.	% reduction in total landfilled volume.	62,500 tonnes/pa ± 10%	Achieved	The total quantity put in the landfill for 2009/10 was 53,473, which is a 14% reduction on the target.
Minimise impact on environment.	Number of breaches of consent conditions notified by Regional Council.	No breach	Not achieved	1 breach The breach occurred on 26.05.10 when a small amount of contaminated stormwater escaped from a working platform.

* Performance targets show a 5% year on year increase from the base figure of 3,500 tonnes in 2008/09

Waste management activity **cont.**

Community Satisfaction Survey

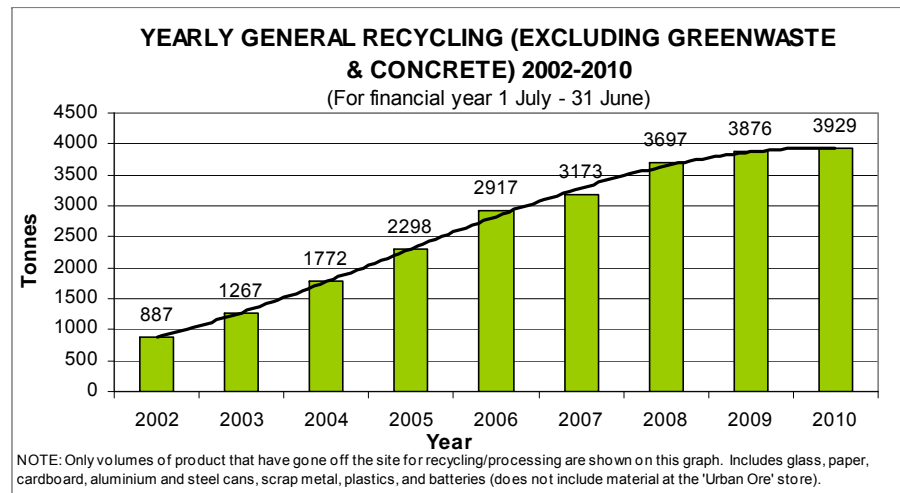
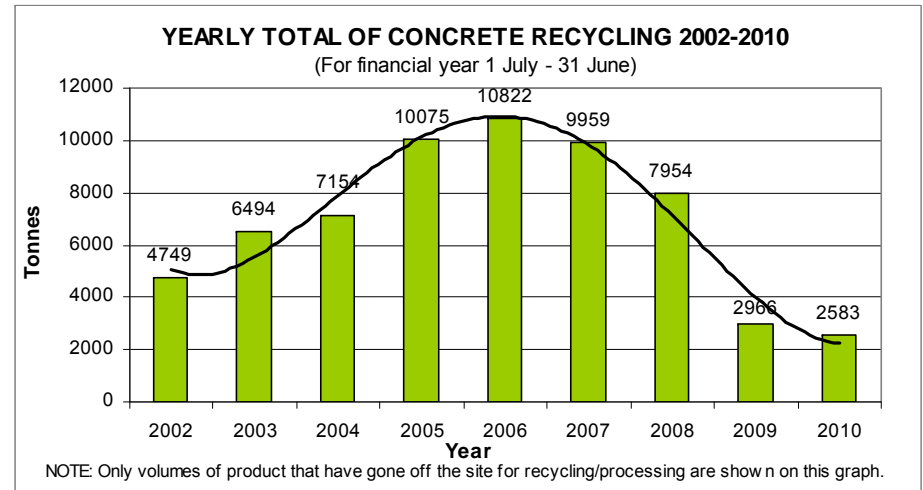
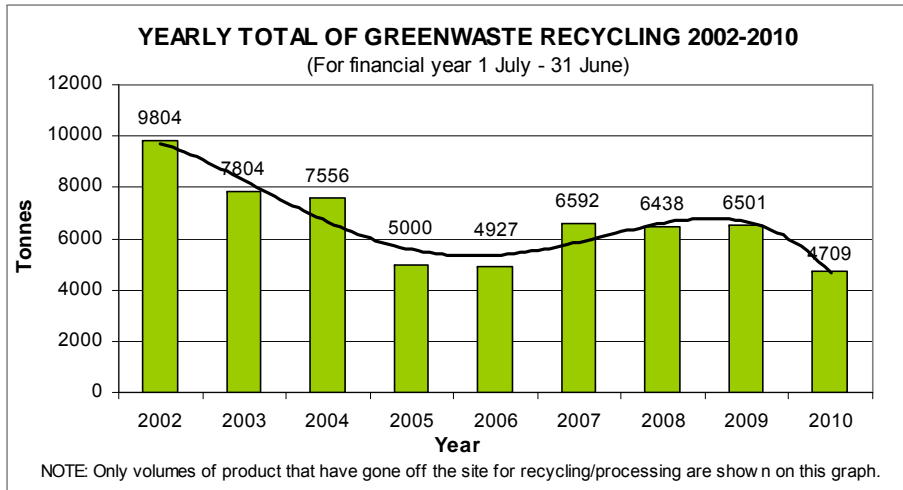
The graphs below have been prepared from the annual Community Satisfaction Survey.



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.

Waste management activity **cont.**

Other Indicators



Wastewater activity

Why we do it

To provide environmentally safe, efficient and sustainable collection, treatment and disposal of water borne waste and by-products.

This year's highlights and achievements included:

- Brunswick/Rotokawa sewerage scheme has been completed and is now operational.
- Okareka sewerage scheme is 90% complete well in advance of programme.
- The construction of Okere Falls/Otaramarae/Whangamarino sewerage scheme has started.
- Feasibility investigations and community consultation for Hamurana/Awahou, Rotoiti and Rotoma sewerage scheme has been completed.
- Contract for the supply of Membrane Bioreactor (MBR) Plant has been let. The MBR constitute the major process upgrade of the Rotorua wastewater treatment plant.
- Detailed design of the Whakarewarewa Village sewerage network rehabilitation work has been completed.

What we do

The wastewater activity comprises the collection, treatment and disposal of wastewater from the three urban areas of Rotorua (Ngongotaha, city and eastern suburbs) as well as identified rural lakeside communities (at present Mourea, Marama Point and Okawa Bay/Duxton Hotel). The serviced area is programmed to be extended to include Brunswick, Rotokawa, Okareka, Okere, Otaramarae, Whangamarino, Tarawera, Hamurana, Gisborne Point/Hinehopu, Rotoma and Mamaku.

The functions required for the provision of these services include:

- strategic planning and improvement of wastewater networks to provide for growth within the district.
- planning and implementation of renewal work to ensure infrastructure is maintained.
- developing of maintenance, levels of service and quality standards.
- management and maintenance of assets and services including monitoring of flow and wastewater treatment effluent quality.
- developing of emergency and contingency plans to ensure service is maintained during adverse events.
- provision of information and education to the public regarding wastewater services and systems.
- development of funding policies and systems to enable continuing provision of the service into the future.

Community Outcomes

A community that respects its environment

- By protecting the environment and lake water quality through wastewater treatment.

A healthy community

- By providing a sanitary wastewater collection and treatment service.

A community with excellent facilities, services, activities and events

- By providing good, quality infrastructure for the future.

Cost of Service

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATING COSTS			
Direct Costs	5,913	4,932	5,080
Financial Costs	215	517	405
Depreciation	3,638	4,181	5,012
Other	0	0	(155)
Total Costs	9,766	9,630	10,342
REVENUE			
Capital Revenue	6,080	6,671	7,217
Fees and Charges	554	20	59
Investment Income	613	382	529
Subsidies and Grants	7	0	9
Targeted Rates	11,338	10,691	10,669
Total Revenue	18,592	17,764	18,483
Net Cost of Service	(8,826)	(8,134)	(8,141)

Capital Expenditure

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
Renewals	1,648	2,786	3,318
Growth	4,862	14,421	4,882
Backlog	1,617	79	0
Total Capital	8,127	17,286	8,199

Minor roundings may occur in above totals

Wastewater activity **cont.**

How we pay for this activity

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATIONAL FUNDING			
Net Cost of Service of General Rate Activities	(8,826)	(8,134)	(8,141)
Plus Capital Revenue	4,951	0	0
Less Depreciation of General Rate Activities	(3,554)	(4,181)	0
Self Funding/DC Reserve Movements	7,429	12,314	(12,293)
Total Rates for/(from) Operations	0	(1)	(20,434)
CAPITAL FUNDING			
Capital Funded by:			
Capital Grants	3,187	4,968	0
Development Contributions	1,195	1,473	(1,505)
Reserves Net	3,756	10,846	(4,037)
Asset Sales	(12)	0	0
Total Capital	8,126	17,287	(5,542)

Capital Expenditure – Major Projects – WasteWater Urban

for the year ended 30 June: (thousands)	2010 Actual
Land treatment renewals	14
Reticulation extensions	277
Network renewals	384
Pump station renewals	410
Treatment plant renewals	516
Clarifier and primary tanks	152
	1,753

Minor roundings may occur in these totals

Variance from budget

Operating Costs – Higher than budget due to a reallocation of engineering support costs, higher council rates due to change in calculation, additional landfill costs, methanol costs and higher than planned mechanical maintenance.

Depreciation favourable to budget due to lower capital spend and revaluation movements.

Revenue – Favourable variance to budget due to a higher uptake of people electing to pay capital sewerage targeted rate up front. Fees and charges favourable mostly due to vested assets..

Capital Expenditure – Land treatment expenditure delayed pending plant upgrade. Paradise Valley low pressure grinder pump system delayed pending BOP Regional Council funding decision. More renewals and improvements delayed.

Capital Expenditure – Major Projects – WasteWater Rural

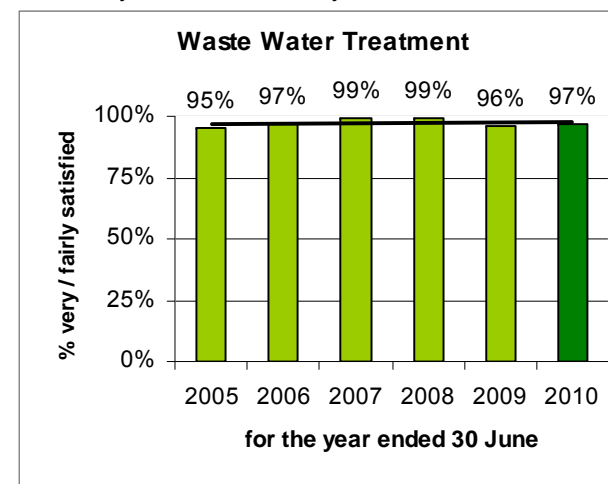
for the year ended 30 June: (thousands)	2010 Actual
Gisborne Pt/Rotoma treatment plant	39
Hamurana sewerage scheme	173
Gisborne Pt/Hinehopu treatment plant	153
Okareka sewerage scheme	4,675
Rotoma sewerage scheme	283
	5,323

Capital Expenditure – Major Projects – Eastern Sewerage Scheme

for the year ended 30 June: (thousands)	2010 Actual
Okere/Otaramarae sewerage	121
Brunswick sewerage	930
	1,051

Community Satisfaction Survey

The graph below has been prepared from the annual Community Satisfaction Survey.



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.

Wastewater activity **cont.**

Performance for 2010

Level of Service	Performance measures	Target for 2009/10	Achievement	Comments
Implementation and management of schemes to minimise the impact on the environment.	% compliance with air, land and water discharge requirements.	99%	Achieved	99% achievement refers to total compliance with management, sampling and nutrient discharge requirements for the wastewater treatment system and compost plant. The 1% non-compliance relates to the level of Nitrogen in the Waipa Stream, and council is underway with a \$7m upgrade project at the WWTP to ensure that this particular target can be met.
	Completion of new sewerage schemes.*	Brunswick/ Rotokawa	Achieved	Completed and operational from January 2010.
Provision of an efficient collection and disposal service.	Number of overflows to waterways.	< 2	Not achieved	4 overflows, 2 caused by non-network faults/ vandalism. These overflows are included in the total for the following performance measure but are monitored separately as any discharge to waterways has a much greater potential health and/or environmental risk.
	Total number of overflows caused by network faults (per 100km of mains).	< 14	Achieved	13 per 100km. This represents 54 overflows for the year in total. Council is continually working to reduce the incidence of overflows by targeting problem areas for increased maintenance and inspections.
	% of customers satisfied with wastewater services as measured by annual community satisfaction survey.	99%	Not achieved	97% The graph on the previous page shows that while this year's target was not achieved, satisfaction has remained relatively constant over the last 6 years. Council continues to work to ensure that these services are maintained to a high level.

* Subject to Resource Consent and other planning constraints.

Water activity

Why we do it

To provide, in a cost-effective manner, a constant, adequate, sustainable and high quality supply of water to meet the needs of communities within the district.

This year's highlights and achievements included:

- UV treatment plants completed for nine water supplies.
- Contract for the upgrade and renewal of the Reporoa water supply network has been let.
- Contract for the upgrade of the Ngongotaha water main has been let.
- Replaced 5,021 metres of water mains and installed 318 metres of new water pipelines.

What we do

The water supply activity comprises the provision of potable water to three urban supply areas, five rural residential supply areas and two farming supply areas.

The functions required to be carried out in providing the service include.

- Strategic planning and improvement of water networks to provide for growth within the district.
- Planning and implementation of renewal work to ensure infrastructure is maintained.
- Developing of maintenance planning, levels of service and quality standards.
- Management and maintenance of assets and services including monitoring of pressure, flow and water quality.
- Developing of emergency and contingency plans to ensure service is maintained during adverse events.

- Provision of information and education to the public regarding water use and conservation.
- Development of funding policies and systems to enable continuing provision of the service into the future.

Community Outcomes

A safe and caring community

- By maintaining sufficient water for fire fighting purposes.

A community that respects its environment

- By using water efficiently and encouraging others to do so too.

A healthy community

- By providing safe drinking water to the community.

A prosperous community

- By providing opportunities for businesses to develop and grow through meeting commercial water needs.

A community with excellent facilities, services, activities and events

- By providing good quality infrastructure for the future.

Cost of Service

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATING COSTS			
Direct Costs	4,411	3,889	4,224
Financial Costs	238	181	178
Depreciation	6,445	2,149	2,199
Total Costs	11,094	6,219	6,601
REVENUE			
Capital Revenue	46	185	181
Fees and Charges	4,200	20	1
Investment Income	2	150	7
Targeted Rates	6,433	6,792	6,699
Total Revenue	10,681	7,147	6,888
Net Cost of Service	413	(928)	(291)

Capital Expenditure

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
Renewals	1,911	2,746	1,445
Growth	868	2,469	3,583
Backlog	563	2,453	0
Level of Service	0	33	0
Total Capital	3,342	7,701	5,028

Minor roundings may occur in above totals

Water activity cont.

How we pay for this activity

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATIONAL FUNDING			
Net Cost of Service of General Rate Activities	4,13	(928)	(287)
Less Depreciation	0	0	(2,199)
Less Depreciation of General Rate Activities	(3,008)	(2,149)	0
Depreciation Funded by General Rates	0	25	0
Self Funding/DC Reserve Movements	2,559	3,065	2,489
Total Rates for/(from) Operations	(36)	13	0
CAPITAL FUNDING			
Capital Funded by:			
Funding from Depreciation (Rates)	0	25	31
Loans from/(to) Corporate Fund	43	15	0
Development Contributions	527	2,394	1,508
Reserves Net	2,772	5,267	3,489
Total Capital	3,342	7,701	5,028

Minor roundings may occur in above totals

Capital Expenditure – Major Projects

for the year ended 30 June: (thousands)	2010 Actual
Water plant improvements	43
Urban Water	
Revenue metres renewals	27
Reticulation improvements	611
Project renewals	1,402
UV installation	574
Pump station renewals	57
Other projects	237
Water other	
Mamaku	35
Rotoiti	52
Rotoma	14
Kaharoa	151
Reporoa	117
Hamurana	22
	3,342

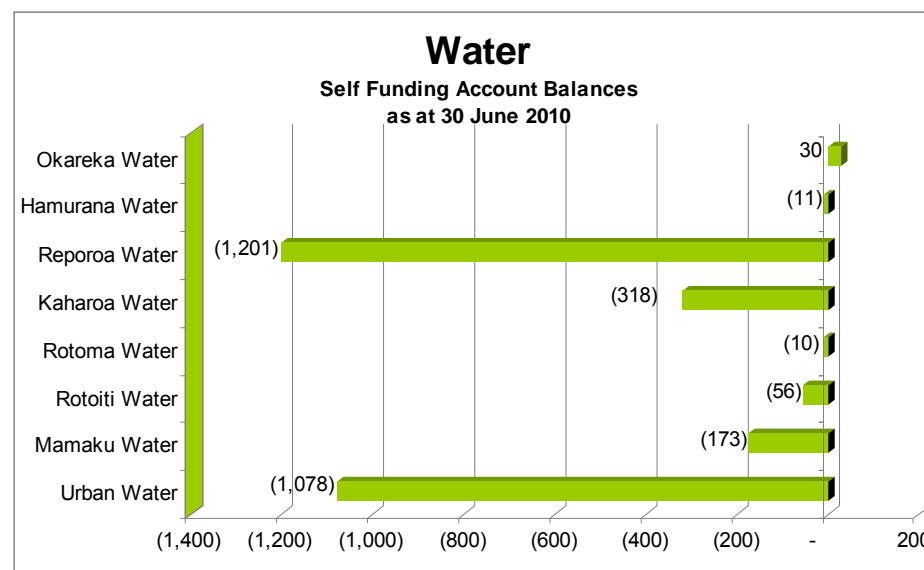
Minor roundings may occur in above totals

Variance from budget

Operating Costs – Unfavourable to budget due to a reallocation of engineering support costs, higher council rates, increases in Castlecorp work and higher electricity costs. Depreciation unfavourable to budget due to revaluation movements.

Revenue – Water rates revenue down on budget and last year, offset by unbudgeted revenue of assets recognised for the first time and vested assets.

Capital Expenditure – Eastern reservoir and line pipelines delayed. Savings in UV projects. Mamaku new bore source delayed awaiting funding decision.



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

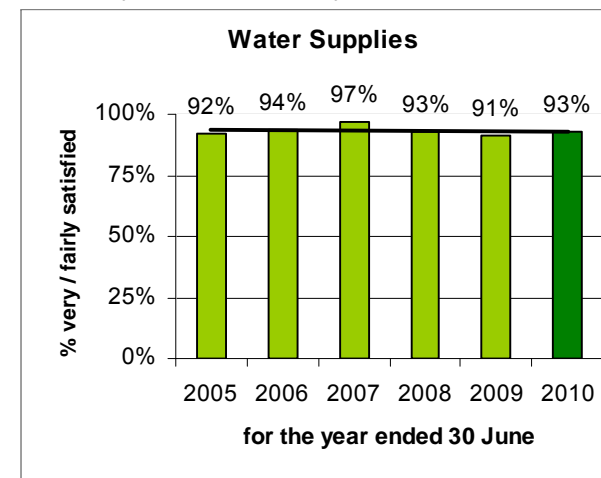
Water activity cont.

Performance for 2010

Level of Service	Performance measures	Target for 2009/10	Achievement	Comments
Provision of safe drinking water.	% compliance with the DWSNZ monitoring requirements.	100%	Not achieved	99.7% achieved – 2 samples out of 588 taken on wrong day. This was due to human error but does not have any impact on the quality or safety of water supplied. A system has been implemented to prevent this reoccurring.
	Ministry of Health public health gradings are maintained at appropriate minimum levels for all supplies.	Ee	Achieved	This includes 10 water supplies which are graded between Ec and Da. New ultraviolet treatment plants have been completed which should increase gradings to C or higher. The gradings of Ee reflect the MOH perception of risk rather than the quality of water supplied.
Water supply is adequate for fire fighting purposes within urban fire districts.	% of fire hydrants comply with NZ Fire Service Code of Practice within urban fire districts.	95%	Achieved	96.3% over 2,533 hydrants. These are tested on a rotational basis over every 5 years.
Reliable and effective water network and treatment facilities.	% of connections meet minimum flow and pressure at point of supply during normal operation.	95%	Achieved	Overall a result of 99% was achieved. this includes Central 99%, Easter 99.5% and Ngongotaha 100%. This is measured by a combination of hydraulic modelling supported by flow/pressure testing.
	% of urban customers satisfied with water services as measured by annual community satisfaction survey.	93%	Achieved	93% This includes “fairly satisfied” and “very satisfied” results.
	Number of water restrictions imposed on consumers due to inability to meet full demand.	None	Achieved	Current water supplies are adequate for expected demand and no issues are expected with restrictions in the short to medium term.

Community Satisfaction Survey

The graph below has been prepared from the annual Community Satisfaction Survey.



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.

Castlecorp

Overview of Castlecorp

Castlecorp's purpose is to provide infrastructural services for the residents of Rotorua District, representing Council as a service provider. Council undertakes this activity to deliver services to meet legislative requirements and community expectations.

Castlecorp is a business unit of Council that earns its income from regularly reviewed and negotiated contracts and service level agreements for in-house services provided to departments of 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
- Rural Fire

Castlecorp's aim is to improve the quality of life for residents and visitors through provision of quality services and the maintenance of essential infrastructure, through sound business practices based on continuous improvements that match the quality and cost effectiveness of the private sector.

Castlecorp not only maintains essential networks of underground services and parks, but also helps maintain the overall-well being of the Rotorua community by participating in a wide range of community activities, and developing close working relationships with external community organisations. Customer-based strategies and a strong commitment to sustainable operations reflect the values of continuous improvement and value for customers.

Potential Significant Negative Effects

Any significant effects are identified in the specific activity areas for which Castlecorp provides services.

Castlecorp cont.

Cost of Service

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATING COSTS			
Direct Costs	(511)	(743)	(475)
Financial Costs	53	53	20
Depreciation	739	840	712
Total Costs	281	150	257
REVENUE			
Fees and Charges	303	148	257
Total Revenue	303	148	257
Net Cost of Service	(22)	(2)	0

Capital Expenditure

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
Renewals	1,605	1,861	47
Level of Service	0	(338)	0
Total Capital	1.605	1.523	47

Minor roundings may occur in above totals

How we pay for this activity

for the year ended 30 June: (thousands)	2010 Actual	2010 Budget	2009 Last Year
OPERATIONAL FUNDING			
Net Cost of Service of General Rate Activities	(22)	(22)	0
Less Depreciation of General Rate Activities	(699)	(840)	(712)
Depreciation Funded by General Rates	1,605	1,861	47
Total Rates for/(from) Operations	884	999	(665)
CAPITAL FUNDING			
Capital Funded by:			
Funding from Depreciation (Rates)	1,605	778	47
Loans from/(to) Corporate Fund	0	1,083	0
Asset Sales	0	(338)	0
Total Capital	1,605	1,523	47

Minor roundings may occur in above totals

Capital Expenditure – Major Projects

for the year ended 30 June: (thousands)	2010 Actual
Cars replaced	778
Maintenance equipment	175
Trucks	942
Sales	(290)
	1,605

Minor roundings may occur in above totals

Variance from budget

Operating Costs – Higher than budgeted costs due to additional work, both internal and external (offset in fees and charges). Depreciation savings due to a decrease in council fleet.

Rotorua Regional Airport Ltd (RRAL) 2009/2010

Overview

The 2009/10 financial year has had mixed results for the company.

On the positive side, Air New Zealand commenced flying twice weekly trans-Tasman flights to Sydney in December 2009. This was an exceptional highlight for Rotorua. Significant investment had been made by Rotorua District Council in ensuring the runway and terminal were able to cope with international flights. These flights did provide additional revenue for the 2009/10 financial year and helped make Rotorua more accessible for visitors from Australia.

However, some flights to Christchurch ceased in June 2009. Also, passenger numbers to other designations reduced, and as a result revenue overall has decreased compared to 2008/09, despite the commencement of international flights to Australia. This reduction reflects the current economic climate, but there are positive signs such as increasing visitor numbers which it is believed will eventually flow through to passenger numbers at the airport.

The company is working in partnership with Air New Zealand to encourage more people to fly in and out of Rotorua.

Passenger Movements

For 2009/10 there was a reduction of 15.7% in passenger movements when compared to the previous year. Passenger numbers were 214,500 compared to 254,500 for 2008/09.

There were a number of reasons for the reductions in passenger numbers, however, we are confident that these numbers will improve for the future and the

airport will become a strategic gateway for not only Rotorua but also the region.

Management and Governance

The Rotorua Regional Airport Ltd board comprises Neil Oppatt (Chairman), Ray Cook, Bill Kingi, Councillor Mike McVicker and Councillor Bob Martin. There were no changes to the governance or management structure during the year.

Performance Target for 2009/10

The performance target for 2008/09 was:

Performance Measure	Target	Achievement
Ratio of net profit (after tax) to average shareholders funds.	- 26.0%	- 24.9%

Financial

Revenue reduced by \$279,000 while expenditure was \$23,000 less when compared with 2008/09. The net surplus reduced by \$255,000.

2009/10 Results

Statement of Comprehensive Income

For the year ended 30 June:	2010	2009	2008
(thousands)			
Revenue	2,269	2,548	3,027
Expenditure	2,649	2,672	2,710
Surplus / (Deficit)	(380)	(125)	317
Taxation	0	0	0
Net surplus / (Deficit)	(380)	(125)	317

Statement of Financial Position

As at 30 June:	2010	2009	2008
(thousands)			
Current assets	2,324	1,312	1,533
Current liabilities	1,387	292	390
Working capital	937	1,020	1,143
Plant, property, equipment and intangibles	1,010	886	889
	1,947	1,906	2,032
Financed by:			
Equity	1,527	1,906	2,032
Debt	420	0	0
	1,947	1,906	2,032

Financial Forecasts & Performance Targets

Year ending 30 June:	Budget	Actual
(thousands)	2010	2010
Total Revenue	3,594	2,269
Total Costs	4,140	2,649
Surplus/deficit before tax	(546)	(380)
Provision for tax	0	0
Surplus/deficit after tax	(546)	(380)
Total Assets (Net of liabilities)	2,061	1,527
Total shareholders funds	2,061	1,527
Net profit after tax to average shareholders funds	(26%)	(24.9%)

Local Authority Shared Services Ltd

The Local Authority Shared Services Ltd (LASS) was incorporated in December 2005. The LASS was established as a Control Controlled Organisation under the 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 2010, 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 2009/10 financial year.

Performance Measure	Actual Outcome
Positive cash flow will be maintained so that the equity ratio is maintained at a minimum of 40 percent.	Positive cash flow has been maintained, and a positive Bank balance at the end of each month has allowed LASS accounts to be paid on time. There are no loans as at 30 June 2010. Equity ratio at 30 June 2010 is 98%.
Customers will be surveyed annually to assist Directors in developing improvements on behalf of the shareholders, and to receive approval by majority of shareholders, on the services provided.	A shareholder survey was forwarded to all 13 shareholders, with a total of 9 survey forms being returned. The results showed 100% satisfaction from the respondents with the LASS structure, reporting and service operations.
Expenditure shall not exceed that budgeted by more than 5% unless prior approval is obtained from the Directors.	Total expenditure was under budget. All administration costs in the LASS operational areas were below budget, with saving being made in external audit fees.
The Directors will provide a written report on the business operations and financial position of the LASS on a six monthly basis.	Six monthly reports were provided.

Bay of Plenty Local Authority Shared Services Ltd

Rotorua District Council is also a one-eighth shareholder in Bay of Plenty Local Authority Shared Services Ltd (BOP LASS) which has a nominal value of \$1,000. BOP LASS was incorporated during 2007/08 and the following performance indicators were included in its Statement of Intent for 2009/10. Provision is made in Council's financial statements for the year to 30 June 2010.

Performance Targets for 2009

Outcomes	Performance Indicators	Target	Result
Ensure the umbrella company continues to operate effectively in both governance and management terms	Management reporting Accounting system –financial reports provided	Report target dates met	Target met.
Maintain operational principles regarding developing and approving shared services	Policy statement reviewed annually. Business cases provided and approved for services prior to initiation	30 th June 2010 30 th June 2010	Target met. Policy reviewed for Statement of Intent February 2010.
Develop and sustain communication lines with each shareholding council at appropriate levels,	Management team meetings with constituent Councils.	30 th June 2010	Target met. Directors advised meetings by invitation. Meetings with Western Bay and other council staff.
Develop and sustain communication lines with shared service CCOs of neighbouring regions.	Regular contacts resulting in shared information reported to board	30 th June 2010	Target met. Meeting held with LASS representatives in April 2010. Minutes circulated.
Investigate at least potential 5 shared services to identify saving and or benefits	Advisory groups established and feasibility studies completed.	30 th June 2010	Target met. Included: Rates, GIS, regional network platform, unimarket, antivirus software etc.
Achieve effective operation of at least 3 shared services with each service contributing appropriately to the costs of the umbrella vehicle.	Service levels agreed and implemented. Cost recovery /levy applied.	3 services by 30th June 2010	Target met. The following shared services were established: Regional network platform, office stationery, antivirus software and internal audit.
Operate within agreed budgets.	Budget approved annually.	Budget approved 1 July 2010	Target met. Budget approved.

Bay of Plenty Local Authority Shared Services Ltd **cont.**

Performance Targets for 2009

Outcomes	Performance Indicators	Target	Result
Maintain positive cash flow.	Cash flow reports provided on time. No negative cashflow arising from BOPLASS actions	30 th June 2010	Reports provided on time. However, negative cashflow arising from broadband.
Survey customers of active shared services at least annually to measure their satisfaction with levels and quality of service.	Annual surveys undertaken.	30 th June 2010	Not met. Surveys not undertaken.
Survey directors at least annually to gauge their satisfaction with the:	Annual surveys prepared and circulated to directors.	30 th June 2010	Not met.
<ul style="list-style-type: none"> ▪ Extent and quality of new service investigation and business case development. 	Executive Officer report to directors.	6 weekly reports	Reports provided.
<ul style="list-style-type: none"> ▪ Administration and Secretarial support/reporting. 	Annual surveys prepared and circulated to directors.	30 th June 2010	Not met.
<ul style="list-style-type: none"> ▪ Operations of advisory groups. 	Annual review by directors.		
<ul style="list-style-type: none"> ▪ Governance and Strategic role of the board. 	Chairpersons report to directors.		
<ul style="list-style-type: none"> ▪ Performance of the Executive Officer of BOPLASS Ltd. 			

Financial statements

Contents to Financial Statements

Statement of compliance.....	142
Statement of financial involvement in Council-Controlled Trading Organisations (CCTOS) and other companies or organisations.....	142
Statement of comprehensive income	143
Statement of changes in equity	144
Statement of financial position	145
Statement of cash flows	146
Notes to the financial statements	147
Note 1: Statement of Accounting Polices	147
Note 2: Performance by Council Activity	160
Note 3: Income by Category	163
Note 4: Expenditure by Category	164
Note 5: Taxation	165
Note 6: Cash and Cash Equivalents.....	166
Note 7: Trade and Other Receivables	167
Note 8: Inventories	169
Note 9: Property, Plant and Equipment	170
Note 10: Intangible Assets.....	174
Note 11: Forestry Assets	175
Note 12: Other Financial Assets.....	176
Note 13: Trade and Other Payables.....	177
Note 14: Provisions	177
Note 15: Employee Benefit Liabilities	179
Note 16: Borrowings.....	180
Note 17: Equity	181
Note 18: Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities	184
Note 19: Capital Commitments and Operating Leases	185
Note 20: Contingencies	186
Note 21: Related Party Transactions.....	188
Note 22: Agency Relationships	189
Note 23: Remuneration	190
Note 24: Events After Balance Date.....	192
Note 25: Financial Instruments.....	192
Note 26: Capital Management.....	203
Note 27: Explanations of Major Variances Against Budget	203

Statement of compliance

The Council of Rotorua District Council hereby confirm that all statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with.



Kevin Winters
Mayor
28 October 2010



P J Guerin
Chief Executive
28 October 2010

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 page 137 and in note 12.

Rotorua District Council is also a part shareholder in Local Authority Shared Services Ltd (details on page 138) and Bay of Plenty Local Authority Shared Services Ltd (details are provided on page 139).



Kevin Winters
Mayor
28 October 2010



P J Guerin
Chief Executive
28 October 2010

Statement of comprehensive income

for the year ended 30 June:		Council 2010 \$000's	Annual Plan \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Income						
Rates Revenue	Note 3	65,926	65,925	64,461	65,867	64,427
Other Revenue	Note 3	47,853	46,781	39,649	49,283	40,248
Other Gains / Losses	Note 3	-	6	75	-	75
Total Income		113,779	112,712	104,185	115,150	104,750
Expenditure						
Employee Benefit Expenses	Note 4	31,044	31,286	30,836	31,044	30,836
Depreciation and Amortisation	Note 4	24,874	23,823	24,454	24,874	24,454
Other Expenses	Note 4	42,153	36,609	36,514	43,524	37,079
Finance Cost	Note 4	7,118	7,184	6,318	7,118	6,318
Total Expenditure		105,189	98,902	98,122	106,560	98,687
Surplus before Taxation		8,590	13,810	6,063	8,590	6,063
Taxation		-	-	-	-	-
Net Surplus after Taxation		8,590	13,810	6,063	8,590	6,063
Other Comprehensive Income						
Revaluation on Property, Plant & Equipment	Note 17	25,166	23,564	24,178	25,166	24,178
Net change in Fair Value of Hedges	Note 16	180	-	(650)	180	(650)
Net change in Fair Value of Investment	Note 12	4			4	
Total Other Comprehensive Income		25,350	23,564	23,528	25,350	23,528
Total Other Comprehensive Income for the period		33,940	37,374	29,591	33,940	29,591

Explanations of major variances against budget are provided in note 27

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

Statement of changes in equity

for the year ended 30 June:	Council 2010 \$000's	Annual Plan \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Opening Balance	801,779	787,965	772,189	801,779	772,189
Total comprehensive income	33,940	37,374	29,591	33,940	29,591
Closing Balance	835,713	825,339	801,779	835,713	801,779

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

Statement of financial position

	as at 30 June: (thousands)	Council 2010 \$000's	Annual Plan \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Assets						
Current Assets						
Cash and Cash Equivalents	Note 6	2,002	4,409	1,750	3,856	2,403
Loans and Receivables	Note 7	17,172	17,479	15,473	16,811	15,792
Inventories	Note 8	1,371	1,373	1,231	1,373	1,233
Total Current Assets		20,545	23,261	18,454	22,040	19,428
Non-Current Assets						
Loans & Receivables	Note 7	27	23	17	27	17
Property, Plant and Equipment	Note 9	957,535	961,649	908,306	958,492	909,186
Intangible Assets	Note 10	4,027	1,983	3,638	4,080	3,645
Biological Assets (Forestry)	Note 11	316	409	468	316	468
Other Financial Assets	Note 12	2,063	2,778	2,440	537	533
Total Non-Current Assets		963,968	966,842	914,869	963,452	913,849
Total Assets		984,513	990,103	933,323	985,491	933,277
Liabilities						
Current Liabilities						
Trade and Other Payables	Note 13	25,442	18,954	23,317	26,370	23,223
Provisions	Note 14	523	453	413	523	413
Employee Benefit Liabilities	Note 15	4,687	4,427	4,826	4,737	4,874
Borrowings	Note 16	28,300	41,091	18,600	28,300	18,600
Provision for taxation	Note 5	0	0	0	0	0
Total Current Liabilities		58,952	64,925	47,156	59,930	47,110
Non-Current Liabilities						
Provisions	Note 14	1,865	1,486	1,515	1,865	1,515
Employee Benefit Liabilities	Note 15	651	720	722	651	722
Borrowings	Note 16	87,332	97,633	82,151	87,332	82,151
Total Non-Current Liabilities		89,848	99,839	84,388	89,848	84,388
Total Liabilities		148,800	164,764	131,544	149,778	131,498
Equity						
Retained Earnings	Note 17	821,812	786,237	805,484	821,812	805,484
Self Funding Reserves	Note 17	(49,593)	(56,791)	(43,629)	(49,593)	(43,629)
Council Created Reserves	Note 17	(11,337)	(5,881)	(9,437)	(11,337)	(9,437)
Restricted Reserves	Note 17	1,891	1,769	955	1,891	955
Cashflow Hedge Reserve	Note 17	(236)	230	(420)	(236)	(420)
Asset Revaluation Reserve	Note 17	73,177	99,775	48,827	73,177	48,827
Total Equity		835,713	825,339	801,779	835,713	801,779

Kevin Winters

Mayor

28 October 2010

P. Green

Chief Executive

28 October 2010

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

Statement of cash flows

for the year ended 30 June: (thousands)	Council 2010 \$000's	Annual Plan \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Cash Flows from Operating Activities					
Receipts from Rates Revenue	65,633	65,788	63,701	65,574	63,667
Interest Received	144	60	161	164	214
Dividends Received	6	-	12	12	12
Receipts from Other Revenue	42,338	44,278	41,728	44,001	42,737
Payments to Suppliers and Employees	(65,560)	(64,368)	(62,113)	(66,074)	(63,589)
Interest Paid	(6,505)	(7,184)	(5,938)	(6,505)	(5,938)
Income Tax Paid/Refund	-	-	-	28	26
Goods and Services Tax (net)	(2,620)	-	(3,225)	(2,292)	(3,268)
Net Cash from Operating Activities Note 18	33,436	38,574	34,326	34,903	33,862
Cash Flows from Investing Activities					
Proceeds from Sale of Property, Plant and Equipment	401	200	5,924	405	5,924
Collection on Advances	-	-	5	-	5
New Community Loans	(10)	-	-	-	-
Purchase of Property, Plant and Equipment	(46,407)	(71,197)	(55,958)	(46,687)	(56,096)
Purchase of Intangible Assets	(1,448)	-	(1,831)	(1,448)	(1,831)
Loan Advances made	(420)	-	-	(420)	-
Net Cash from Investing Activities	(47,884)	(70,997)	(51,860)	(48,150)	(51,998)
Cash Flow from Financing Activities					
Proceeds from Borrowings	20,000	38,724	31,500	20,000	31,500
Repayment of Borrowings	(5,300)	(4,000)	(12,635)	(5,300)	(12,635)
Change in Usage of Registered Security Stock Facility	-	-	(1,625)	-	(1,625)
Net Cash from Financing Activities	14,700	34,724	17,240	14,700	17,240
Net (decrease)/increase in Cash, Cash Equivalents and Bank Overdraft	252	2,301	(294)	1,453	(896)
Cash, Cash Equivalents and Bank Overdrafts at the beginning of the year	1,750	2,107	2,045	2,403	3,300
Cash, Cash Equivalents and Bank Overdrafts at the end of the year Note 6	2,002	4,408	1,750	3,856	2,403

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

The GST (net) component of operating activities reflects the net GST paid and received from the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of other primary financial statements.

Notes to the financial statements

for the year ended 30 June 2010

Note 1: Statement of Accounting Policies

Reporting Entity

Rotorua District Council is a territorial local authority governed by the Local Government Act 2002 and is domiciled in New Zealand.

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 and domiciled 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 Rotorua District Council are for the year ended 30 June 2010. The financial statements were authorised for issue by Council on 29 October 2010.

Basis of preparation

Statement of Compliance

The financial statements of the Rotorua District Council Group have been prepared in accordance with the requirements of the Local Government Act 2002 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.

Measurement Base

The financial statements have been prepared on an historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, collections, biological assets and certain financial instruments.

Functional and presentation currency

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.

Changes in accounting policies

There have been no changes in accounting policies during the financial year.

The Council and group has adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

NZ IAS 1 *Presentation of Financial Statements (Revised 2007)* replaces NZ IAS1 *Presentation of Financial Statements (Issued 2004)*. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable

readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The Council and group has decided to prepare a single statement of comprehensive income for the year ended 30 June 2010 under the revised standard. Financial statement information for the year ended 30 June 2009 has been restated accordingly. Items of other comprehensive income presented in the statement of comprehensive income were previously recognised directly in the statement of changes in equity.

- Amendments to NZ IFRS 7 *Financial Instruments: Disclosures*. The amendments introduce a three-level fair value disclosure hierarchy that distinguishes fair value measurements by the significance of valuation inputs used. A maturity analysis of financial assets is also required to be prepared for this information is necessary to enable users of the financial statements to evaluate the nature and extent of liquidity risk. The transitional provisions of the amendment do not require disclosure of comparative information in the first year of application. The Council and group has elected to disclose comparative information.
- NZ IAS24 *Related Party Disclosures (Revised 2009)* replaces NZ IAS 24 *Related Party Disclosures (Issued 2004)*. The revised standard simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. The Council and group has elected to early adopt the revised standard and its effect has been to disclose further information about commitments between related parties.

Notes to the financial statements **cont.**

Standards and interpretations issued and not yet adopted

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Rotorua District Council include:

- NZ IFRS9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a new financial asset is measured at amortised cost or fair value, replacing many different rules in NZ IAS 39. the approach in NZ IAS 9 is based on how and entity manages its financial instruments (its business model) and the contractual cash flow characteristics of financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 30 June 2014. Rotorua District Council has not yet assessed the effect of the new standard and expects it will not be early adopted.

Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, and income and expenses on a line-by-line basis. All

significant intragroup balances, transactions, income and expenses are eliminated on consolidated.

Subsidiaries

Rotorua District Council consolidates as subsidiaries in the group financial statements all entities where Rotorua District 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 Rotorua District controls the majority voting power on the governing body or where such policies have been irreversibly predetermined of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

The cost of a business combination is measured as the aggregate of :

- the consideration transferred, which is generally measured at acquisition date fair value.
- The amount of any non-controlling interest measured at either fair value or the non-controlling interest in the fair value of the net identifiable assets of the acquiree; and
- The acquisition date fair value of the previously held equity interest in the acquiree, if any.

Any excess of the cost of the business combination over Rotorua District 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 surplus or deficit.

Investments in subsidiaries are carried at cost in Council's own "parent entity" financial statements.

Associates

The Council accounts for investments in associates using the equity method. An associate is an entity over which the Council has significant influence and that is neither a subsidiary nor an interest in a joint venture . The investment in the associate is initially recognised at cost and the carrying amount in the groups financial statements is increased or decreased to recognise the groups share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment.

If the share of deficits of an associate equals or exceeds its interest in the associate, the group discontinues recognising its share of further deficits. After the groups interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the Council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where the group transacts with an associate, surplus or deficits are eliminated to the extent of the groups interest in the relevant associate.

Dilutions gains or losses arising from investments in associates are recognised in the surplus or deficit.

The investments in the associates is carried at cost in the Council's parent entity financial statements.

Notes to the financial statements **cont.**

Revenue

Revenue is measured at the fair value of consideration received or receivable.

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.

Rates collected on behalf of Bay of Plenty Regional Council (BOPRC) are not recognised in the financial statements as Rotorua District Council is acting as an agent for BOPRC.

Revenue from water rates by meter is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Government grants

Government grants are received from the New Zealand Land Transport Agency, which subsidises part of the costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Provision of services

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.

Vested assets

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.

Sale of goods

Sales of goods are recognised when a product is sold to the customer.

Traffic and parking infringements

Revenue from traffic and parking infringements are recognised when payment of the ticket is received.

Agents

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 and dividends

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

Development contributions

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise development and financial contributions are recognised as liabilities until such

time the Council provides, or is able to provide, the service.

Development contributions are classified as part of "Other Revenue".

Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to the balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the group's construction activities in general.

An expected loss on construction contracts is recognised immediately as an expense in the surplus or deficit.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profit less losses, the net amounts are presented under other liabilities.

Notes to the financial statements **cont.**

Borrowing costs

The Council and group has elected to defer the adoption of NZ IAS 23 *Borrowing Costs* (Revised 2007) in accordance with its transitional provisions that are applicable to public benefit entities.

Consequently, all 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 council 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 Council's decision.

Foreign currency transactions

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.

Income Tax

Income tax expense is the aggregate of current period movements in relation to both current and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantially enacted at 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 is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects to recover or settle the carrying amount of its assets and liabilities.

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 surplus nor taxable surplus.

Current tax and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to

transactions recognised in other comprehensive income or directly 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 council 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 finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council 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.

Currently Council holds no finance leases.

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.

Notes to the financial statements **cont.**

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 debtors and other receivables

Debtors 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.

Derivative financial instruments and hedge accounting.

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from financing activities. In accordance with its treasury policy, the Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The associated gains or losses of derivatives that are not hedge accounted are recognised in the surplus or deficit.

The Council and group designates certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- Hedges of highly probably forecast transactions (cashflow hedge).

The Council documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Council also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of hedged items.

The full fair value of hedging derivatives is classified as non-current if the remaining item of the hedged item is more than 12 months and as current if the remaining maturity of the hedged item is less than 12 months.

The full value of a non-hedge accounted foreign exchange derivative is classified as current if the contract is due for settlement within 12 months of balance date; otherwise, foreign exchange derivatives are classified as non current. The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realised within 12 months of the balance date is classified as current, with the remaining portion of the derivative classified as non current.

Fair value hedge

The gain or loss from remeasuring the hedging instrument at fair value, along with the changes in the fair value on the hedged item attributable to the

hedged risk, is recognised in the statement of other comprehensive income. Fair value hedge accounting is only applied for hedging fixed interest borrowings.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to surplus or deficit over the period to maturity.

Cash flow hedge

The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income through the statement of other comprehensive income and the ineffective portion of the gain or loss on the hedging instrument is recognised in the surplus or deficit as part of "gains" or "other expenses".

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised directly in other comprehensive income will be reclassified into the surplus deficit in the same period or periods during which the asset acquired or liability assumed affects surplus or deficit. However, if it is expected that all or a portion of a loss recognised directly in other comprehensive income will not be recovered in one or more future periods, the amount that is not expected to be recovered is reclassified to the surplus deficit.

When a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, then the associated gains and losses that

Notes to the financial statements **cont.**

were recognised directly in other comprehensive income will be included in the initial cost or carrying amount of the asset or liability.

If a hedging instrument expires or is sold, terminated, exercised or revoked, or it no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instrument that remains recognised directly in other comprehensive income from the period when the hedge was effective will remain separately recognised in other comprehensive income until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that remains recognised directly in other comprehensive income from the period when the hedge was effective is reclassified from other comprehensive income to the surplus or deficit.

Other Financial assets

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus deficit, in which case the transaction costs are recognised in the surplus deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Council and 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 Council and group has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into four categories:

- financial assets at fair value through surplus or deficit;
- loans and receivables
- held to maturity investments; and

- fair value through other comprehensive income.

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 at fair value through surplus or deficit

Financial Assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short term profit taking. Derivatives are also categorised as held for trading unless they are designated into hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short-term or it is part of a portfolio classified as held for trading are classified as current assets. The current/non current classification of derivatives is explained in the derivatives accounting policy as above.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on remeasurement recognised in the surplus or deficit.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12

months after the balance date, which are included in non-current assets.

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 surplus deficit.

Loans to community organisations made 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 financial instrument. The loans 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 surplus deficit as a grant.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that council has the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Currently council does not hold any financial assets in this category.

Notes to the financial statements **cont.**

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are those that are designated as fair value through other comprehensive income or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date. The Council and group includes in this category:

- Investments that council intends to hold long-term but which may be realised before maturity; and
- Shareholdings that it holds for strategic purposes.

Rotorua District 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.

These investments are measured at their fair value, with gains and losses recognised directly in other comprehensive income, except for impairment losses, which are recognised in the surplus or deficit.

On derecognition the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Impairment of financial assets

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and other receivables, and held to maturity investments.

Impairment is established when there is objective evidence that the Council and group will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted using the effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is not past due). Impairment in term deposits, local authority stock, government stock and community loans, are recognised directly against the instruments carrying amount.

Financial assets at fair value through other comprehensive income.

For financial assets at fair value through other comprehensive income, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt instruments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive income, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or

deficit) recognised in other comprehensive income is reclassified from equity to surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Inventories

Inventories 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, adjusted when applicable, for any loss of service potential. Where inventories are acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

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 average cost method.

The amount of any write-down for the loss of service potential from cost to net realisable value is recognised in the surplus or deficit in the period of the write down.

When land held for development and future resale is transferred from investment property/property, plant, and equipment to inventory, the fair value of the land at the date of transfer is its deemed cost.

Cost directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant, and equipment.

Notes to the financial statements **cont.**

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 surplus or deficit.

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.

Property, plant and equipment

Property, plant and equipment consist of:

Operational assets – These include land, buildings, landfill post closure, library books, plant and equipment and motor vehicles.

Restricted Assets - Restricted assets are parks and reserves owned by the Council and group which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets – Infrastructure assets are the fixed utility systems owned by Council and group. Each class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Revaluations

Council accounts for revaluations of property, plant and equipment on a class of asset basis.

Land and buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other assets are carried depreciated historical cost.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, the off-cycle assets are revalued.

Revaluations of property, plant and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to an asset revaluation reserve in equity for that class of asset. Where this result is a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive income.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

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 reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation

Depreciation is provided on all fixed assets with certain exceptions. The exceptions are:

- Land is not depreciated.
- Roading, wastewater reticulation, stormwater systems and water reticulation assets are depreciated as noted below. A number of the components of the roading network such as excavation, sub-base materials and compaction are not depreciated as these assets have an infinite life. 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.

Notes to the financial statements **cont.**

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

Bathhouse building	40 years
Buildings (other)	50 years
Plant and Equipment	10 to 15 years
Office Equipment	5 years
Furniture and Fittings	10 to 20 years
Computer Systems	3 to 5 years
Library Books (excl Reference)	2 to 15 years
Parking	10 to 50 years
Landfill Improvements	3 to 100 years

Wastewater Reticulation

Man holes	110 years
Treatment Plant	10 to 100 years
Pump Stations	10 to 75 years
Pipes	100 years
Pipes	50 to 90 years
Motors/Pumps	20 to 30 years
Reservoirs and other	
Water-Retaining Structures	50 to 100 years
Meters	15 to 100 years

Parks

Street and Outdoor Furniture	15 years
Street Signals	15 years
Fencing and Related Structures	15 years
Playgrounds	25 years
Jetties and Related Structures	20 years
Irrigation Pipes and Sprinklers	6 to 50 years
Park roads, paths	20 to 100 years
Kerbs	100 years
Bridges	70 to 100 years
Top surface (seal)	1 to 15 years
Pavement (basecourse)	20 to 100 years

Drainage	100 years
Shoulders/Feathers	20 to 100 years
Culverts	100 years
Footpaths (concrete)	100 years
Footpaths (bitumen)	10 to 15 years

Stormwater systems

Pipes	70 to 100 years
Manholes, Cesspits	70 to 100 years
Service connections and outlets	70 to 100 years

Airport

Runway 150mm AC surface	10 to 15 years
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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 that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

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.

No impairment losses have been recognised for easements, as the carrying amount of the assets has been assessed as less than their replacement costs.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software	3-5 years	20-33%
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Impairment of property, plant and equipment and intangible assets

Intangible assets that have an indefinite useful life, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment, the asset's recoverable amount is estimated. 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.

Notes to the financial statements **cont.**

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 and cash-generating units 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 surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

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 the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the surplus or deficit.

Forestry assets

Standing forestry assets are independently revalued annually at fair value less estimated point of sale costs for one growth cycle. Fair value is determined based

on the present value of expected net cash flows discounted at a current market determined pre-tax rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silviculture costs and takes into consideration environmental, operational, and market restrictions.

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 surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

Investment property

Properties leased to a third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measure initially at its cost, including transaction costs.

After initial recognition, all investment property is measured at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Currently Council holds no assets in this class.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless Council or the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date or if the borrowings are expected to be settled within 12 months of balance date.

Employee Entitlements

Short-term employee entitlements

Employee benefits expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date, and sick leave.

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 it will be used by staff to cover those future absences.

Notes to the financial statements **cont.**

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 employee entitlements

Entitlements that are payable beyond 12 months, after the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- the present value of the estimated future cash flows.

Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match as closely as possible, the estimated future cash outflows for entitlements. The inflation factor is based on the expected long-term increase in remuneration for employees.

Presentation of employee entitlements

Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit 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, to 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 20.

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 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 and is included in "finance costs".

Financial guarantee contracts

A financial guarantee contract is a contract that requires Council 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, even if a payment under the guarantee is not considered probable. 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 Council 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 council 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.

Further information on provisions is disclosed in note 14.

Equity

Equity is the community's interest in the Rotorua District Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

Notes to the financial statements **cont.**

The components of equity are:

- Retained earnings
- Self-funding reserves
- Council created reserves
- Restricted reserves
- Fair value through equity reserves
- Asset revaluation reserves

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Restricted reserves are those subject to specific conditions accepted as binding by Council and which may not be revised by Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

The Council's objectives, policies and processes for managing capital are described in note 26.

Property revaluation reserves

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

Fair value through other comprehensive income reserves

This reserve comprises the cumulative net change in the fair value of fair value through other comprehensive income instruments.

Cash flow hedge reserves

This reserve comprises the effective portion of the cumulative net change in the fair value of derivatives designated as cash flow hedges.

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of goods and services tax (GST), except for debtors and other receivables and creditors and other payables, which are stated on a GST-inclusive basis. GST 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 in its 2009-2019 Long-Term Council Community Plan.. The budget figures have been prepared in accordance

with NZ GAAP, using accounting policies that are consistent with those adopted in preparing of the financial statements.

Cost allocation

The Rotorua District Council has derived the cost of service for each significant activity of council 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 estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Landfill after care provision

Note 14 provides information about the estimates and assumptions surrounding the landfill aftercare provision.

Notes to the financial statements **cont.**

Infrastructural assets

Note 9 provides information about the estimates and assumptions applied in determining the fair value of infrastructural assets.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying the Rotorua District Council's accounting policies for the period ended 30 June 2010:

Classification of property

The Council owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the Council's social housing policy. These properties are held as property, plant and equipment.

The Council owns land 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.

The Council owns land which is classified as property, plant and equipment and currently leased for a motorcamp. This land has been identified by the Council as a potential site for the development of the airport extension. The final decision as to the suitability of the site for airport development is still dependent on the airport operation. If the site is not suitable for airport development then the Council will reassess the best use of the land, which could include commercial leases or disposal.

Notes to the financial statements **cont.**

Note 2: Performance by Council Activity

for the year ended 30 June:	Expenditure			Income			Net Cost of Service		
	2010 Actual \$000's	2010 Budget \$000's	2009 Last Year \$000's	2010 Actual \$000's	2010 Budget \$000's	2009 Last Year \$000's	2010 Actual \$000's	2010 Budget \$000's	2009 Last Year \$000's
General Rates	-	-	-	35,234	34,648	46,402	35,234	34,648	46,402
Rates Write Offs	837	849	761	-	-	-	(837)	(849)	(761)
Less Rates Paid By Council	(1,480)	(820)	(913)	(1,480)	-	(913)	-	820	-
	(643)	29	(152)	33,754	34,648	45,489	34,397	34,619	45,641
Governance & Strategic Direction Group									
Democracy	2,244	2,253	1,949	60	68	68	(2,184)	(2,185)	(1,881)
Kaupapa Maori	345	350	329	5	-	-	(340)	(350)	(329)
Policy & Strategic Direction	1,476	1,556	1,887	551	233	522	(925)	(1,323)	(1,365)
Property Management	1,918	85	610	1,857	531	478	(61)	446	(132)
	5,983	4,244	4,775	2,473	832	1,068	(3,510)	(3,412)	(3,707)
Social & Cultural Group									
Aquatic Facilities	2,921	2,963	2,865	1,327	1,384	1,128	(1,594)	(1,579)	(1,737)
Community Engagement & Support	3,853	4,128	3,581	1,166	898	958	(2,687)	(3,230)	(2,623)
Emergency Management	579	530	597	65	20	74	(514)	(510)	(523)
Events & Venues	6,340	6,522	6,348	4,568	4,422	2,436	(1,772)	(2,100)	(3,912)
Public Gardens & Open Spaces	10,501	10,419	10,832	3,579	2,172	1,955	(6,922)	(8,247)	(8,877)
Public Library	4,088	3,604	4,091	338	376	453	(3,750)	(3,228)	(3,638)
Rotorua Museum of Art and History	2,934	3,133	3,093	3,854	6,754	3,233	920	3,621	140
	31,216	31,299	31,407	14,897	16,026	10,237	(16,319)	(15,273)	(21,170)
Environmental & Regulatory Group									
Animal Control	863	869	855	524	563	520	(339)	(306)	(335)
Building Control	2,670	2,241	2,084	1,796	1,888	1,520	(874)	(353)	(564)
Inspections	1,334	1,453	1,400	368	385	380	(966)	(1,068)	(1,020)
Parking Enforcement	913	951	915	1,772	1,486	1,775	859	535	860
Planning Implementation	2,148	2,204	2,265	222	305	217	(1,926)	(1,899)	(2,048)
Planning Policy	1,665	1,889	1,599	1	10	19	(1,664)	(1,879)	(1,580)
Infrastructural Planning and Compliance	405	855	933	896	850	925	491	(5)	(8)
	9,998	10,462	10,051	5,579	5,487	5,356	(4,419)	(4,975)	(4,695)
Tourism & Economic Development Group									
Destination Rotorua Economic Development	1,318	1,253	952	1,006	1,075	201	(312)	(178)	(751)
Rotorua Regional Airport	5,529	3,728	3,246	1,031	1,439	1,343	(4,498)	(2,289)	(1,903)
Tourism	5,141	4,493	4,472	3,930	3,931	2,185	(1,211)	(562)	(2,287)
	11,988	9,474	8,670	5,967	6,445	3,729	(6,021)	(3,029)	(4,941)

Minor roundings to statements of service performance and statement of comprehensive income

Notes to the financial statements **cont.**

Note 2: Performance by Council Activity **cont.**

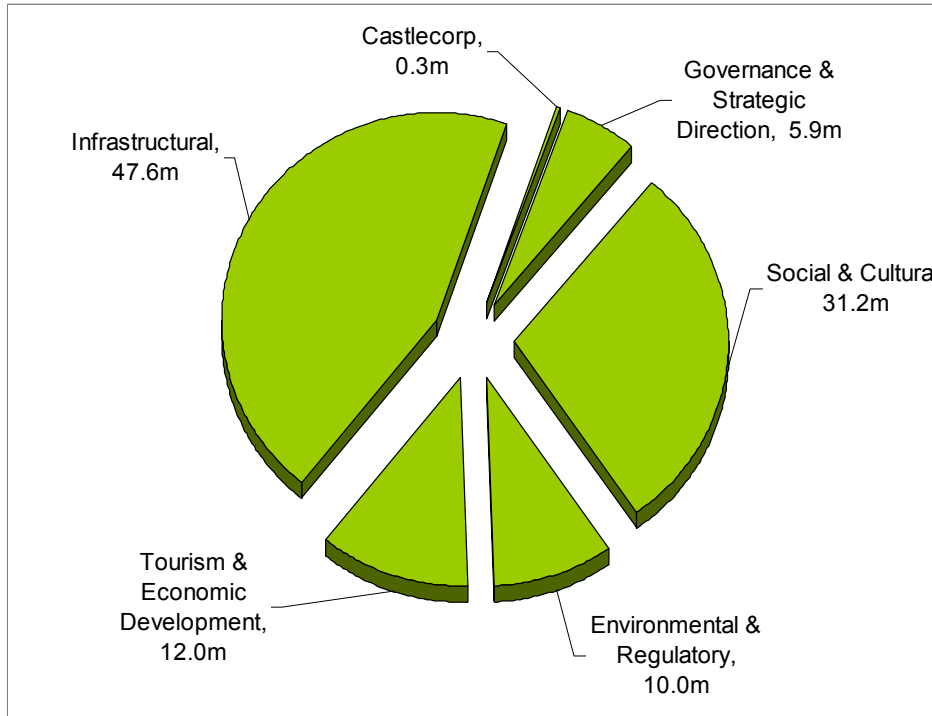
for the year ended 30 June:	Expenditure			Income			Net Cost of Service		
	2010 Actual \$000's	2010 Budget \$000's	2009 Last Year \$000's	2010 Actual \$000's	2010 Budget \$000's	2009 Last Year \$000's	2010 Actual \$000's	2010 Budget \$000's	2009 Last Year \$000's
Infrastructural Group									
City Services Operations	2,870	2,963	3,012	1,352	1,500	1,432	(1,518)	(1,463)	(1,580)
Land Drainage	3,053	2,820	2,310	504	281	147	(2,549)	(2,539)	(2,163)
Transport	13,878	15,199	14,370	16,324	16,346	6,699	2,446	1,147	(7,671)
Waste Management	6,957	6,592	6,569	4,387	5,292	3,732	(2,570)	(1,300)	(2,837)
Wastewater Schemes	9,766	9,630	10,342	18,593	17,763	18,484	8,827	8,133	8,142
Water Supplies	11,093	6,218	6,597	10,681	7,148	6,888	(412)	930	291
	47,617	43,422	43,200	51,841	48,330	37,382	4,224	4,908	(5,818)
Castlecorp									
Castlecorp	281	150	257	303	148	257	22	2	-
	281	150	257	303	148	257	22	2	-
Other									
Assets Vested in Council	-	-	-	-	1,790	793	-	1,790	793
Other Non Operational Income	-	-	-	-	-	-	-	-	-
Other Non Operational Expenditure	(145)	-	54	-	-	-	145	-	(54)
Reversal Impairment loss of Other Financial Assets	-	-	125	-	-	-	-	-	(125)
Increase (dec) fair value of forestry assets	-	-	-	-	-	146	-	-	146
Internal profit within costs	(272)	174	(269)	(272)	-	(269)	-	(174)	-
Internal charges in Operational Expenditure	(834)	(328)	-	(763)	(994)	-	71	(646)	-
	(1,251)	(154)	(90)	(1035)	796	670	216	970	760
Total Per Statement Financial Performance	105,189	98,902	98,118	113,779	112,712	104,188	8,590	13,810	6,064

Minor roundings to statements of service performance and statement of comprehensive income

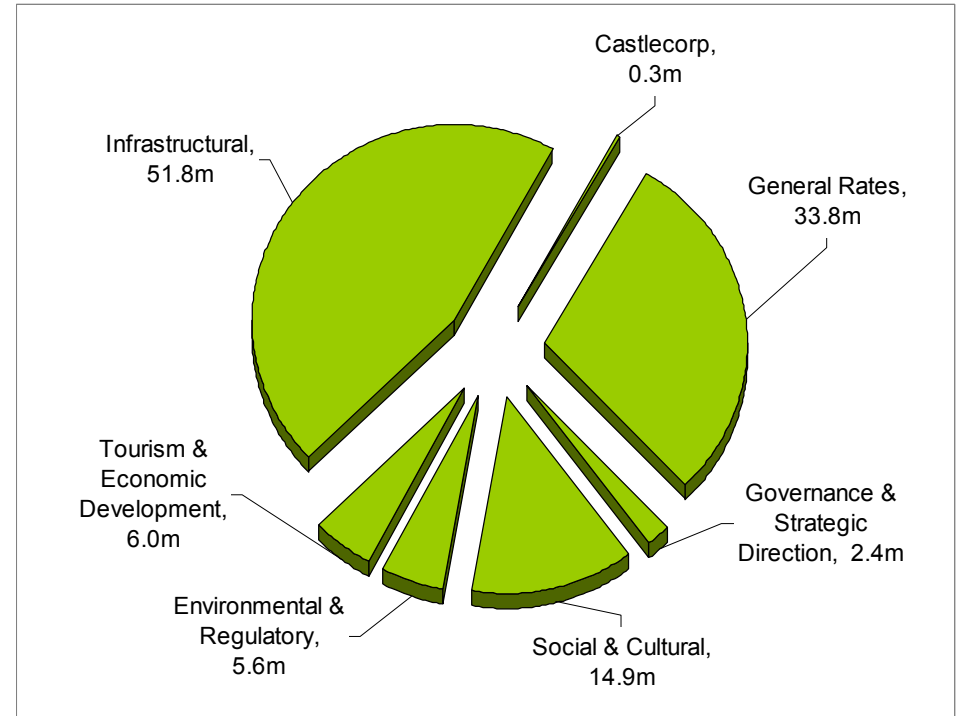
Each significant activity is stated gross of internal costs and revenues, and includes targeted rates attributable to activities. In order to fairly reflect the total external operations for the Council in the statement of comprehensive income, these transactions are eliminated as shown above. During 2010 Assets Vested in Council and other non operational income and expenses, along with loss on financial assets, were presented in the Net Cost of Service per Council Activity. This is a change in presentation from 2009 where these items were shown separately under Other. Comparative information has not been restated.

Notes to the financial statements **cont.**

**Operating Expenditure by significant activity
for the year ended 30 June 2010**



**Operating Income by significant activity
for the year ended 30 June 2010**



Notes to the financial statements **cont.**

Note 3: Income by Category

	Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Rates Revenue				
General Rates	35,681	46,887	35,681	46,887
Refuse Rates	1,869	1,777	1,869	1,777
Sewerage Rates	10,219	10,091	10,219	10,091
Water Rates (including water by meter)	6,463	6,750	6,404	6,750
Lakes Enhancement Rate	410	392	410	392
Eastern Sewerage Capital Rates	593	71	593	71
Business Development Targeted Rates	4,188	-	4,188	-
Roading Targeted rates	8,565	-	8,565	-
Urban Sewerage Development Rate	117	116	117	116
Lakes Community Board Rate	46	44	46	44
Less Rates Paid By Council	(1,480)	(913)	(1,480)	(947)
Less Water by Meter Paid by Council	(298)	(269)	(298)	(269)
Less Rate Remissions	(447)	(485)	(447)	(485)
Total Rates	65,926	64,461	65,867	64,427
Other Revenue				
Airport	-	-	2,269	1,653
Assets recognised for first time	4,757	-	4,757	-
Dividend	6	12	6	12
Interest – Bank and Other	144	162	135	214
Vested Assets	3,627	793	3,627	793
Other Revenue	251	724	251	138
Subsidies & Grants	16,828	15,818	16,828	15,818
Development Contributions	632	1,580	632	1,580
Reserve Contributions	813	359	813	-
Fees & Charges	5,464	5,317	4,634	5,317
Trading Revenue	15,331	14,883	15,331	14,723
Total Other Revenue	47,853	39,649	49,283	40,248
Other Gains				
Gain (loss) on changes in fair value of forestry assets	-	59	-	59
Gain on disposal of Property, Plant and Equipment	-	16	-	16
Total Other Gains	-	75	-	75
	113,779	104,185	115,150	104,750

Minor roundings to statement of comprehensive income

Rates remissions

Rates revenue is shown net of rates remissions. The Council rates remission policy allow rates to be remitted on condition of a ratepayer's extreme financial hardship, land used for sport and land protected for historical or cultural purposes.

Non-rateable land

Under the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens and reserves. These non-rateable properties may be subject to targeted rates in respect

of sewerage, water, refuse and sanitation. Non-rateable land does not constitute a remission under the Council's remission policy.

Notes to the financial statements **cont.**

Note 4: Expenditure by Category	Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Employee Benefit Expenses				
Salaries and Wages	30,386	29,559	30,386	29,559
Defined Contribution Plan Employer Contributions	797	748	797	748
Increase/(decrease) in employee benefit liabilities	(139)	529	(139)	529
Total Employee Benefit Expenses	31,044	30,836	31,044	30,836
Depreciation and Amortisation				
Depreciation on Property, Plant and Equipment	23,260	22,451	23,260	22,451
Depreciation on Intangible Assets	1,129	763	1,129	763
Loss on disposal	485	1,240	485	1,240
Total Depreciation and Amortisation	24,874	24,454	24,874	24,454
Other Expenses				
Audit Fees for Annual Audit	114	104	147	133
Audit Fees for LTCCP	7	68	7	68
Audit Fees – Other	9	26	9	26
Change in Rates Refund Provision	(317)	(60)	(317)	(60)
Councillor Remuneration	561	551	561	551
Directors' Fees		-		59
Donations	104	145	104	145
Grants and Contributions	1,538	899	1,538	899
Change in impairment of Loans and Receivables	117	405	117	405
Loss on revaluation Property Plant and Equipment	4,658	1,612	4,658	1,612
Insurance Premiums	842	796	842	870
Other Expenditure	34,034	31,474	35,318	31,889
Research and Development	170	124	170	124
Rent and Leasing Costs	314	370	309	370
Total Other Expenses	42,153	36,514	43,524	37,079
Finance Costs				
Discount unwinding	286	3	286	3
Interest on borrowings	6,832	6,315	6,832	6,315
Total Finance Costs	7,118	6,318	7,118	6,318
Total Expenses	105,189	98,122	106,560	98,687

Minor roundings to statement of comprehensive income

Employee Benefit Expenses

Employer Contributions to defined contribution plans include contributions to Kiwisaver and the DBP Contributors Scheme.

Notes to the financial statements **cont.**

Note 5: Taxation

	Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Components of Tax Expense				
Current Tax Expenses	-	-	-	-
Adjustments to current tax in prior year	952	-	952	-
Deferred tax expenses	1,686	-	1,686	-
Tax Loss not previously recognised	(2,638)	-	(2,638)	-
Income tax Expense	0	-	0	-
Relationship between tax and accounting profit				
Surplus / (deficit) before tax	8,590	6,063	8,590	6,063
Tax @ 30% (2009: 33%)	2,577	1,819	2,577	1,819
Non-deductible expenditure	(2,577)	(2,162)	(2,577)	(2,162)
Deferred tax on temporary differences	(952)	-	(952)	-
Deferred tax adjustment on change in tax laws	(1,686)	-	(1,686)	-
Tax loss not previously recognised	2,638	390	2,638	390
Prior year adjustment	-	(47)	-	(47)
Tax Expense	0	0	0	0

Minor roundings to statement of financial position

Note: Unused tax losses of \$46,000 have not yet been recognised.

Notes to the financial statements **cont.**

Note 6: Cash and Cash Equivalents

	Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Cash at bank and in hand	2,002	1,750	3,856	2,403
Total cash and cash equivalents	2,002	1,750	3,856	2,403

Minor roundings to statement of financial position

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

Cash, cash equivalents, and bank overdrafts include the above for the purposes of the statement of cash flows.

Notes to the financial statements **cont.**

Note 7: Loans and Receivables

	Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Rates receivables	4,555	4,262	4,555	4,262
Other receivables	10,342	8,894	9,981	9,213
Prepayments	455	459	455	459
Community Loans	32	22	32	22
GST Receivable	2,998	2,918	2,998	2,918
Total cash and cash equivalents	18,382	16,555	18,021	16,874
Less: Provision for Impairment of Receivables	(1,183)	(1,066)	(1,183)	(1,066)
	17,199	15,489	16,838	15,808
Less non-current portion:				
Community Loans	27	17	27	17
Total non-current portion	27	17	27	17
Current portion	17,172	15,473	16,811	15,792

Minor roundings to statement of financial position

Fair Value

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

Impairment

The Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgement, then the Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material.

The carrying amount of receivables that would otherwise be past due or impaired and whose terms have been renegotiated is \$nil (2009 \$nil).

Community Loans

The fair value of community loans is \$31,312 (2009 \$22,195)

Notes to the financial statements **cont.**

The status of receivables at year end is detailed below:

	2010 Gross \$000's	2010 Impairment \$000's	2010 Net \$000's	2009 Gross \$000's	2009 Impairment \$000's	2009 Net \$000's
Council						
Not past due	11,489	(505)	10,984	10,689	(307)	10,382
Past due 1-60 days	2,276	-	2,276	1,606	-	1,606
Past due 61-120 days	987	-	987	357	-	357
Past due > 120 days	3,628	(677)	2,951	3,903	(759)	3,144
Total	18,380	(1,182)	17,199	16,555	(1,066)	15,489
Group						
Not past due	11,548	(505)	11,043	11,008	(307)	10,701
Past due 1-60 days	2,276	-	2,276	1,606	-	1,606
Past due 61-120 days	987	-	987	357	-	357
Past due > 121 days	3,208	(677)	2,531	3,903	(759)	3,144
Total	18,019	(1,182)	16,838	16,874	(1,066)	15,808

Minor roundings to statement of financial position

The above table does not account for the aging of Library Debtors as the systems used are unable to provide this information.

Library Debtors are all recorded as over 120 days overdue. Any variance from this recording is of an immaterial value.

The impairment provision has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment provision is based on an analysis of past collection history and debt write offs.

	Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Individual impairment	(677)	(759)	(677)	(759)
Collective impairment	(505)	(307)	(505)	(307)
Total provision for impairment	(1,182)	(1,066)	(1,182)	(1,066)

Minor roundings to statement of financial position

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors is as follows:

	Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Past due 1-60 days	-	-	-	-
Past due 61-120 days	-	-	-	-
Past due > 121 days	(677)	(759)	(677)	(759)
Total individual impairment	(677)	(759)	(677)	(759)

Minor roundings to statement of financial position

Movements in the provision for impairment of receivables are as follows:

	Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
At 1 July	(1,066)	(661)	(1,066)	(661)
Additional provisions made during the year	117	(1,196)	117	(1,196)
Receivables written off during the period	(234)	791	(234)	791
At 30 June	(1,182)	(1,066)	(1,182)	(1,066)

Minor roundings to statement of financial position

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

Notes to the financial statements **cont.**

Table 8: Inventories

	Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Inventories held for distribution or consumption in provision of services	1,056	979	1,056	979
Inventories held for use in production of goods and services on a commercial basis	314	252	316	254
Total Inventories	1,371	1,231	1,373	1,233
Water and Sewerage reticulation spare parts	315	283	315	283
Street Furniture	14	16	14	16
Nursery Store	619	589	619	589
Vehicle workshop & fuel	64	17	64	17
Other Inventories held for distribution	45	74	45	74
Museum retail stock	136	149	136	149
Solid waste refuse bags	111	37	111	37
Other commercial inventory	67	67	69	69
Total Inventories	1,371	1,231	1,373	1,233

Minor roundings to statement of financial position

The carrying amount of inventories pledged as security for liabilities is \$nil (2009 \$nil).

Held for distribution inventory

The carrying amount of inventory held for distribution that are measured at current replacement cost as at 30 June 2010 amounted to \$nil (2009 \$nil).

The write down of inventory held for distribution that are measured at current replacement cost as at 30 June 2010 amounted to \$nil (2009 \$nil). There have been no reversals of write-downs (2009 \$nil).

The loss in service potential of inventory held for distribution is determined on the basis of obsolescence.

Commercial Inventory

The write-down of commercial inventory to net realisable value amounted to \$nil (2009 \$nil). There have been no reversals of write downs (2009 \$nil).

Notes to the financial statements **cont.**

Note 9: Property, Plant and Equipment

Minor roundings to statement of financial position

2010 Classification										Accumulated depreciation and		
	Cost / revaluation 1 July 2009 \$000's	impairment charges 1 July 2009 \$000's	Carrying amount 1 July 2009 \$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 2010 \$000's	impairment charges 30 June 2010 \$000's	Carrying amount 30 June 2010 \$000's
Art Collections	5,774	(24)	5,750	1	-	-	(3)	-	-	5,775	(27)	5,748
Bridges	14,328	(277)	14,051	221	-	-	(278)	-	-	14,548	(554)	13,994
Buildings	125,905	(11,515)	114,390	1,975	(118)	-	(4,757)	10,937	-	127,189	(4,762)	122,427
City Focus	230	(108)	122	-	-	-	(9)	-	-	230	(117)	113
Computer Equipment	3,951	(2,418)	1,533	678	(20)	-	(898)	-	-	4,560	(3,267)	1,293
Environmental	2	(1)	1	-	-	-	-	-	-	2	(1)	1
Footpaths	24,600	(505)	24,096	622	-	-	(495)	-	-	25,223	(1,000)	24,223
Furniture & Fittings	5,870	(4,089)	1,781	98	-	-	(260)	-	-	5,960	(4,341)	1,619
General Works Assets	818	(340)	478	213	-	-	(77)	-	-	1,031	(417)	614
Land	41,123	-	41,123	7,941	(151)	-	-	711	-	49,624	-	49,624
Land Restricted*	95,346	-	95,346	-	-	-	-	-	-	95,346	-	95,346
Landfill	4,012	(1,576)	2,436	1,291	-	-	(1,674)	-	-	5,301	(3,248)	2,053
Library Collection	3,243	(667)	2,576	556	(122)	-	(514)	-	-	3,608	(1,112)	2,496
Motor Vehicles	7,454	(4,629)	2,825	1,883	(330)	-	(688)	-	-	7,967	(4,277)	3,690
Office Equipment	1,718	(1,268)	451	45	-	-	(170)	-	-	1,748	(1,422)	326
Parking Infrastructural Assets	744	(107)	637	-	-	-	(55)	-	-	744	(162)	582
Parks, Roads, Paths, Playgrounds, Utilities	22,073	(1,797)	20,276	552	(3)	-	(1,163)	-	-	22,614	(2,952)	19,662
Plant & Machinery	8,527	(4,780)	3,748	548	(12)	-	(603)	-	-	9,007	(5,326)	3,681
Roading assets excluding Land	190,741	(3,883)	186,858	7,118	-	-	(3,611)	(139)	-	197,445	(7,219)	190,226
Roads & Road Reserves Land	42,449	-	42,449	-	-	-	-	-	-	42,449	-	42,449
Runway, Taxiway, Apron	12,076	(1,881)	10,195	3,944	-	-	(232)	(2,455)	-	11,684	(232)	11,452
Stormwater Drainage	63,176	(1,115)	62,061	1,253	-	-	(1,120)	-	-	64,436	(2,242)	62,194
Street Lighting, Signs, Signals	6,073	(638)	5,434	180	-	-	(332)	-	-	6,252	(970)	5,282
Waste Management (Bin Sites)	649	(12)	638	-	-	-	(10)	-	-	650	(22)	628
Wastewater Reticulation	118,319	(1,969)	116,350	2,689	(578)	-	(1,941)	-	-	120,442	(3,922)	116,520
Wastewater Treatment Plant	38,471	(2,045)	36,426	775	(87)	-	(1,483)	-	-	38,770	(3,139)	35,631
Waterworks Pipes, Meters	77,927	(6,212)	71,715	7,651	-	-	(2,957)	16,112	-	95,479	(2,957)	92,521
Capital projects under construction	44,563	-	44,563	27,211	(18,634)	-	-	-	-	53,140	-	53,140
Total Council's Property, Plant & Equipment	960,161	(51,854)	908,306	67,401	(20,055)	-	(23,330)	25,166	-	1,011,224	(53,688)	957,535
RRAL's Property, Plant & Equipment												
Buildings Chattels	30	(5)	25	14	-	-	(2)	-	-	44	(7)	37
Furniture & Fittings	137	(63)	74	6	-	-	(12)	-	-	143	(75)	68
Plant & Equipment	567	(211)	356	190	-	-	(66)	-	-	757	(277)	480
Motor Vehicles	494	(77)	417	-	-	-	(57)	-	-	494	(134)	360
Computer Equipment	34	(25)	9	8	-	-	(5)	-	-	42	(30)	12
Total RRAL's Property, Plant & Equipment	1,262	(381)	881	218	-	-	(142)	-	-	1,480	(523)	957
Total Group Property, Plant & Equipment	961,423	(52,235)	909,188	67,619	(20,055)	-	(23,472)	25,166	-	1,012,704	(54,211)	958,492

* Restricted Assets are assets that cannot be disposed of because of legal or other restrictions.

** Fair Value: Council considers the Fair Value of Land & Buildings to be the book value of these assets.

Notes to the financial statements **cont.**

Minor roundings to statement of financial position

2009 Classification	2008									2009		
	Cost / revaluation 1 July 2008 \$000's	Accumulated depreciation and impairment charges 1 July 2008 \$000's	Carrying amount 1 July 2008 \$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 2009 \$000's	Accumulated depreciation and impairment charges 30 June 2009 \$000's	Carrying amount 30 June 2009 \$000's
Art Collections	5,739	(21)	5,719	34	-	-	(3)	-	-	5,774	(24)	5,750
Bridges	13,137	(691)	12,446	-	-	-	(277)	1,882	-	14,328	(277)	14,051
Buildings	117,770	(7,505)	110,265	7,678	(146)	-	(4,110)	(25)	728	125,905	(11,515)	114,390
City Focus	230	(99)	131	-	-	-	(9)	-	-	230	(108)	122
Computer Equipment	5,304	(3,574)	1,730	760	(21)	-	(936)	-	-	3,951	(2,418)	1,533
Environmental	2	(1)	1	-	-	-	-	-	-	2	(1)	1
Footpaths	26,424	(1,390)	25,034	142	(333)	-	(497)	(223)	(27)	24,600	(505)	24,096
Furniture & Fittings	5,257	(4,019)	1,238	762	(5)	-	(214)	-	-	5,870	(4,089)	1,781
General Works Assets	741	(264)	477	77	-	-	(76)	-	-	818	(340)	478
Land	41,687	-	41,687	-	(593)	-	-	(3)	32	41,123	-	41,123
Land Restricted*	93,120	-	93,120	1,985	-	-	-	-	-	95,346	-	95,346
Landfill	6,305	(3,073)	3,231	128	(3)	-	(1,573)	535	118	4,012	(1,576)	2,436
Library Collection	3,920	(1,276)	2,644	581	(94)	-	(667)	130	(19)	3,243	(667)	2,576
Motor Vehicles	7,498	(4,059)	3,439	104	(31)	-	(687)	-	-	7,454	(4,629)	2,825
Office Equipment	1,855	(1,583)	272	366	(60)	-	(120)	-	(8)	1,718	(1,268)	451
Parking Infrastructural Assets	1,026	(261)	765	137	(36)	-	(52)	(176)	-	744	(107)	637
Parks, Roads, Paths, Playgrounds, Utilities	20,045	(2,658)	17,387	1,862	(24)	-	(1,167)	2,205	12	22,073	(1,797)	20,276
Plant & Machinery	7,496	(4,428)	3,068	1,292	(70)	-	(557)	-	15	8,527	(4,780)	3,748
Roading assets excluding Land	193,608	(11,979)	181,630	6,587	(183)	-	(3,587)	3,018	(607)	190,741	(3,883)	186,858
Roads & Road Reserves Land	42,419	-	42,419	30	-	-	-	-	-	42,449	-	42,449
Runway, Taxiway, Apron	12,075	(1,255)	10,820	-	-	-	(619)	-	(6)	12,076	(1,881)	10,195
Stormwater Drainage	60,490	(3,094)	57,396	1,113	(56)	-	(1,114)	4,216	507	63,176	(1,115)	62,061
Street Lighting, Signs, Signals	5,513	(967)	4,546	217	-	-	(329)	1,000	-	6,073	(638)	5,434
Waste Management (Bin Sites)	655	(31)	624	-	-	-	(10)	24	-	649	(12)	638
Wastewater Reticulation	114,538	(7,752)	106,786	2,357	(332)	-	(1,924)	9,460	4	118,319	(1,969)	116,350
Wastewater Treatment Plant	41,658	(4,559)	37,099	949	(6)	-	(1,918)	519	(217)	38,471	(2,045)	36,426
Waterworks Pipes, Meters	76,550	(4,228)	72,322	1,522	(131)	-	(1,997)	-	-	77,927	(6,212)	71,715
Capital projects under construction	21,343	-	21,343	27,469	(3,846)	-	-	-	(162)	44,563	-	44,563
Total Council's Property, Plant & Equipment	926,405	(68,769)	857,639	56,150	(5,971)	-	(22,443)	22,562	370	960,161	(51,854)	908,306
RRAL's Property, Plant & Equipment												
Buildings Chattels	18	(4)	15	11	-	-	(1)	-	-	30	(5)	25
Furniture & Fittings	130	(51)	79	-	-	-	(11)	-	-	137	(63)	74
Plant & Equipment	506	(159)	347	81	-	-	(52)	-	-	567	(211)	356
Motor Vehicles	451	(20)	430	29	-	-	(57)	-	-	494	(77)	417
Computer Equipment	34	(20)	14	-	-	-	(5)	-	-	34	(25)	9
Total RRAL's Property, Plant & Equipment	1,139	(254)	885	121	-	-	(126)	-	-	1,262	(381)	881
Total Group Property, Plant & Equipment	927,544	(69,023)	858,523	56,271	(5,971)	-	(22,569)	22,562	370	961,423	(52,235)	909,186

* Restricted Assets are assets that cannot be disposed of because of legal or other restrictions.

** Fair Value: Council considers the Fair Value of Land & Buildings to be the book value of these assets.

Notes to the financial statements **cont.**

Valuation

Land (operational, restricted, and infrastructural)

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the “unencumbered” land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

The fair value of Land is reviewed at three yearly intervals. The most recent valuation was performed by independent valuers Darroch Valuations the valuation is effective as at 1 July 2009.

Buildings (operational and restricted)

Specialised buildings are valued at fair value using depreciated replacement costs because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- the replacement asset is based on the reproduction cost of the specific assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- the replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- the remaining useful life of assets is estimated.
- Straight line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value.

The fair value of Buildings is reviewed at three yearly intervals. The most recent valuation was performed by independent valuers Darroch Valuations the valuation is effective as at 1 July 2009.

Infrastructural assets classes: sewerage, water, drainage and roads

Sewage, water, drainage and roading infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the assets.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over-or-under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive income. To minimise this risk, infrastructural asset 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 asset management planning activities, which provides further assurance over useful life estimates.

The fair value of infrastructural assets will be revised at three yearly ‘rolling’ intervals. The most recent valuations are performed by Council engineers and peer reviewed by independent valuers Beca Valuation Services Ltd these are

- Water Reticulation effective 1 July 2009.
- Road Reserves effective 01 July 2008.

Land under roads

On transition to NZ IFRS Council elected to use the fair value of land under roads as deemed cost. Land under roads is no longer valued.

Notes to the financial statements **cont.**

Library collections

Library collections are valued at depreciated replacement cost in accordance with the guidelines released in 2002 by the New Zealand Library Association and the National Library. Library valuations are performed by Council's Library Staff, and are subject to independent review by Beca Valuation Services Limited. The last valuation was effective as at 1 July 2008.

Airport Assets

The airport land, buildings and runway are valued at fair value using market based evidence, depreciated replacement cost, market rents and capitalisation rates where applicable.

The fair value of the airport land, buildings and runway were re-valued as at 1 July 2009 by independent valuers Cleghorn Gillespie Jensen Ltd and the valuation is effective as at 1 July 2009.

Impairment

Impairment losses of \$nil (2009 \$nil) have been recognised in the statement of comprehensive income in the line "Other expenses".

Work in progress

The total amount of property, plant and equipment in the course of construction is \$54,653 (2009 \$45,164).

Leasing

The net carrying amount of plant and equipment held under finance leasers is \$nil (2009 \$nil).

Notes to the financial statements **cont.**

Note 10: Intangible Assets

	Council Computer Software 2010 \$000's	Council Computer Software 2009 \$000's	Group Computer Software 2010 \$000's	Group Computer Software 2009 \$000's
Balance at 1 July				
Cost	8,056	6,218	8,073	6,231
Accumulated amortisation and impairment	(5,019)	(4,249)	(5,033)	(4,258)
WIP	601		601	
Opening carrying amount	3,638	1,969	3,641	1,973
Year ended 30 June				
Additions	536	1,856	594	1,860
Disposals *	(2,766)	(209)	(2,766)	(209)
Amortisation charges	(1,059)	(770)	(1,067)	(771)
Accumulated amortisation written back	2,766		2,766	
Other movements	-	191	-	191
WIP	912	601	912	601
Total movements during the year	389	1,669	442	1,672
Balance at 30 June				
Cost	5,826	8,056	5,897	8,073
Accumulated amortisation and impairment	(3,312)	(5,019)	(3,330)	(5,029)
WIP	1,513	601	1,513	601
Closing carrying amount	4,027	3,638	4,080	3,645

Minor roundings to statement of financial position

- * Council undertook a comprehensive review of computer software in use as at 30 June 2010. As a result of this review, software no longer in use was written off in 2009/10. All of this software had been fully amortised; consequently the net effect on the value of intangible assets as at 30 June 2010 is nil.

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

All software is acquired externally.

Notes to the financial statements **cont.**

Note 11: Forestry Assets

	Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Balance at 1 July	468	409	468	409
Increases due to purchases	-	-	-	-
Gains/(losses) arising from changes in fair value less estimated point of sale costs	(152)	59	(152)	59
Decreases due to sales	-	-	-	-
Decreases due to harvest	-	-	-	-
Balance at 30 June	316	468	316	468

Minor roundings to statement of financial position

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 current age of 9 years.

The area of the stand behind the Rotorua Landfill measures 14 hectares of Pinus Radiata forest with a current age of 26 years.

Independent registered valuers Prime Forest Management Ltd have valued forestry assets as at 30 June 2010. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- a discount rate of 8% (2009 8%) has been used in discounting the present value of expected cash flows;
- notional land rental costs have been included for freehold land;
- the forest has been valued on a going concern basis and only includes the value of the existing crops on a single rotation basis;
- no allowance for inflation has been provided;
- costs are current average costs. No allowance has been made for cost improvements in future operations; and

- log prices are based on three-year historical rolling averages.

Financial risk management strategies

The 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 and group review 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 land on which the forest grows is in the process of being transferred from the Crown to the new Central North Island Iwi Collective. Council has the licence to continue managing the forest for the next thirty five years.

On these bases the Tokorangi Forest is valued at \$Nil (2007: \$Nil).

Notes to the financial statements **cont.**

Note 12: Other Financial Assets

				Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Non-current portion	% Holding	Shares Held	Land of incorporation				
<i>Investments carried at fair value through comprehensive income</i>							
Unlisted shares NZ Local Govt Insurance Corporation Ltd	1.4	87,953	New Zealand	268	265	268	265
Unlisted shares Waikato Local Authority Shared Services Ltd	7.7	1	New Zealand	269	269	269	269
Unlisted shares BOP Local Authority Shared Services Ltd	13	1	New Zealand	-	-	-	-
<i>Investments carried at cost less impairment losses</i>							
Unlisted shares Rotorua Regional Airport Limited	100	1,000	New Zealand	1,526	1,907	-	-
Total non-current portion				2,063	2,440	537	533
Total Other Financial Assets				2,063	2,440	537	533

Minor roundings to statement of financial position

Fair Value

Unlisted shares

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 Waikato 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.

The BOP LASS share investment comprises 1 ordinary share. The fair value of the BOP LASS, approximated using the net asset backing method, is \$(3,516.00).

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 \$1,526,000 as at 30 June 2010 (2009: \$(1,907,000)). The deficit for the 2010 financial year of \$(380,000) (2009 \$(125,000) deficit) is recognised in the statement of comprehensive income

Impairment

There were no impairment expenses or provisions for other financial assets. None of the financial assets are either past due or impaired.

Notes to the financial statements **cont.**

Note 13: Trade and Other Payables

	Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Trade payables	18,359	16,861	19,287	16,767
Other payables	831	834	831	834
Deposits and bonds	1,289	1,641	1,289	1,641
Rates, fees and grants received in advance	2,927	2,272	2,927	2,272
Accrued interest	2,036	1,709	2,036	1,709
Total Trade & Other Payables	25,442	23,317	26,370	23,223

Minor roundings to statement of financial position

Trade and other payables are non-interest bearing and normally settled on 30-day terms, therefore the carrying value of Trade & Other Payables approximates their fair value.

Note 14: Provisions

	Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Current Provisions are represented by:				
Weatherightness claims	490	-	490	-
Landfill aftercare provisions	20	60	20	60
Provision for refund of rates	13	353	13	353
Total current provisions	523	413	523	413
Non-current provisions are represented by:				
Landfill aftercare provision	1,785	1,459	1,785	1,459
Provision for refund of rates	80	56	80	56
Total non-current provisions	1,865	1,515	1,865	1,515

Minor roundings to statement of financial position

Notes to the financial statements **cont.**

Movements for each class of provision are as follows:

Council and group	Weather-tightness claims \$000	Landfill aftercare \$000's	Refund of rates \$000's	Financial Guarantees \$000
2009				
Balance at 1 July 2008	-	1,456	470	-
Additional provisions made during the year	-	-	-	-
Amounts used during the year	-	66	(60)	-
Discount unwinding (note 4)	-	(3)	-	-
Balance at 30 June 2009	-	1,519	410	-
2010				
Balance at 1 July 2009	-	1,519	410	-
Additional provisions made during the year	490	-	-	-
Amounts used during the year	-	-	(317)	-
Discount unwinding (note 4)	-	286	-	-
Balance at 30 June 2010	490	1,805	93	-

Minor roundings to statement of financial position

Weather-tightness claims

Five claims have been lodged with the Weathertight Homes Resolutions Service (WHRS) as at 30 June 2010 (2009 six). These claims relate to weathertightness issues of homes in the Rotorua area and name the Council as well as other parties. A provision for these claims has been established based on actuarial assessment of claims based on historical average claim levels and other information held. The Council has insurance in place that cover the provision recognised and has recognised a related receivable of \$100,000 (2009 \$nil) which is presented as part of debtors and other receivables in note 7.

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 730,000 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-eight years.
- Estimates of the life have been made by Rotorua District Council's engineers based on historical and projected volume information.

The cash outflows for landfill post-closure are expected to occur in about fifteen 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 7%.

Refund of rates

This provision primarily relates to historical land valuation objections yet to be settled.

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 (2009: \$Nil), as they are effectively offset via Council's conditions of the loan guarantees (see Note 20 Contingent Assets).

The face value of the total guarantees is \$206,807 (2009 \$224,406).

Notes to the financial statements **cont.**

Note 15: Employee Benefit Liabilities	Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Payroll payables	519	973	569	973
Accrued pay	632	535	632	535
Annual Leave	3,415	3,238	3,415	3,286
Long Service Leave	230	315	230	315
Retirement Gratuities	421	407	421	407
Sick Leave	121	81	121	81
Total Employee Benefit Liabilities	5,338	5,549	5,388	5,597
Comprising:				
Current	4,687	4,826	4,737	4,874
Non-current	651	722	651	722
Total Employee Benefit Liabilities	5,338	5,548	5,388	5,596

Minor roundings to statement of financial position

Notes to the financial statements **cont.**

Note 16: Borrowings	Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Current				
Registered debenture stock	5,000	4,000	5,000	4,000
Registered security stock	23,300	14,600	23,300	14,600
Total current borrowings	28,300	18,600	28,300	18,600
Non-current				
Registered debenture stock	86,500	71,500	86,500	71,500
Registered security stock	-	10,000	-	10,000
Derivative valuation	832	651	832	651
Total non-current borrowings	87,332	82,151	87,332	82,151
Total borrowings	115,632	100,751	115,632	100,751

Minor roundings to statement of financial position

Security

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.

Fair values of non-current borrowings

	Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Registered debenture stock	86,500	71,500	86,500	71,500
Registered security stock	-	10,651	-	10,651
Total	86,500	82,151	86,500	82,151

Minor roundings to statement of financial position

The fair values are based on cash flows discounted using a rate based on the borrowing rates ranging from 3.11% to 8.26%. (2009 3.04% to 8.26%)

The carrying amount of borrowings repayable within one year approximate their fair value, as the effect of discounting is not significant.

The weighted average effective interest rates on borrowings are 6.25% for 2010 (6.17% for 2009).

The Treasury Policy borrowing limits are:

(a) The gross interest expense of all borrowings will not exceed 15% of annual total revenue:

6.24% for 2009/2010 (6.06% for 2008/2009).

(b) Net cashflows from operating activities are to exceed gross annual interest expense by a multiple of at least two:

4.8 for 2009/2010 (5.4 for 2008/2009).

(c) Maximum debt not to exceed 20% of total assets:

11.80% for 2009/2010 (10.79% for 2008/2009).

(d) No more than \$60 million or 50% of existing external borrowing (whichever is greater) is subject to refinancing in any financial year:

Within limits for 2009/2010 (within limits for 2008/2009).

Notes to the financial statements **cont.**

Note 17: Equity

Retained Earnings	Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Opening Balance	805,484	781,994	805,484	781,994
Net Surplus	8,590	6,063	8,590	6,063
	814,074	788,057	814,074	788,057
<i>Movements:</i>				
Self Funding Reserves	5,964	8,169	5,964	8,169
Council Created Reserves	1,893	6,923	1,893	6,923
Restricted Reserves	(935)	2,335	(935)	2,335
Transfers from property revaluation reserves on disposal	816		816	
	7,738	17,427	7,738	17,427
Closing Balance	821,812	805,484	821,812	805,484

Minor roundings to statement of financial position

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.

2010	Opening Balance 01.07.09 \$000's	Movement during Year \$000's	Interest Earned/ Charged to 30.06.10 \$000's	Closing Balance 30.06.10 \$000's
Pensioner Housing	1,037	(7)	-	1,030
Events Centre	(4,204)	136	(254)	(4,322)
Airport	(42,574)	(5,550)	(2,916)	(51,040)
Wastewater	8,748	2,710	576	12,034
Eastern Sewerage Scheme	(2,040)	4,013	(58)	1,915
Rural Waste Water	233	(2,118)	(18)	(1,903)
Landfill	(3,202)	(1,199)	(214)	(4,615)
Water	(1,923)	(766)	(131)	(2,820)
Refuse Collection	295	(183)	15	127
Total Self Funding Reserves	(43,630)	(2,964)	(3,000)	(49,593)

Minor roundings to statement of financial position

2009	Opening Balance 01.07.08 \$000's	Movement during Year \$000's	Interest Earned/ Charged to 30.06.09 \$000's	Closing Balance 30.06.09 \$000's
Pensioner Housing	1,157	(69)	(52)	1,037
Events Centre	(4,039)	114	(279)	(4,204)
Airport	(27,613)	(14,961)	-	(42,574)
Wastewater	5,977	2,273	498	8,748
Eastern Sewerage Scheme	(7,462)	5,743	(321)	(2,040)
Rural Waste Water	(262)	496	(1)	233
Landfill	(2,732)	(269)	(201)	(3,202)
Water	(790)	(1,041)	(92)	(1,923)
Refuse Collection	302	(27)	20	295
Total Self Funding Reserves	(35,462)	(7,741)	(428)	(43,629)

Minor roundings to statement of financial position

Notes to the financial statements **cont.**

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.

2010	Opening Balance 01.07.09 \$000's	Movement during Year \$000's	Interest Earned/ Charged to 30.06.10	Closing Balance 30.06.10 \$000's
Reporoa Domain	20	6	1	27
Waikite Domain	17	-	1	19
Development Contributions				
Roading	460	199	32	690
Public Amenities	(6,102)	55	(381)	(6,427)
Land Drainage and Stormwater	54	7	-	61
Parks and Reserves	(1,016)	(142)	(67)	(1,225)
Water	(1,578)	(593)	(105)	(2,276)
Waste Water	(1,292)	(813)	(102)	(2,206)
Total Council Created Reserves	(9,437)	(1,281)	(621)	(11,337)

Minor roundings to statement of financial position

Development Contribution Reserves have a negative balance due to collections only starting in 2007 and some projects will collect contributions over 25 years or more.

2009	Opening Balance 01.07.08 \$000's	Movement during Year \$000's	Interest Earned/ Charged to 30.06.09	Closing Balance 30.06.09 \$000's
Reporoa Domain	13	6	1	20
Waikite Domain	14	2	1	17
Development Contributions				
Roading	210	227	23	460
Public Amenities	(1,428)	(4,419)	(255)	(6,102)
Land Drainage and Stormwater	25	26	3	54
Parks and Reserves	(945)	(83)	12	(1,016)
Water	(187)	(1,333)	(59)	(1,578)
Waste Water	(217)	(1,106)	31	(1,292)
Total Council Created Reserves	(2,514)	(6,680)	(243)	(9,437)

Minor roundings to statement of financial position

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.

2010	Opening Balance 01.07.09 \$000's	Movement during Year \$000's	Interest Earned/ Charged to 30.06.10	Closing Balance 30.06.10 \$000's
Reserves Development	939	846	83	1,868
Creative NZ Reserve	16	5	1	22
Total Restricted Reserves	955	851	84	1,891

Minor roundings to statement of financial position

2009	Opening Balance 01.07.08 \$000's	Movement during Year \$000's	Interest Earned/ Charged to 30.06.09	Closing Balance 30.06.09 \$000's
Reserves Development	2,401	(1,575)	113	939
Creative NZ Reserve	32	(17)	2	16
Library Bequest	343	(343)	-	-
Property Development	515	(515)	-	-
Total Restricted Reserves	3,292	(2,450)	115	955

Minor roundings to statement of financial position

Notes to the financial statements **cont.**

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.

Cashflow Hedge Reserve

	Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Opening Balance	(420)	230	(420)	230
Valuations gains / (losses) taken to equity	4	1	-	1
Derivatives included in Borrowings	180	(650)	184	(650)
Closing Balance	(236)	(420)	(236)	(420)

Minor roundings to statement of financial position

Asset Revaluation Reserves

	2010 Asset Revaluation Reserve for each asset class consist of:				2009 Asset Revaluation Reserve for each asset class consist of		
	Opening Balance 01.07.09 \$000's	Transfer to Accumulated Funds on disposal of Property	Revaluation gains / (losses) during year \$000's	Closing Balance 30.06.10 \$000's	Opening Balance 01.07.08 \$000's	Revaluation gains / (losses) during year \$000's	Closing Balance 30.06.09 \$000's
Consists of:							
Buildings	7,270	(52)	9,403	16,621	7,309	(39)	7,270
Footpaths	587		-	587	-	587	587
Land	12,253	(124)	2,244	14,374	12,256	(3)	12,253
Landfill	535		-	535	-	535	535
Library	130	(22)		108	-	130	130
Parks and Reserves	2,161	(3)		2,158	-	2,161	2,161
Roading	4,900		(2,595)	2,305	-	4,900	4,900
Stormwater	4,216		-	4,216	-	4,216	4,216
Street Items	1,000		-	1,000	-	1,000	1,000
Waste Management	24		-	24	-	24	24
Plant & Reticulation	10,687		-	10,687	-	10,687	10,687
Water Works	5,064	(616)	16,115	20,563	5,084	(20)	5,064
Total Asset Revaluation Reserves	48,827	(816)	25,166	73,177	24,649	24,178	48,827

Minor roundings to statement of financial position

Notes to the financial statements **cont.**

Note 18: Reconciliation of net surplus/(deficit) to after tax to net cash flow from operating activities

	Council 2010 \$000	Council 2009 \$000	Group 2010 \$000	Group 2009 \$000
Surplus/(deficit) after tax	8,590	6,063	8,590	6,063
Add/(less) non-cash items:				
Depreciation Property, Plant and Equipment	23,330	22,443	23,480	22,570
Depreciation Intangible Assets	1,059	763	1,059	764
Impairment charges accounts receivable	117	405	117	405
Vested assets and assets recognised for first time	(8,382)	(793)	(8,382)	(793)
(Gains)/losses in fair value of biological assets	152	(54)	152	(54)
Change in Revaluation through Profit and Loss	4,657	1,616	4,657	1,616
Add/(less) items classified as investing or financing activities:				
(Gains)/losses on disposal of Property, Plant and Equipment	485	1,240	485	1,240
Reversal impairment loss RRAL	380	125	-	-
Fair value decrease (increase) LASS	(3)	(87)	(3)	(87)
Fair Value decrease (increase) interest swap	361	-	361	-
Movement PPE	1,852	(370)	1,855	(358)
Add/(less) movements in working capital items:				
Accounts receivable	(1,397)	(599)	(1,236)	131
Inventories	(140)	63	(140)	63
Accounts payable	2,125	2,944	3,628	1,691
Provision for taxation	-	-	28	27
Provisions	460	2	460	2
Employee Benefits	(210)	565	(208)	582
Net cash inflow/(outflow) from operating activities	33,436	34,326	34,903	33,862

Minor roundings to statement of financial position

Notes to the financial statements **cont.**

Note 19: Capital Commitments and Operating Leases

	Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Council is committed to the following capital contracts				
Recreation and Community Services	7,144	10,788	7,144	10,788
Works and Engineering Services	23,440	21,640	23,440	21,640
Support Services	233	830	233	830
Airport	3,474	758	3,474	758
Total Capital Commitments	34,291	34,016	34,291	34,016

Minor roundings to statement of financial position

Operating leases as lessee

The Council and group leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows.

	Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Not later than one year	240	168	240	168
Later than one year and not later than two years	89	120	89	120
Later than two years and not later than five years	240	345	240	345
Later than five years	502	273	502	273
Total non-cancellable operating lease commitments as lessee	1,071	906	1,071	906
Total Commitments	35,362	34,922	35,362	34,922

Minor roundings to statement of financial position

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$Nil (2009: \$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.

Operating leases as lessor

The Council leases buildings, land, various parks, reserve land and commercial premises under operating leases. The majority of these leases that have a non-cancellable term of 72 months. The future aggregate minimum lease payments to be collected under non-cancellable operating lessors are as follows:

	Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Not later than one year	2,566	2,105	1,679	1,087
Later than one year and not later than two years	2,262	1,472	1,375	454
Later than two years and not later than five years	6,367	3,727	4,593	673
Later than five years	5,126	13,905	5,126	7,797
Total non-cancellable operating lease commitments as lessor	16,321	21,209	12,773	10,011

Minor roundings to statement of financial position

No contingent rents have been recognised during the period.

Notes to the financial statements **cont.**

Note 20: Contingencies

Contingent Liabilities	Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Financial Guarantees				
Guarantees to community and sporting groups	207	224	207	224
Borrowings				
Performance bond BNZ on behalf of Tourism Rotorua	235	235	235	235
Borrowing - Housing New Zealand Corporation suspensory loan	1,532	1,567	1,532	1,567
Other legal proceedings				
The Group's effective exposure to legal claims	130	405	130	405
Total Contingent Liabilities	2,104	2,431	2,104	2,431

Minor roundings to statement of financial position

Financial 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 14 Provisions for information on recognised financial guarantees, and Contingent assets (below) on the effect of Council's underwriting conditions on all financial guarantees.

Borrowings

The Housing New Zealand suspensory loan has been spent on specific social housing projects in accordance with the loan agreement. The Council is not required to repay the 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 five legal claims (2009 seven), amounting to \$240,000 (2009 \$770,000). 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, Councils Indemnity Insurance Policy will cover the liability. The Councils maximum exposure per claim is an insurance excess ranging from \$10,000 to \$50,000. There are possible legal claims, relating to a subdivision, a variation of a lease, and a leaky building claim not yet notified to Weathertight Homes Resolution Services (WHRS), however no formal claims have been made to date.

Unquantified claims

As disclosed in note 14, a provision of \$490,000 (2009 \$Nil) has been recognised for weathertightness claims whereby the Council has received notice of the claim.

limitation period expires. The amount of potential future claims are not able to be reliably measured and is therefore unquantifiable. Claims must be made within 10 years of construction or alteration of the dwelling in order for the claim to be eligible under the Weathertight Homes Resolution Services (WHRS) Act 2006, but other statutory limitation periods could also affect claims.

RiskPool provides public liability and professional indemnity for its members. As at 30 June 2010 Council was a member of RiskPool. The Trust Deed of Risk Pool provides that, if there is a shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any Fund year, then the Board may make a call on members for that fund year. The Council received a notice during 2009 for a call for additional contributions in respect of the 2002/03 and 2003/04 Fund years as those funds are exhibiting deficits due to the "leaky building" issue. This notice also highlighted that it is possible that further calls could be made in the future. A liability will be recognised for the future calls when there is more certainty over the amount of the calls.

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 2010 the Scheme had a past service surplus of \$15.3 million (5.7% 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 1.0 times contributors contributions. The 1.0 is inclusive of Specified Superannuation Contribution Withholding Tax.

Notes to the financial statements cont.

	Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Rotorua Badminton Club Incorporated	63	71	63	71
Whakarewarewa Rugby Community Sports Incorporated	33	36	33	36
Rotorua Hockey Trust & BOP Hockey Association	229	255	229	255
Total	325	362	325	362

Minor roundings to statement of financial position

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 2010 there are four facilities which have a book value of \$325,000 (2009: \$362,000).

	Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Reporoa College	70	80	70	80
Western Heights High School	150	190	150	190
Rotorua Girls High School	120	150	120	150
Rotorua Rail Trust	4	5	4	5
Kaharoa Primary School	60	70	60	70
Lynmore Primary School	16	20	16	20
St Chads	66	79	66	79
John Paul College	195	-	195	-
Total	681	594	681	594
Total Contingent Assets	1,006	956	1,006	956

Minor roundings to statement of financial position

Suspensory Loans

The Council operates a scheme whereby community & educational organisations are able to apply for suspensory loans through Council's Community Asset Community 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 instalment 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 2010 there were eight facilities having a face value of \$681,000 (2009: \$594,000) outstanding.

Notes to the financial statements **cont.**

Note 21: Related Party Transactions

The Council is the ultimate parent of the group and controls one entity Rotorua Regional Airport Ltd.

Related Party transactions with subsidiaries, associates, or joint ventures

Rotorua Regional Airport Ltd	2010 \$000	2009 \$000
Interest Paid to the Council	9	-
Services provided by the Council		
▪ Land & Water Rates	59	34
▪ Rent	385	676
▪ Development Levy	445	431
Loans payable to the Council	420	-
Accounts Payable to the council	652	338
Accounts Receivable from the Council	243	-
Directors remuneration including non-monetary benefits paid to RDC Councillors		
▪ Councillor Martin	11	11
▪ Councillor McVicker	11	11

Minor roundings to statement of financial position

Transactions with key management personnel

Key management personnel compensation	Council 2010 \$000's	Council 2009 \$000's
Salaries and other short term employee benefits	1,068	1,291
Other long-term benefits	50	47
Councillors Salaries	561	551
Total Council Key Remuneration	1,679	1,889

Minor roundings to statement of financial position

Key Management Personnel comprises the Mayor, Councillors, Chief Executive, and Directors of Council's Activity Groups.

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 etc).

During the year, the Council purchased goods and services from Clean Green City Maintenance 2010:\$1,334,473 (2009:\$1,283,541) and Gardeners Landscape Supplies 2010:\$772 (2009:\$1,208), businesses owned by Councillor Bentley and her husband.

During the year, the Council purchased goods and services from Putt Putt (Rotorua) Ltd, a business owned by Council Mc Vicker. 2010 \$450.00 (2009:\$800).

During the year Chief Executive Peter Guerin was Director on the Bay of Plenty LASS in which RDC granted \$36,687 (2009 \$15,961), outstanding amount payable 30 June 2010 \$262,756 (2009 \$0). A subsidiary of Bay of Plenty LASS – Bay Broadband Ltd was granted \$0 in 2010 (2009:\$2,475).

Peter Guerin was also a Director on the Waikato LASS in which payments amounting to \$59,226 (2009:\$72,675) were paid towards costs of the shared valuation database.

There are close family members of key management personnel employed by the Rotorua District Council. The terms and conditions of those arrangements are no more favourable than Rotorua District Council would have adopted if there were no relationship to key management personnel.

No provision has been required, nor any expense recognised for impairment of receivables, for any loans or other receivables to related parties (\$nil 2008/09).

Notes to the financial statements **cont.**

Note 22: Agency Relationships

The following are agency relationships where Council is involved in administering expenditure and revenue on behalf of other organisations.

These agency transactions have not been included in Council's current year operating results. Council has, however, included in its Statement of Cashflow the net movement in agency debtors and creditors, and included within the Statement of Financial Position the Council's asset or liability in relation to the agencies. 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 2010:	Council 2010 \$000's	Percentage	Council 2009 \$000's	Percentage
Kawerau District Council	61	2.4%	65	2.6%
Opotiki District Council	66	2.6%	65	2.6%
Rotorua District Council	596	23.5%	590	23.4%
Taupo District Council	372	14.7%	374	14.8%
Tauranga City Council	790	31.2%	789	31.3%
Western BOP District Council	383	15.1%	385	15.3%
Whakatane District Council	264	10.4%	252	10.0%
Total Tax Distributable to Councils	2,532	100.0%	2,520	100.0%

State Highways Administration	Council 2010 \$000's	Council 2009 \$000's
Expenditure on State Highways Roding Network (Reimbursed from Land Transport New Zealand & Whakatane District Council)	22,576	15,475

Regional Council Rates	Council 2010 \$000's	Council 2009 \$000's
Rates were collected on behalf of the following Regional Authorities: Bay of Plenty Regional Council	6,271	5,512
	6,271	5,512

Minor roundings to statement of financial position

Notes to the financial statements **cont.**

Note 23: 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 2010 was \$319,262 (\$325,144 2008/2009).

	Council 2010 \$	Council 2009 \$	Group 2010 \$	Group 2009 \$
<i>Chief Executive's Remuneration</i>				
Salary Chief Executive	290,210	291,283	290,210	291,283
Vehicle Chief Executive (incl FBT)	14,269	19,170	14,269	19,170
	304,479	310,453	304,479	310,453
<i>Other Benefits</i>				
Professional Association Fees Chief Executive	273	493	273	493
Telephone and Sundries Chief Executive	-	114	-	114
Superannuation	14,510	14,084	14,510	14,084
	14,783	14,691	14,783	14,691
Total Remuneration	319,262	325,144	319,262	325,144

Minor roundings to statement of financial position

Notes to the financial statements **cont.**

Elected Representatives

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 \$559,436 (2008/2009 \$566,694).

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.

Severance Payments

For the year ended 30 June 2010, the Council made two severance payments to employees totalling \$24,103.00 (2009 \$nil).

The value of each of the severance payments was \$6,103.00 and \$18,000.00.

	Honoraria 2010 \$	Hearing Fees 2010 \$	TOTAL 2010 \$	TOTAL 2009 \$
<i>Councillors' Remuneration</i>				
Bentley M	36,384	816	37,200	37,540
Calnan J	36,384	-	36,384	35,840
Donaldson D	36,384	-	36,384	35,840
Hunt K	36,384	-	36,384	35,840
Kenny G	36,384	2,601	38,985	38,220
Martin R W *	36,384	1,020	37,404	37,680
Maxwell T H	47,352	-	47,352	46,644
McVicker M *	36,384	-	36,384	35,840
Searancke G P	41,938	2,176	44,114	45,938
Sturt C W	41,938	204	42,142	41,310
Waaka M T R	41,938	3,978	45,916	45,696
Wepa J G	36,384	2,448	38,832	37,064
Winters K (Mayor)	95,198	-	95,198	93,242
	559,436	13,243	572,679	566,694

Minor roundings to statement of financial position

Cr Martin and Cr McVicker also earned directors' fees as directors of the Rotorua Regional Airport Ltd, of \$11,000 (\$11,000 2009) and \$11,000 (\$11,000 2009) respectively.

Notes to the financial statements **cont.**

Note 24: Events After Balance Date

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

Note 25: Financial Instruments

Note 25A: Financial Instrument Categories

The accounting policies for financial instruments have been applied to the line items below:

	Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
FINANCIAL ASSETS				
Loans and receivables				
Total cash and cash equivalents (including short term deposits 3mths or less)	2,002	1,750	3,856	2,403
Debtors and other receivables (including community loans)	17,199	15,489	16,838	15,809
<i>Total loans and receivables</i>	19,201	17,239	20,694	18,212
Fair value through other comprehensive income				
Unlisted shares	537	533	537	533
<i>Total fair value through other comprehensive income</i>	537	533	537	533

Minor roundings to statement of financial position

Notes to the financial statements **cont.**

Note 25A: Financial Instrument Categories **cont.**

	Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
FINANCIAL LIABILITIES				
Fair value through surplus or deficit- held for trading				
Registered debenture stock that are hedge accounted				
Registered debenture stock	35,832	35,651	35,832	35,651
Financial liabilities at amortised cost				
Creditors and other payables	25,442	23,317	26,370	23,223
Borrowings:				
Registered debenture stock	56,500	40,500	56,500	40,500
Registered security stock	23,300	24,600	23,300	24,600
<i>Total financial liabilities at amortised cost</i>	141,074	124,068	142,002	123,974

Minor roundings to statement of financial position

Note 25B: Fair Value Hierarchy Disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets
- Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable

Notes to the financial statements **cont.**

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

	Total \$000's	Quoted market price \$000's	Valuation technique Observable inputs \$000's	Significant non- observable inputs \$000's
30 June 2010 Council				
Financial Assets				
Shares	537	-	-	537
Financial Liabilities				
Registered debenture stock	35,832	-	35,832	-
30 June 2010 - Group				
Financial Assets				
Shares	537	-	-	537
Financial Liabilities				
Registered debenture stock	35,832	-	35,832	-
30 June 2009 Council				
Financial Assets				
Shares	533	-	-	533
Financial Liabilities				
Registered debenture stock	35,651	-	35,651	-
30 June 2009 - Group				
Financial Assets				
Shares	533	-	-	533
Financial Liabilities				
Registered debenture stock	35,651	-	35,651	-

Minor roundings to statement of financial position

Notes to the financial statements cont.

There were no transfers between the different levels of the fair value hierarchy.

Valuation techniques with significant non-observable inputs (level 3)

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

	2010	2009
Balances at 1 July	(650)	-
Gains and losses recognised in other comprehensive income	184	(650)
Balance at 30 June	(466)	(650)

Minor roundings to statement of financial position

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

Notes to the financial statements **cont.**

Note 25C: Financial Instrument Risks

Council has a series of policies to manage the risk associated with financial instruments and is risk averse and seeks to minimise exposure from its treasury activities. The Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Price risk

Price risk is the risk that the 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 purchases plant and equipment associated with the construction of certain infrastructural assets from overseas, which require it to enter into transactions denominated in foreign currencies. As a result of these activities, exposure to currency risk arises.

Interest rate risk

The interest rate risk comprises:

- Fair value interest rate risk: the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings issued at fixed rates expose the Council 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 Fixed Rate Exposure	Maximum 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 12 provides information on term deposits interest rates and maturity profile.

Note 16 provides information on term loan interest rates and maturity profile.

As at 30 June 2009 the Council has four interest rate risk management instruments in place.

Notes to the financial statements **cont.**

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.

Maximum exposure to credit risk

Rotorua District Council's maximum credit exposure for each class of financial instrument is as follows:

	Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
Cash at Bank and term deposits	2,002	1,750	3,856	2,403
Debtors and other receivables	16,746	15,467	16,805	15,787
Community and related party loans	32	22	32	22
Airport loan	420	-	-	-
Unlisted shares	2,063	2,440	537	533
Financial guarantees	325	362	325	362
Total credit risk	21,588	20,041	21,555	19,107

Minor roundings to statement of financial position

Notes to the financial statements **cont.**

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

		Council 2010 \$000's	Council 2009 \$000's	Group 2010 \$000's	Group 2009 \$000's
COUNTERPARTIES WITH CREDIT RATINGS					
Cash at Bank and term deposits	AA	2,002	1,750	3,856	2,403
<i>Total cash at bank and term deposits</i>		2,002	1,750	3,856	2,403
COUNTERPARTIES WITHOUT CREDIT RATINGS					
Unlisted Shares		2,063	2,440	537	533
<i>Total Unlisted Shares</i>		2,063	2,440	537	533
Community and related party loans					
Existing counterparty with no defaults in the past		32	22	32	22
Related Party Loan – RRAL		420	-	-	-
<i>Total Community and related party loans</i>		452	22	32	22

Minor roundings to statement of financial position

Debtors and other receivables mainly arise from Council's statutory function. Therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The Council has no significant concentrations of credit risk with respect to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that 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.

In meeting its liquidity requirements, the Council maintains a target level of investments that must mature within the next 12 months. 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.

Rotorua District Council has a maximum amount that can be drawn down against its bank facility of \$60,000,000 (2009: \$60,000,000). There are no restrictions on the use of this facility.

Notes to the financial statements **cont.**

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses the Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt is based on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Carrying Amount \$000's	Contractual Cash flows \$000's	Less than 1 year \$000's	1 - 2 years \$000's	2 - 5 years \$000's	More than 5 years \$000's
Council 2010						
Creditors and payables	25,442	25,442	25,442	-	-	-
Registered debenture stock	35,832	39,288	11,892	11,747	15,649	-
Debentures	79,800	99,972	22,497	7,504	32,653	37,318
Financial guarantees	207	311	36	36	88	151
Total	141,281	165,013	59,867	19,287	48,390	37,469
Group 2010						
Creditors and payables	26,370	26,370	26,370	-	-	-
Registered debenture stock	35,832	39,288	11,892	11,747	15,649	-
Debentures	79,800	99,972	22,497	7,504	32,653	37,318
Financial guarantees	207	311	36	36	88	151
Total	142,209	165,941	60,795	19,287	48,390	37,469
Council 2009						
Creditors and payables	23,317	23,317	23,317	-	-	-
Registered debenture stock	35,651	41,924	2,264	12,264	27,396	-
Debentures	65,100	83,603	22,000	7,882	14,032	39,689
Financial guarantees	224	347	36	36	96	179
Total	124,292	149,191	47,617	20,182	41,524	39,868
Group 2009						
Creditors and payables	23,223	23,223	23,223	-	-	-
Registered debenture stock	35,651	41,924	2,264	12,264	27,396	-
Debentures	65,100	83,603	22,000	7,882	14,032	39,689
Financial guarantees	224	347	36	36	96	179
Total	124,198	149,097	47,523	20,182	41,524	39,868

Minor roundings to statement of financial position

Notes to the financial statements **cont.**

Contractual maturity analysis of financial assets

The table below analyses the Council's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying Amount \$000's	Contractual Cash flows \$000's	Less than 1 year \$000's	1 - 2 years \$000's	2 - 5 years \$000's	More than 5 years \$000's
Council 2010						
Total cash and cash equivalents (including short term deposits 3mths or less)	2,002	2,002	2,002	-	-	-
Debtors and other receivables (including community loans \$27,000)	16,778	16,778	16,778	-	-	-
Related Party Loan RRAL	420	601	26	26	78	471
Other financial assets - unlisted shares	2,063	2,063	2,063	-	-	-
Total	21,263	21,444	20,869	26	78	471
Group 2010						
Total cash and cash equivalents (including short term deposits 3mths or less)	3,856	3,856	3,856	-	-	-
Debtors and other receivables (including community loans \$27,000)	16,837	16,837	16,837	-	-	-
Other financial assets - unlisted shares	537	537	537	-	-	-
Total	21,230	21,230	21,230	0	0	0
Council 2009						
Total cash and cash equivalents (including short term deposits 3mths or less)	1,750	1,750	1,750	-	-	-
Debtors and other receivables (including community loans \$27,000)	15,489	15,489	15,489	-	-	-
Other financial assets - unlisted shares	2,440	2,440	2,440	-	-	-
Total	19,679	19,679	19,679	0	0	0
Group 2009						
Total cash and cash equivalents (including short term deposits 3mths or less)	2,403	2,403	2,403	-	-	-
Debtors and other receivables (including community loans \$27,000)	15,809	15,809	15,809	-	-	-
Other financial assets - unlisted shares	533	533	533	-	-	-
Total	18,745	18,745	18,745	0	0	0

Minor roundings to statement of financial position

Notes to the financial statements cont.

Sensitivity analysis

The following table illustrates the potential profit and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on Council and group's financial instrument exposures at the balance date.

COUNCIL	2010 \$000				2009 \$000			
	-100bps Other		+100bps Other		-100bps Other		+100bps Other	
	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	(20)	-	20	-	(18)	-	18	-
Other financial assets:								
- Current loan – Rotorua Regional Airport Ltd	(4)	-	4	-	-	-	-	-
Financial liabilities								
Derivatives - hedge accounted	357	(650)	-	275	(366)	(607)	-	938
Borrowings:								
- term loans	798	-	(798)	-	651	-	(651)	-
Total sensitivity to interest rate risk	1,131	(650)	(774)	275	267	(607)	(633)	938
GROUP								
	2010 \$000				2009 \$000			
	-100bps Other		+100bps Other		-100bps Other		+100bps Other	
	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	(39)	-	39	-	(24)	-	24	0
Other financial assets:								
- Current loan – Rotorua Regional Airport Ltd	-	-	-	-	-	-	-	-
Financial liabilities								
Derivatives - hedge accounted	357	(650)	-	275	(366)	(607)	-	938
Borrowings:								
- term loans	798	-	(798)	-	651	-	(651)	-
Total sensitivity to interest rate risk	1,116	(650)	(759)	275	261	(607)	(627)	938

Minor roundings to statement of financial position

Notes to the financial statements **cont.**

Derivatives Hedge Accounted

Financial Liabilities

Derivative financial assets hedge accounted includes four interest rate swaps with a fair value totalling \$35,832,000 (2009 \$35,651,000).

A movement in interest rates of plus 100bps has an effect on realised receipts/(payments) on the cashflow hedge interest swap during the period of \$275,000 through equity. A movement in interest rates of minus 100bps has an effect on realised receipts/(payments) on the cashflow hedge interest swap during the period of \$357,000 effect on profit and \$650,000 effect on equity (2009 \$366,000 and \$607,000 respectively). There is no profit or loss sensitivity on fair value hedge as the hedges are 100% effective.

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis point (bps) movement. For example, a decrease in 50bps is equivalent to a decrease in interest rates of 0.5%.

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -50b[ps]/+100bps (2009 -100bps/+100bps).

Explanation of foreign exchange risk sensitivity

The foreign exchange sensitivity is based on a reasonable possible movement in foreign exchange rates, with all other variables held constant, measured as a percentage movement in the foreign exchange rate.

The sensitivity fore derivatives (forward foreign exchange contracts) has been calculated using a derivative valuation model based on movement in forward exchange rates of -10%/+10% (2009 -10%/+10%).

Explanation of other price risk sensitivity

The sensitivity for listed shares has been calculated based on a -10%/+10% (2009-10%/+10%) movement in the quoted bid share price at year end for the listed shares.

Notes to the financial statements **cont.**

Note 26: 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 2009-2019.

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 27: Explanation of Major Variances Against Budget

Explanations for major variances from the Council's budget figures in the 2009-2019 Long Term Council Community Plan are as follows:

Significant variances in actual transactions from the Annual Plan have been detailed in the Cost of Service Statements. Below are the explanations for major variances from the Council's 2009-2019 Long Term Council Community Plan that are not included in the Cost of Service Statements.

Statement of Financial Position

Borrowings are \$22.7 million lower than budget, primarily due to capital expenditure being \$23 million lower than planned. Key areas were water, waste water, Grow Rotorua Fund, airport and land drainage.

Trade and other payables is \$6 million above budget and \$2 million higher than last year. The final balance for outstanding payables is strongly influenced by the level of activity of capital expenditure in the last month of the year. Council has historically spread the budget evenly across the year, not allowing for the significant activity that happens at the end of the financial year. Therefore the key reason for the variance to budget is timing of the budget versus the timing of the actual capital spend.


Cash and Cash Equivalents is \$2 million lower than budget and \$0.3 million higher than last year. This too is a timing difference due to the budget being spread evenly over the year.

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