

Annual Report

2014/15



ROTORUA
LAKES COUNCIL
Te kaunihera o ngā roto o Rotorua

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Mihi

Tena koutou katoa

Ko tatou tenei e kaha nei ki te tiaki i nga taonga tuku iho e whakapakari hoki nei tatou ki te whakakapi i nga whawharua o te hunga kua memeha atu kite po kia ora huihui tatou katoa.

Ko te purongo e whai ake nei, he whakaatu ake i nga huarahi e whaiwhai tonutia ana e te Kaunihera a rohe o Rotorua ki te whakatutuki i ana kaupapa here me nga tirohanga whakamua kia eke ai ki tona puawaitanga hei oranga mo te rohe whanui.

Ko ta tenei purongo ko te whakaatu hoki i nga wahanga kua tutuki i roto i te tau me nga whainganga take kei mua i te aroaro o te Kaunihera.

‘Ma te mahi tahi tatou e tutuki ai a tatou wawata’

Tena koutou katoa

Greetings

To you the guardians of our lands, lakes, arts, crafts and culture. We protect these as treasures for the up and coming generations. We hold fast to the teachings of our forefathers, we guide our young also to protect these treasures as we strive for excellence in bond and friendship. The following report shows that Rotorua Lakes Council is continuing on the journey to achieve council’s strategic vision and goals for the long term betterment of our community.

The annual report shows both Rotorua Lakes Council’s achievements for the year and the strategic issues that continue to face the community in the future.

‘Unity and working together, we will succeed’.

Greetings





Message from the mayor

***E nga iwi puta noa i to tatau rohe o Rotorua
Tena koutou katoa***

Tatau tatau – we together. This has been the over-arching theme of Rotorua Lakes Council’s work programme for the 2014/15 year.

Community and Council working closely together in genuine partnerships has been the basis of the planning we have undertaken, the services we have delivered, the projects we have embarked on and the changes we have made. The collaboration has generated innovative community-driven solutions to how we deliver many of our services and facilities and enabled us to collectively resolve challenges as they arise.

Building genuine sustainable partnerships was a key commitment we made following the last election. So I am not only proud of the way our the community has come on board and shared our vision for the future, but also of our organisation’s vastly improved performance as a result.

That shared vision is ‘Rotorua 2030’ and it is being transformed into a strong platform for growth. It embraces a set of bold long-term goals and a number of challenging and progressive shorter term priorities for achievement by the end of 2016. This work is reflected in a series of ‘portfolios,’ each chaired by a councillor but driven by the collective power of our community. And these portfolios are already taking impressive steps forward.

Elsewhere in our Annual Report we detail reporting of significant progress towards our 2016 priorities and our longer term goals. However, in general, I can report that Rotorua is showing very promising indicators of growth, including new building projects underway, an upturn in commercial building consent applications, visitor statistics outstripping national tourism trends, new spa related developments, a reversal in net migration and encouraging levels of optimism about our future prospects.

The Māori economy is proving to be an increasingly significant component of our growth and is poised to play a more significant part in our success in the years ahead. I am therefore particularly proud of the conversation we had during the year with our wider community to find a better model that would support a more honest and meaningful partnership with iwi. In the end a uniquely Rotorua solution to a Rotorua issue was identified and, while this was



challenging for many people, I am confident the democratic decisions we have taken to give effect to our legislative obligations will prove beneficial to our whole community.

Of course, there remain many challenges ahead of us and these are the subject of the new Long-term Plan (2015-2025) which we developed during the year after consulting widely with our community and listening to residents' views on priorities. These challenges include returning the council to a financially stable and robust situation, future-proofing wastewater disposal arrangements, developing a sustainable waste strategy and upgrading community infrastructure.

Meeting those challenges meant we had to bite the bullet and signal a one-off higher than previously anticipated increase in rates for 2015/16 - a decision not taken lightly but one which should allow the council to hold rates rises to around inflation levels in coming years.

This year has been an important part of a journey which, if we remain steadfast and hold our nerve, can lead to a positive and prosperous destination.

I am grateful for the commitment and cooperation of our councillors. They have shown a capacity for forward-thinking and a preparedness to make the tough calls required to get the council and Rotorua back on track. I also commend the work of management and staff of the organisation who have embraced a programme of major change and, on a daily basis, demonstrate the professionalism and determination needed to bring our shared Rotorua 2030 vision to life.

Finally, I extend my sincere appreciation to the residents of Rotorua and our partners who have engaged with us in growing numbers during the year, and have shared their views, ideas and aspirations. Many have shown a willingness to join our hikoi towards a better Rotorua.

*Ma te mahi tahi, ma te noho tahi, ma teheare tahi
Ka tutuki nga whakakitenga, ka puawai nga moemoea
Ka tutuki te korere*

Tatau Tatau – we together.



Hon Steve Chadwick JP
Rotorua Mayor





Message from the chief executive

Kia ora

This Rotorua Lakes Council 2014/15 Annual Report is my second one for the council and it covers a period of major change implementation across our organisation.

It is the first since a thorough review of council's finances and the introduction of a new financial framework.

I am pleased to report that it reveals Rotorua Lakes Council to be back on track to become the highly performing and effective organisation it needs to be to play a lead role in crafting a positive future for our community.

Organisationally we are in a much better position than what was presented in our last annual report because we are on budget.

At a cash level we have spent what we signalled we would spend. We have not borrowed more than we projected we would. Council ended the year \$5.9 million better off in that we planned to borrow \$4.2 million but instead had \$1.7 million surplus funds of which we used \$1.2 million to repay debt. We have kept \$500,000 more cash on hand than the previous year. This cash result is reflective of our real operating result.

The 2014/15 year has effectively been the first year of a new organisational structure, with many changes in personnel and changed responsibilities for most employees. This followed a major review to realign our operational arm to match the goals and priorities of our Rotorua 2030 vision.

The team I lead is now settled into its new roles and functions and staff embraced our new direction and the changed ways of doing things.

We are now more nimble, more responsive, more flexible and more solutions-driven, and we are very focussed on meeting the challenges that the mayor and councillors have set us, in partnership with our community.

A key change in the way we operate has been providing more opportunities for meaningful community engagement and community participation in decisions, projects and work programmes. This has resulted in more ideas and innovations, community driven solutions and resources being made available to complement those provided by the council.



The raft of improvements that has been implemented to revitalise our inner city is an obvious case in point. This work is an ongoing partnership with retailers, businesses and other organisations, and the collaborative effort is producing real results.

Similarly, we listened to community views about the proposed Victoria Street Arterial and agreed to cancel that designation and work with our partners to seek better and more affordable ways of future-proofing transport movement through our city.

A massive effort went into engaging with the community when we set out to identify a new partnership model for the council and Te Arawa. This programme was at times marked by unfortunate attacks from a small but vocal group of people, so I was particularly proud of the constraint and professionalism of our staff throughout the process.

Again, through comprehensive community engagement, we have built another new and sustainable partnership that acknowledges the vital role iwi have in the future growth of Rotorua.

Our District Plan is nearing finalisation after many years under development, with only the final appeals phase yet to be completed. This plan will guide land use in our district for the foreseeable future. A hallmark of the plan is the extensive community engagement that has taken place during its development. As a result it will be a plan that promotes suitable development rather than acts as a barrier to such opportunities for growth.

I am confident that Rotorua Lakes Council is now well positioned to meet the needs and aspirations of the future.

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



Geoff Williams
Chief Executive





Your council

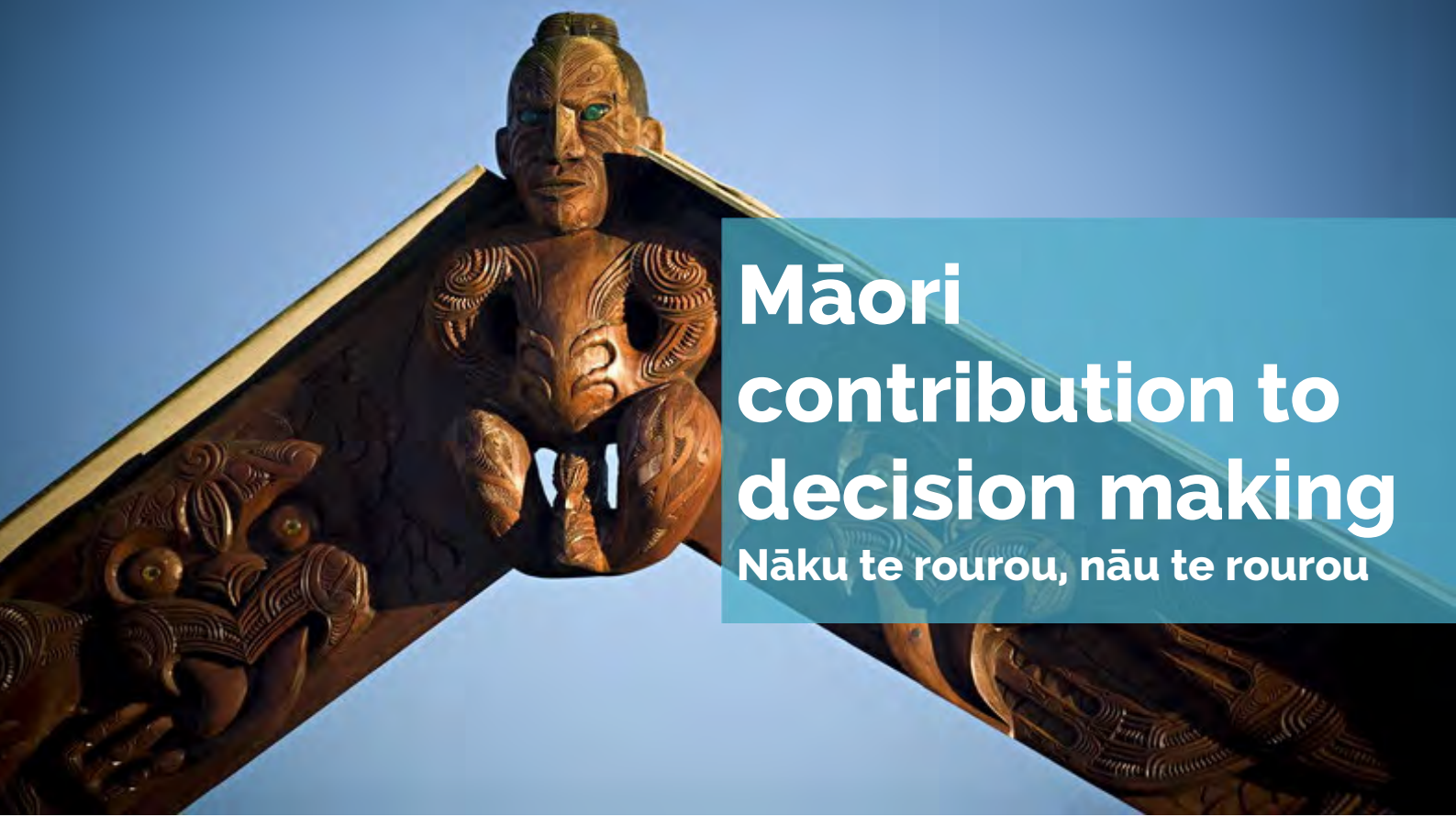
Back [L-R]: Mike McVicar, Rob Kent, Peter Bentley, Karen Hunt, Mark Gould, Charles Sturt, Tania Tapsell
Front [L-R]: Trevor Maxwell, Janet Wepa, Dave Donaldson (Deputy Mayor), Glenys Searancke, Steve Chadwick (Mayor), Geoff Williams (Chief Executive), Merepeka Raukawa-Tait



Rotorua Lakes Community Board

[L-R]: Phill Thomass
 Peter Bentley
 Geoff Palmer (Chair)
 Rob Kent
 Leo Meharry
 John Dyer





Māori contribution to decision making

Nāku te rourou, nāu te rourou

Rotorua Lakes Council has in place a range of mechanisms which collectively provide opportunities for Māori to contribute to council decision-making processes, giving effect to schedule 10, section 35 of the Local Government Act 2002.

These include *Te Pukenga Koeke o te Whare Taonga o Te Arawa*, a group of Te Arawa kaumatua supporting Rotorua Museum decisions; *Ngati Whakaue Gifted Reserves Protocol* ensuring consultation on decisions or changes to the status of gifted reserves; *Iwi Consultative Committee* which advises and helps assess resource consent applications under the Resource Management Act 1991; and the *Kauae Cemetery Committee* which advises on operations, policies and procedures for the Kauae Cemetery.

The *Pukaki ki Rotorua Charitable Trust* ensures the safe-keeping, conservation and maintenance of the taonga Pukaki; and the *Waka Taua Trust* does likewise for the historic Te Arawa Waka Taua and shelter at the Lakefront.

The council has a number of individually tailored memoranda of understanding in place with various hapu of the district and also employs a Kaupapa Māori Director to advise the council on engagement with Māori.

Of major significance during the 2014/15 year was a comprehensive community-wide consultation programme to identify a governance model that would allow the building of a new and more meaningful relationship with Te Arawa, and would give more effect to legislative obligations for Māori to contribute to decision-making processes. This resulted in a decision to assist iwi with the establishment of an elected Te Arawa Board with the council appointing two board representatives - with full voting rights - to its Operations & Monitoring Committee and Strategy, Policy & Finance Committee. A Te Arawa appointed commissioner will also provide support with strategic land use policy, with a representative being included on the Resource Management Act Policy Committee.



Rotorua 2030

Following the 2013 elections the council set about building a collective vision and direction for Rotorua. The mayor and councillors recognised that without a new approach, commitment and direction we would not be able to build the community we aspire to have. The vision of Rotorua 2030 is:

2030

This is our home
We are its people
We're connected to each other through culture and community
We're innovative and we share what we learn
We're driving opportunity, enterprise and diversity
We're supporting a legacy of sustainability for our environment
Rotorua is a place for everyone. Tatau Tatau – we together

Supporting this vision are seven **2030 goals**:

	A RESILIENT COMMUNITY He hāpori pūmanawa ...inclusive, liveable and safe neighbourhoods give us a sense of place; and confidence to be involved and connected
	HOMES THAT MATCH NEEDS Kāinga noho kainga haumarū...quality, affordable homes are safe, warm, and available
	OUTSTANDING PLACES TO PLAY Papa whakatipu...recreation opportunities are part of our lifestyle; connecting us, transporting us and surrounding us
	VIBRANT CITY HEART Waahi pūmanawa...our inviting and thriving inner city reflects our unique heritage and lakeside location
	BUSINESS INNOVATION AND PROSPERITY Whakawhanake pākihi ...we boast a diverse and sustainable economy energised by our natural resources and innovative people
	EMPLOYMENT CHOICES He huarahi hōu...we are a prosperous connected community; growing our education, training and employment opportunities
	ENHANCED ENVIRONMENT Tiakina to taiao...we are known globally for our clean, natural environment, air quality and healthy lakes

As part of that conversation with our community, four shorter term priorities were identified to provide strong foundations for this bold journey.

The 2016 priorities are:

1. Develop a vibrant city heart [that attracts people and activity](#)
2. Develop our economic base [by growing existing and attracting new businesses to our region](#)
3. Support reinvigorated neighbourhoods [and the creation of healthy homes](#)
4. Sustainable [infrastructure and affordable, effective council services](#)

Underpinning the 2030 goals and the priorities for 2016 is a commitment of the Rotorua Lakes Council to work and behave differently. These commitments are important drivers on this shared journey:



These commitments are important drivers of this shared journey:

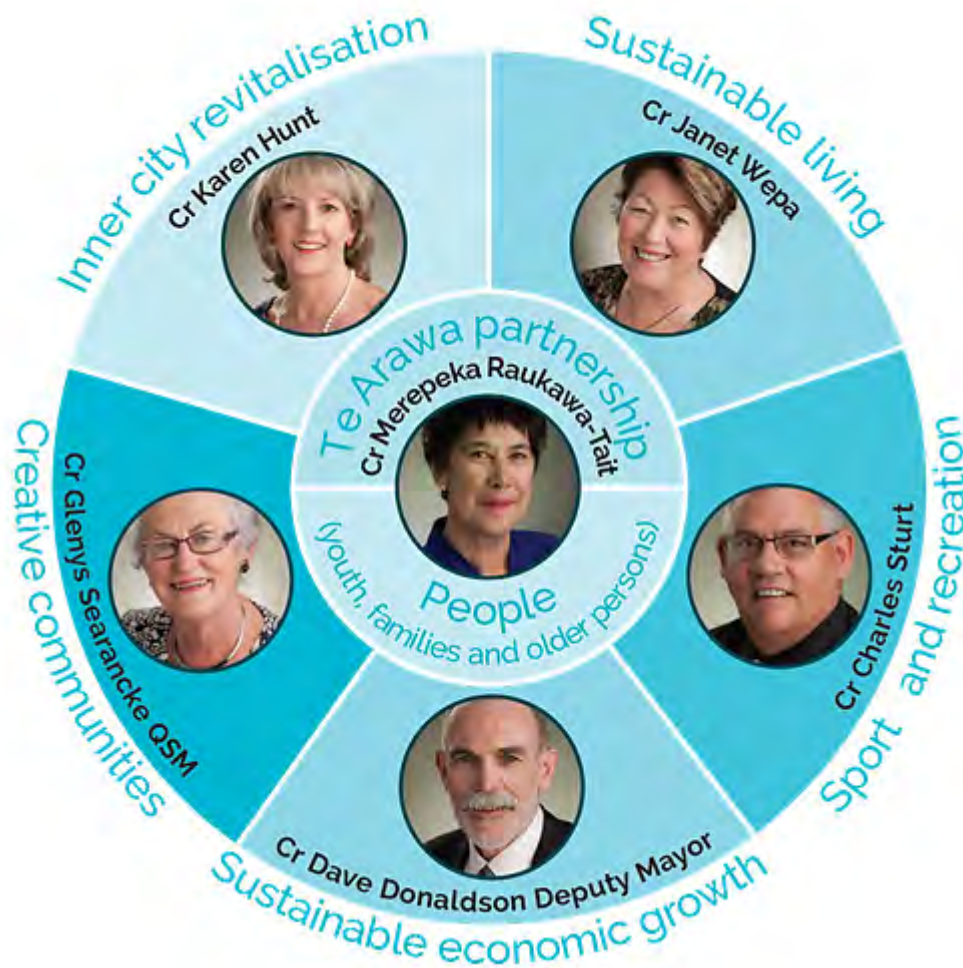
- Engaging with the community to develop a unified accord for a clear new future
- Supporting community leadership of our new strategies
- Developing a new partnership model with Te Arawa
- Working innovatively, outside traditional delivery mechanisms, to drive more cost-effective and more efficient services
- Ensuring all our work programmes align with the district’s ambitions
- Reshaping our council to be more effective and response.

The four 2016 priorities were a central focus of the Council’s 2014/15 Annual Plan. This Annual Report identifies our progress and achievements against the plans and actions identified in the Annual Plan.

Engaging and working with our community

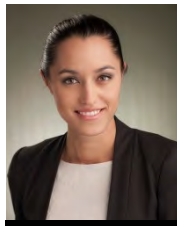
To support our commitment and Tatau Tatau – we together, seven portfolio areas have been identified to support the 2030 goals.

Each portfolio is working with a wide range of stakeholders, community groups and leaders to develop strategies to support Rotorua 2030 and deliver on the 2016 priorities. Each portfolio area has a lead councillor to act as the portfolio ‘owner’. The portfolio owner leads a process to engage and work with the community of interest and wider community to develop short and long term projects, initiatives and relationships to improve our district. The seven portfolio areas are:





People - Councillor Merepeka Raukawa-Tait



With specialist leadership for youth by Councillor Tania Tapsell, and for older persons by Councillor Mark Gould we are building the key people links to support Rotorua 2030.

The People Portfolio will focus on two key areas:

- Developing opportunities for community engagement for groups such as youth and older persons in relation to all portfolios.
- Developing a leadership forum to coordinate efforts towards reaching agreed district goals.



Two major projects have been undertaken this year and their implementation extends into 2015/2016. These are the Te Arawa partnership model and Your Choice – 2016

election review. Both fundamentally address community engagement and the inclusion of all people in our community. Both projects support the Rotorua 2030 commitments and strengthen the focus on the 2016 priorities. Tatau Tatau.

- Positive Ageing Rotorua- new group developed with the community's direction to represent senior people's interests to council; providing perspective to all strategies
- Community-led governance model - under development with support of local government agency leaders and others; seeking Minister of Social Development support to further progress
- Treasure Rotorua preparation for re-designation as a Safer Community in 2015
- Child Protection Policy developed for council as required by Vulnerable Children Act
- Youth Voices
- Youth Council- established forum continues to provide youth perspective into council strategies
- Youth work experience- project offering young people opportunity to taste work in a variety of council settings in 2015.
- Review of Community Grants - new framework of grants established comprising partnership agreements, Neighbourhood Matching Fund and Community Grants. Ten key local organisations approved for new partnership agreements from 2015/16. Neighbourhood Matching Fund supported 16 successful community projects, including community gardens in 2014/15. Community Grants to be managed on Council's behalf by Geyser Community Foundation from 2015/16.
- Smokefree Outdoor Spaces Policy review - commenced with Rotorua Smokefree Coalition partners.

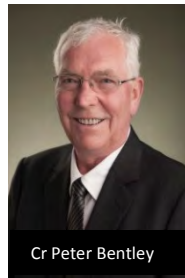
- Cr Merepeka Raukawa-Tait





Cr / Deputy Mayor Dave Donaldson

Sustainable Economic Growth - Deputy Mayor Dave Donaldson



Cr Peter Bentley

Efforts in this portfolio have focused on strengthening the links between the council's various economic growth activities and responding to opportunities as they arise. During April 2015 we held a Business Leaders Forum which was an opportunity to share our thinking and listen to the concerns of the business community. Following on from this forum we are establishing a small advisory group and we are planning to hold another forum early in 2016.

We can be particularly proud of council's involvement with the delivery of the first Crankworx international mountain biking event. The event had an international viewer audience of 2 million. Overall total output added to Rotorua's economy was \$3.68m.

Other major work completed or underway:

- We have continued to build relationships to ensure ongoing access, recreational management and development within Tokorangi and Whakarewarewa forests with iwi and other partners.

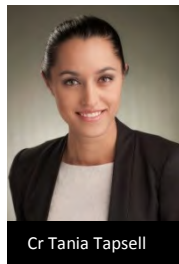
- Council adopted a Wood First Policy aimed at showcasing and promoting wood as a construction material.
- District Plan appeals are progressing well. It is expected Council will have a fully operative plan in early 2016. This enabling plan will provide a high level of certainty to local developers looking to take advantage of positive growth.
- An application for funding from the Government's Rural Broadband 2 Initiative and Mobile Blackspot Fund.
- Supporting the development of a digital strategy with the business community as part of our application above.
- Developing a sustainable solution for Rotorua's waste water treatment that supports our long term growth ambitions.

- Cr Dave Donaldson



Cr Janet Wepa

Sustainable Living - Councillor Janet Wepa



Cr Tania Tapsell

The sustainable living portfolio is broad in its focus and involves considerable community engagement for deputy Tania Tapsell and me.

A steering group was established in February 2015, encompassing key community perspectives on issues including neighbourhood and homes, energy and environment. The role of this group is to lead and own the strategy development process and to provide critical linkages to our community.

Council has become a signatory to the United Nations Global Compact; Cities Programme, and is on a pathway to become a Leading City through development of the Sustainable Living Strategy. A 'City Scan' diagnostic has been undertaken to inform the strategy development. The results of this will be presented in October 2015 when the Programme Directorate visits Rotorua.

A range of community engagement activities based on the City Scan information are planned for October to inform the strategy development.



Activity underway includes partnering in the Healthy Homes Rotorua project; however there is still significant unmet need for improved housing which requires a range of coordinated and inter-sectoral actions over time.

Work to investigate alternative energy options will continue to inform strategy development as well as identify potential energy projects. These include geothermal, solar, ground heat, distributed energy systems and housing improvements for optimal energy use.

The Waste Management and Minimisation Plan currently being developed is a key component of the wider sustainable living strategy, dealing with issues of solid waste and recycling.

Other achievements:

- Drinking water fountains - the first of 13 fountains was installed in Ngongotaha in June, aiming to reduce plastic bottle waste.
- Two nappy waste minimisation workshops attended by 123 people and 164 tonnes of nappy waste diverted from landfill as a result.
- Neighbourhood Matching Fund supported 16 successful community projects, including community gardens.

- Cr Janet Wepa



Cr Karen Hunt

Inner City Portfolio - Councillor Karen Hunt



Cr Peter Bentley

Revitalisation of the inner city began in October 2013 when a group of keen inner city retailers grouped together to seek change. From that, the Inner City Focus Group was born and acted as an interim steering group while a strategy was being developed. Projects to revitalise the city continued as the public wanted to see tangible change at the same time. Projects such as P120 free parking trial, automation of the parking building, intersection upgrades, garden upgrades, sculptures and murals were all part of real change achieved in the inner city with community and council working together.

The key measure of success for this portfolio is more people on our streets as this measures the vibrancy.

A draft Inner city revitalisation strategy has been tested in the community but has not as yet been finalised. Discussions on how to strengthen the spine of Tutanekai Street continue with community conversations on parking, City Focus and other roading changes dominating the agenda.

Keeping the focus on making a real difference is of major importance to my deputy, Peter Bentley and me.

Projects include:

- Creation of a ring road for bus services, spreading bus stops across the city
- Installation of a daytime campervan parking area at Government Gardens and motorhome-friendly status being achieved for the city
- Installation of 13 'Jake Seats' throughout the city sponsored by Pukuroa Oruawhata, Holmes Group, and TPB Properties
- Installation of a tour bus stand at Pukuatua Street.

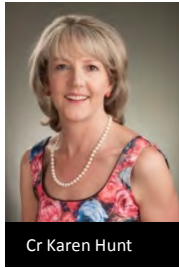
- Cr Karen Hunt





Cr Glenys Searancke

Creative Communities - Councillor Glenys Searancke



Cr Karen Hunt

Together with Karen Hunt, my portfolio deputy, I'm pleased with the progress we have made in the creative portfolio. A dynamic steering group made up of artists and community leaders from the visual arts, creative industries and performance sectors has been working on the draft strategy, which is nearing a stage where it can be tested with the wider community.

Groups are also working on projects signalled through earlier community engagement, in parallel with strategy development. Work to date includes:

- The setting up of the new Galleria within the Rotorua Lakes Council Civic Centre –the first Galleria exhibition featured works by a group of contemporary Te Arawa artists. Recent shows have highlighted a small portion of the talent that exists in our creative community.

- Establishment support for a major Public Art Trust, which is working towards its first major project.

- Children's Art House set to open to the community later in 2015, putting children and young people's creativity at the top of the list.
- A rethink of the way the Sir Howard Morrison Performing Arts Centre is physically shaped, managed and run to build greater community use and to support growth in the performing arts.
- Sulphur Lake Sculpture Trail, highlighting the beautiful Government Gardens, and the growing arts precinct.

- Cr Glenys Searancke



Cr Charles Sturt

Sport and Recreation - Councillor Charles Sturt



Cr Glenys Searancke

The Sport and Recreation Portfolio is supported by deputy Glenys Searancke. A steering group was formed in October 2014 comprising a wide range of local sport and recreation perspectives. Substantial community engagement was used to seek community input on key areas for development. The steering group has met monthly to hear key speakers and consider feedback.

Strategy development commenced in February 2015 and a draft plan will be tested with the community later in the year. Current projects include progressing the Kuirau Park redevelopment; including cycleway/boulevard and supporting the Green Corridor and drinking fountain projects.

The Kuirau Park redevelopment project has included development of a strong business case for public/private investment in the aquatic centre. The intention, through external investment, is to create a major family-

friendly attraction that would support our local community and be a must do attraction for the high proportion of families among our domestic visitors.

I am also personally very proud of the Mamaku youth space project. Construction has now been completed in partnership with local community.

- Cr Charles Sturt



Council's 2016 priorities delivered in 2014/15

Council's 2016 priorities will bring the 2030 goals alive. A series of projects has been identified within each priority which, when completed, will show the council to be well on the way to seeing Rotorua 2030 come to fruition.

1. Develop a vibrant city heart that attracts people and activity

<ul style="list-style-type: none"> Arts trail link to Government Gardens – a council policy allocates 1% of all capital projects for direct investment in arts projects in public spaces. 2014/15 will focus these funds on development of an arts trail through the inner city. 	<p>A key component in the city revitalisation strategy, the Sulphur Lake Sculpture Trail was developed as the key focus for 2014/15 percent-for-arts budget allocation. Aside from the aesthetic improvements and increased amenity value, the sculpture trail provides connection for the CBD, Arts Village and other Government Gardens attractions. It also plays a key role in Rotorua's WW1 commemorations.</p> <p>The 2014 Sulphur Lake Sculpture Symposium was held at the Arts Village Green, Saturday 29 November – Friday 12 December 2014. Artists were invited to create a form which reflects the theme of 'The Returning Soldier' - in keeping with the historic linkages of the Sulphur Lake area, and the WW1 commemorations. All sculptures were then installed at the Sulphur Lake Sculpture Trail to form 'The Returning Soldier' exhibition for a period of 24 months.</p> <p>Additional projects/installations completed through this funding stream included:</p> <ul style="list-style-type: none"> The permanent acquisition and installation of "Tui" sculpture by local artist Trevor Nathan – cnr Eruera and Tutanekai sts. The commissioned mural in alleyway alongside 'Quest' hotel by artist Jeremy Shirley. The embellishments of the Eat Streat pillars, Tutanekai St. The artistic enhancement of 12 new water fountains across the city by artist Kereama Taepa. The artistic enhancement of six new bus shelters in the CBD by artists Henriatta Nicholas and Ann Woolliams.
<ul style="list-style-type: none"> Local bus routes and tourist bus parking improvements - \$100,000. Local bus routes are to be rearranged to circulate in both directions around the CBD. The intended routes will circulate passengers along Fenton, Arawa and Amohia Streets, and possibly Rotorua Central to complete the circuit. 	<p>Bay of Plenty Regional Council Cityride bus routes have been rearranged to create an inner city loop, with new stops in Arawa, Amohia and Fenton streets, and at Rotorua Central mall. A series of new bus shelters have been installed by the council at the four new inner city stops. The shelters feature a series of Rotorua themes and have 'Wood First' elements. In Pukuatua St where a bus stop has been removed, the road will be reconfigured to provide additional parking spaces.</p> <p>New bus services started Monday 20 July 2015.</p>
<ul style="list-style-type: none"> Vibrant city heart funding - \$100,000. Funding to support ideas and projects to be developed during the year with partner organisations and the community. 	<p>Vibrant city heart funding contributed to the Green Corridor, the outdoor table tennis table on Arawa St, the movable living photo frame currently placed at the lakefront and the Haupapa St intersection sculpture 'Shavings'.</p>
<p>In addition:</p> <ul style="list-style-type: none"> Opening of Ideas Store for nine weeks over Christmas and New Year to consult on portfolio development Crime prevention measures in partnership with the police to enhance the night-time lighting A range of community murals; and the installation of sculpture by local artists throughout the CBD. 	



2. Develop our economic base by growing existing and attracting new, businesses to our region

<ul style="list-style-type: none"> ▪ City event entrance signage - \$80,000. Build three event signs at city gateways for marketing and promotion of events in the city. 	<p>This project has been deferred until highway changes that affect the southern gateway are finalised with the New Zealand Transport Agency.</p>
<ul style="list-style-type: none"> ▪ Business innovation and prosperity funding - \$100,000. Funding to support ideas and projects to be developed during the year with partner organisations and the community. 	<p>\$75k was spent - \$50k towards the Green Corridor, \$7K on the Business Leaders Forum, \$10.5k on a city tourism benchmarking study (Terry Stevens) and \$7.5k to run the Live Work insert in the Famously Rotorua quarterly publication.</p>
<ul style="list-style-type: none"> ▪ Removal of development contributions policy – Council made a decision before Christmas to remove development contributions as they have been considered to be a barrier to undertaking developments in the district. 	<p>The value of commercial building consents reached \$65 million for the 2014/15 financial year, \$25 million more than in 2013/14. This includes the following projects that are either planned or underway:</p> <ul style="list-style-type: none"> ▪ Redevelopment of the Tachikawa Mill site ▪ Red Stag expansion ▪ Countdown supermarket in Fairy Springs Rd ▪ Vet clinic at Reporoa
<ul style="list-style-type: none"> ▪ Reduction in the business differential for general rates from 2.1 to 1.9 – This is in line with the Long-term Plan commitment to reduce this rate over time bringing it more in line with other rates differentials. 	<p>The business differential for general rates was reduced from 2.1 to 1.9 on July 1, 2014 and has been further reduced to 1.8 on July 1, 2015.</p>

In addition :

- We have continued to build relationships to ensure on going access, recreational management and development within Tokorangi and Whakarewarewa Forests with iwi and other partners to increase use in and appreciation of the forest.
- Delivery of the first Crankworx international mountain biking event. The event had an international viewer audience of 2 million. Overall total output added to Rotorua's economy attributable to all event attendees was \$3.68m.
- Council adopted a Wood First Policy aimed at showcasing and promoting wood as a construction material and with the support of Grow Rotorua Limited we have seen a local developer choosing to build the ACC building in Pukaki Street out of cross-laminated timber.
- District Plan appeals are progressing rapidly. It is expected council will have a fully operative plan in early 2016. This enabling plan will provide a high level of certainty to local developers looking to take advantage of positive growth.

3. Support reinvigorated neighbourhoods and the creation of healthy homes

<ul style="list-style-type: none"> ▪ Neighbourhood Matching Fund – increase from \$50,000 to \$150,000. This fund provides assistance to communities who are coming together to collaborate on projects within their neighbourhoods. Projects may range from fruit tree planting, community gardens, neighbourhood recycling, etc. 	<p>There has been growing interest in the Neighbourhood Matching fund with an increase of enquiries towards the end of the financial year. Groups are coming to terms with the purpose of the fund and seeking guidance on what qualifies. There has been a wide range of projects from a clean-up of an area of the Utuhina Stream including planting fruit trees on an adjacent reserve, to a series of street parties to get residents involved in working out what they want to happen in their neighbourhoods, to establishing community gardens, and lake front clean ups. These projects have supported neighbours coming together to make a difference in their streets and community and working together to improve their environment.</p>
<ul style="list-style-type: none"> ▪ Resilient community funding - \$100,000. Funding to support ideas and projects to be developed during the year with partner organisations and the community. 	<p>\$50,000 was transferred from the Resilient Community Funding pool to the 'Warm up New Zealand Healthy Homes' fund.</p> <p>During May and June 2015, 123 people attended two parenting waste education workshops. A programme evaluation report estimates that attendees have the potential to divert 164 tonnes of nappy waste from landfill.</p> <p>In April 2015 a mini symposium was held to explore the potential for wood and biomass-fuelled district heating schemes and consider the social, economic and environmental benefits of this concept. The mini-symposium focused on use of district heating fuelled by local renewable wood sources and its benefits to Rotorua and how this can be used to provide environmental and social outcomes for our community.</p>



3. Support reinvigorated neighbourhoods and the creation of healthy homes

	Thirteen drinking water fountains, designed by local artist Kereama Taepa, have been purchased and are in the process of being installed around the city. The project has been jointly funded by three Rotorua Lakes Council portfolios.
<ul style="list-style-type: none"> ▪ Mamaku youth space - \$120,000. Construction of a youth space to provide a facility and activities for youth to plan and interact constructively. 	<p>The Mamaku Youth Space was completed on the 30th June 2015 and is now being used frequently by the community. The re-developed space is a result of 12 months of engagement with the community to respond to the sport and recreational needs of young people and wider community need for this space. The local community have been raising funds to plan for activities on the space.</p> <p>Using the existing Mamaku Domain the Youth Space includes:</p> <ul style="list-style-type: none"> • Skate park features • Refurbished children's play area • Sweeping/remarking of tennis courts/basketball/netball • Seating • Art panels by local school students
<ul style="list-style-type: none"> ▪ Home insulation - \$50,000. Base funding to ensure significant funding is available through EECA to assist with insulation of cold and damp homes. 	The transfer of \$50,000 from the Resilient Community Funding pool increased Council's contribution to 'Warm up New Zealand Healthy Homes' to \$100,000. This, along with funding from partner organisations enabled 573 homes to be insulated in 2014/15, compared to 136 homes in 2013/14.

4. Sustainable infrastructure and affordable, effective council services

<ul style="list-style-type: none"> ▪ Geothermal heating reticulation of Council buildings - \$350,000. To use geothermal heating in the Civic Centre, Convention Centre, i-site, Community House and Library. This will reduce the cost to heat these buildings. 	This project was deferred to the next financial year.
<ul style="list-style-type: none"> ▪ Tarawera transfer station 24 hour access - \$75,000. Redesign of the transfer station to allow permanent 24 hour access. 	The Tarawera Transfer Station has been redesigned to enable the community of Lake Tarawera and Lake Okareka to drop off council refuse bags during extended opening times. The community has received this increase in service well and the system is well patronised.
<ul style="list-style-type: none"> ▪ Construction of full Terax plant - \$7.5 million in 2014/15, \$2 million in 2015/16. The full plant is intended to process waste sludge produced in the Rotorua district and provide a reference plant for others interested in the technology. 	This project is currently on hold awaiting further testing and research to ensure that the project aligns correctly with the new waste water treatment plant project.
<ul style="list-style-type: none"> ▪ Proposed reorganisation of council to reduce net cost by 5% for 2014/15 – Council is undertaking a realignment to ensure that it is in the best shape to be able to deliver Rotorua 2030. Savings will be used to keep debt level increases to a minimum and over time assist in reduction of debt. 	Efficiency savings achieved and council reduced debt by \$1.2m.
<ul style="list-style-type: none"> ▪ Creation of council controlled organisations – The philosophy of setting up council controlled organisations (CCOs) provides for introducing, through board appointments, commercial discipline and specialist expertise. Using these skills CCO boards are able to add value and help the CCO achieve their objectives and the council's long term strategies. Council is proposing to set up two new CCOs – Rotorua Contracting (Castlecorp, Landfill and Nursery) and Rotorua Tourism, Events and Venues. Council have other CCOs currently eg: Grow Rotorua, Rotorua Airport, and Rotorua Holding Company. 	Rotorua Contracting Limited was established in August 2015. A decision on Destination Rotorua Marketing has been deferred to the next financial year.



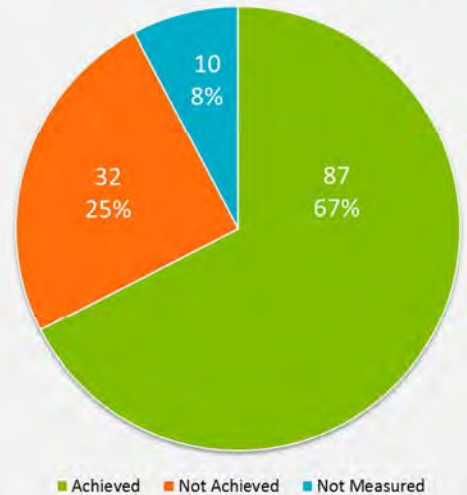
Report on Performance Measures and Resident Satisfaction

The council collects performance data across the 17 activity areas to measure the achievement towards the levels of service as described in the annual plan. The data is collected through internal reports that are run as well as two community surveys which gauge the satisfaction of council provided services and the perception of safety within the community.

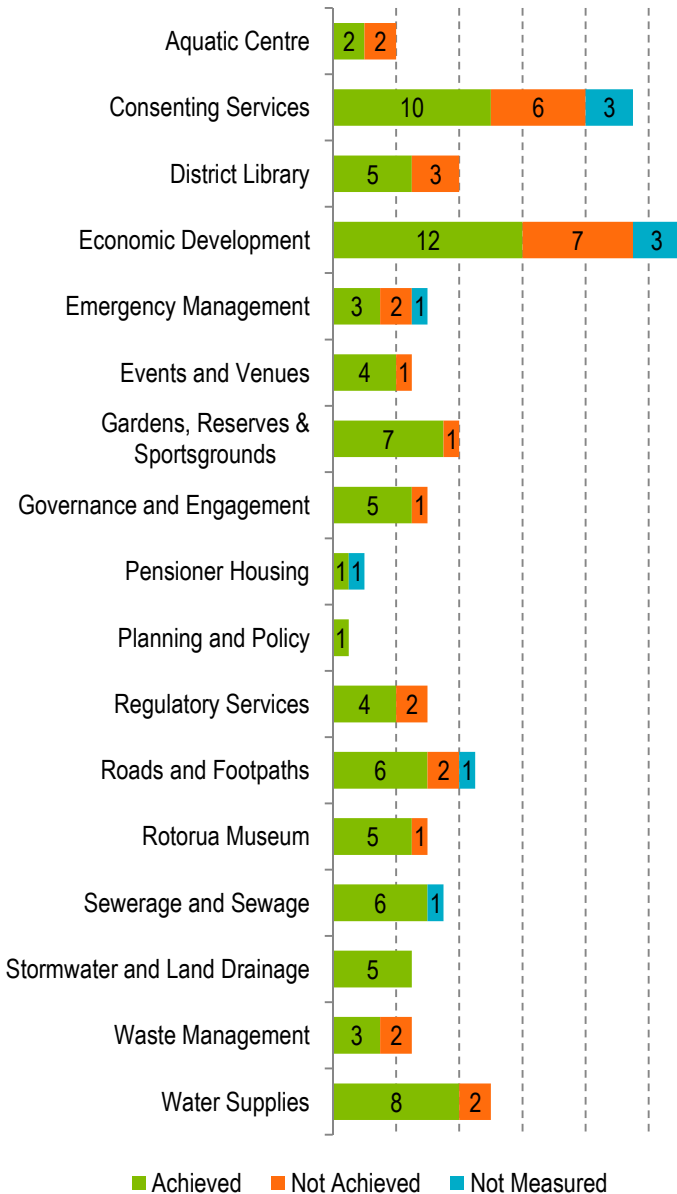
This year's performance is relatively similar to the previous financial year with 67% of the performance targets achieved. In addition to the 67% of targets achieved, there were a further five targets (4% of the performance measures) missed by only 1% of which four were from the community survey (within the margin of error) and one an internally measured target. The activity area that has improved most during the financial year is Economic Development which has 55% of its performance targets achieved up from 31% for the previous financial year.

Detailed information for the level of service and each performance target can be viewed under the activity sections included within this annual report.

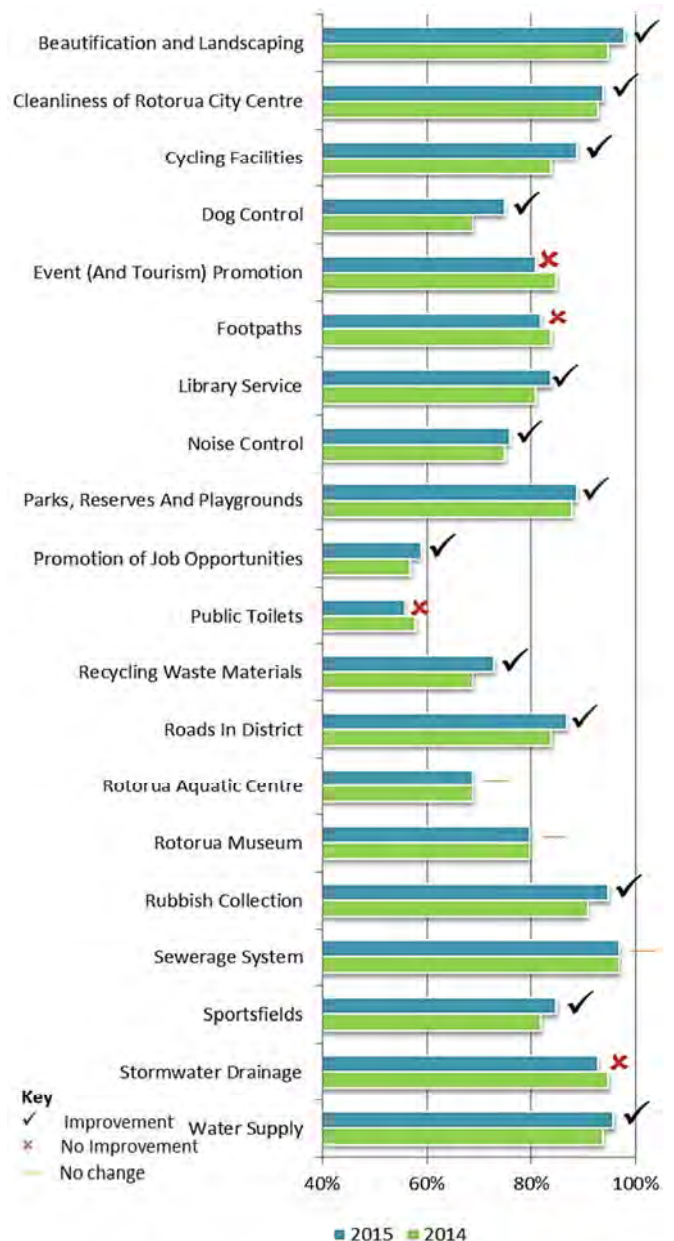
Performance Targets Summary



Key Performance Targets by Activity Area



Residents' Satisfaction Survey



Financial summary

Statement of comprehensive income (Council)

For the year ended 30 June:

	2015	2014	2013	2012	2011
	\$000	\$000	\$000	\$000	\$000
General rates	45,301	43,188	43,166	35,023	34,614
Targeted rates	28,141	28,277	28,155	36,751	33,935
Other services	29,233	32,507	36,528	49,774	43,848
Non operating adjustments	0	0	0	0	2,577
Total revenue	102,675	103,972	107,849	121,548	114,974
Personnel Costs	33,122	35,911	34,112	33,570	33,757
Other Operating Expenses	41,054	43,136	41,356	41,923	35,645
Losses on Disposal & Impairments	9,211	2,914	5,301	1,656	1,939
Depreciation	26,448	27,431	30,103	28,282	26,097
Finance Costs	8,826	8,231	8,181	9,016	7,797
Non operating expenditure	0	0	0	10,504	2,083
Taxation	0	0	0	0	0
Total expenditure	118,661	117,623	119,053	124,951	107,318
Net Surplus	-15,986	-13,651	-11,204	-3,403	7,656

Statement of financial position (Council)

as at 30 June:

	2015	2014	2013	2012	2011
	\$000	\$000	\$000	\$000	\$000
Current assets	15,893	15,840	16,217	23,467	21,555
Current liabilities	22,555	24,569	31,003	28,902	32,442
Working capital	(6,663)	(8,729)	(14,786)	(5,435)	(10,887)
Investments	50,279	3,005	2,947	2,147	2,220
Non current assets	1,104,828	1,154,218	1,135,149	1,032,807	1,044,419
	1,148,443	1,148,494	1,123,310	1,029,519	1,035,752
Equity:					
Accumulated funds	729,554	740,644	853,903	853,102	848,433
Debt	167,500	168,675	158,383	151,756	135,110
Other term liabilities	2,194	2,282	3,114	3,147	2,661
Reserves	249,196	236,893	107,910	21,514	49,548
	1,148,443	1,148,494	1,123,310	1,029,519	1,035,752

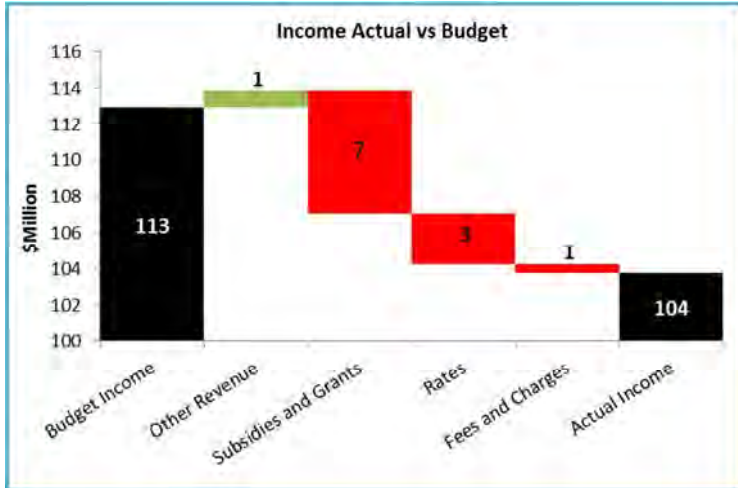
Statement of Cash Flow (Council)

For the year ended 30 June:

	2015	2014	2013	2012	2011
	\$000	\$000	\$000	\$000	\$000
Net Cash from Operating Activities	14,059	20,832	32,987	18,747	35,084
Net Cash from Investing Activities	(12,312)	(26,491)	(40,582)	(36,547)	(54,578)
Net Cash from Financing Activities	(1,175)	10,325	7,375	16,909	19,266
Net (decrease)/increase in cash, cash equivalents and bank overdraft	572	4,666	-220	-891	-228
Cash, cash equivalents and bank overdrafts at the beginning of the year	5,329	663	883	1,774	2,002
Cash, cash equivalents and bank overdrafts at the end of the year	5,901	5,329	663	883	1,774



What did it cost us to deliver the business?



The income waterfall graph above shows how the budgeted income on the left (\$113m) compares with the actual income on the right (\$104m) and the variances to budget by income source. The green bars reflect an income source that was higher than the budget. The red bars reflect an income source that was lower than budget.

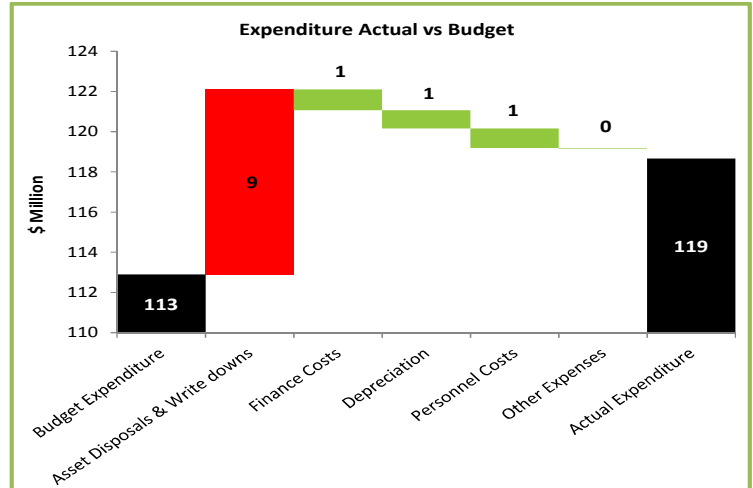
Income significant variances to budget:

Subsidies and Grants (\$6.8m) - lower than budget due to capital projects in sewage disposal and waste management being delayed and the associated subsidy income not being received in the current financial year. Subsidised roading grants were also lower than planned.

Rates (\$2.8m) - unfavourable due to rates revenue on council owned properties being (incorrectly) included in budgeted rates income, whereas actual rates income received (correctly) excludes rates revenue from Council-owned properties.

Fees and Charges (\$0.5m) - unfavourable to budget due to landfill revenue being significantly lower than budget.

Other Revenue (\$0.9m) - favourable to budget due to assets recognised for the first time as part of revaluation, and gains on forestry harvests.



The operating expenditure waterfall graph above shows how the budgeted expenditure on the left (\$113m) compares with the actual expenditure on the right (\$119m) and the variances to budget by expenditure type. The green bars reflect expenditure types that were lower than the budget. The red bars reflect expenditure types that were higher budget.

Expenditure significant variances to budget:

Asset Disposals & Write Downs (\$9.2m) - unfavourable to budget due to losses on disposals of capital assets. This is a combination of assets disposed of as part of renewal programmes, writing off to expense prior years capital spend that did not result in a physical asset, disposals related to the cyclical revaluation process, and an asset impairment related to the shortened useful life of assets associated with the land application of liquid waste.

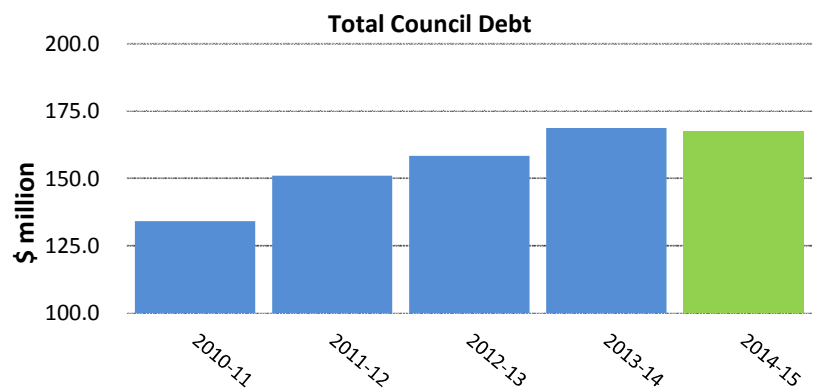
Personnel costs (\$1.0m) - favourable to budget due to lower staff costs and lower ACC expense.

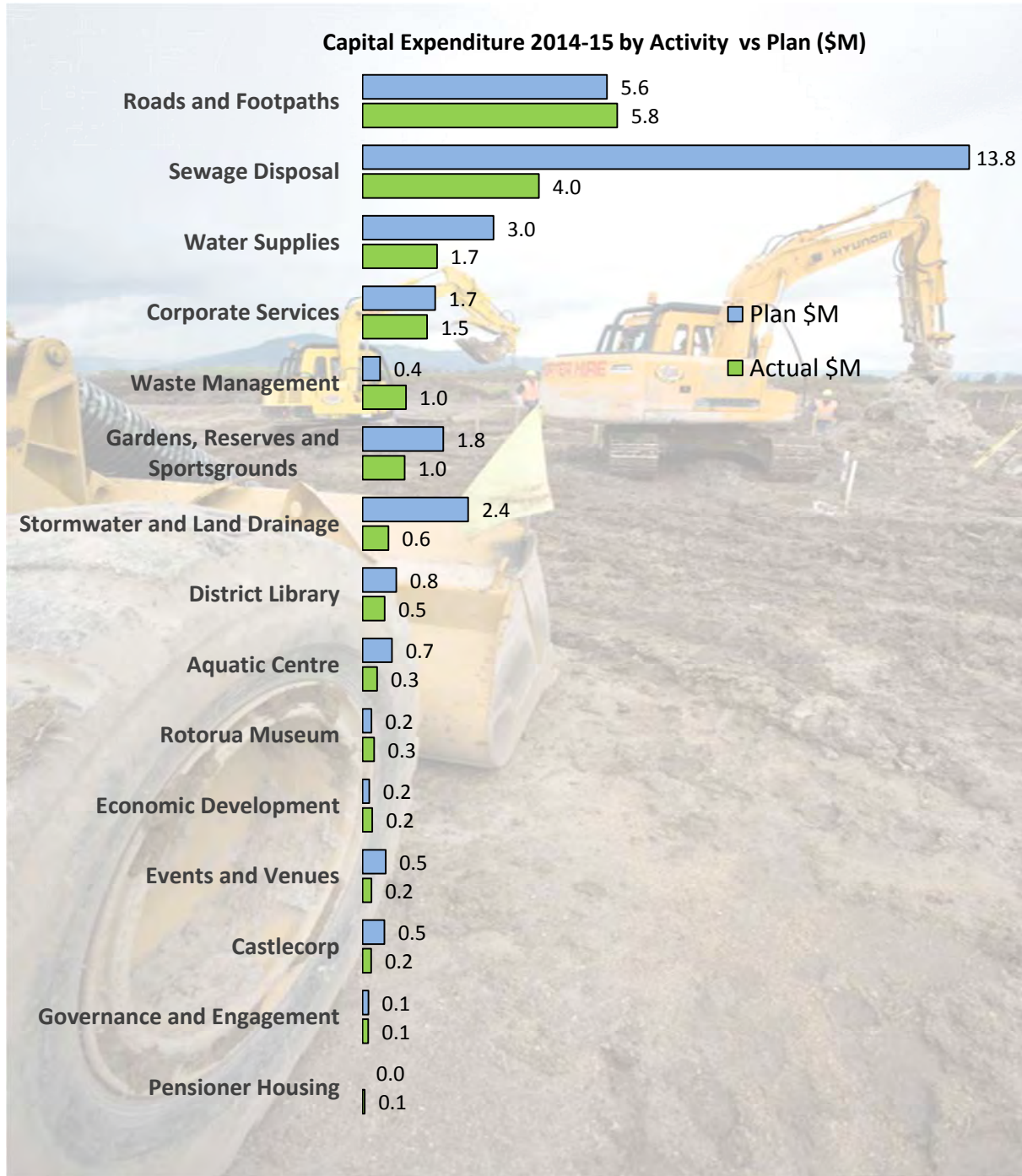
Depreciation (\$0.9m) - favourable to budget due to the transfer of airport infrastructure assets from non-current assets to assets held for sale.

Finance Costs (\$1.1m) - favourable to budget due to lower debt and interest rates.

Total Council Debt

This financial year Council reduced debt by \$1.2m.





Major Variances:

1. **Sewage Disposal** - a delay in the construction of the full TERAX plant (\$9.5m)
2. **Stormwater and Land Drainage** - less work required than originally anticipated for renewals and upgrades (\$1.8m)
3. **Water** – below budget due to a delay in the Ngongotaha water source establishment, and a lower spend on sectorisation & pressure management, new rider mains, and backflow prevention devices (\$1.3m).
4. **Gardens, Reserves & Sportsgrounds** - a combination of lower expenditure required and a delay in construction of parks and facilities renewals and upgrades (\$0.9m)
5. **Waste Management** - higher capital expense than budget for thermal deconstruction plant partially offset by a reduction in landfill renewals.

Governance and Engagement



What we do

This activity covers a range of specific functions and is also the home of leadership, technical and administrative support for council's many services. The activity also covers a range of specific functions, in particular roles that work towards the Rotorua 2030 goals. The focus areas are:

- Chief Executive Group
- Corporate Property
- Customer Centre
- Governance and Partnerships
- Financial Services
- Human Resources
- Information Services
- Kaupapa Māori
- Land Information Services
- Procurement and Sustainability
- Records
- Community Halls
- Engaging Communities
- Community Assistance
 - Community Grants
 - Neighbourhood Matching Fund
 - Creative Communities
 - Community Safety
- Rotorua 2030 Portfolio Funding

The role of this activity is to:

- Provide leadership for Council and the community.
- Provide technical and administrative advice and support to elected members representing the Rotorua district.
- Provide opportunities for public participation and involvement in decision-making and determining priorities and projects to meet community needs and aspirations.
- Ensure our internal systems and processes are up-to-date and capable of supporting and enabling the organisation to perform its key tasks effectively and efficiently.
- Manage three-yearly council elections.
- Provide advice and assistance in the development of council policies which affect Māori and promote awareness and understanding of Māori culture and protocols.
- Facilitate communication with Māori on issues and decisions that directly or indirectly affect them.



- Manage Council’s relationship with Te Arawa and tangata whenua and advise the council on protocol and Tikanga Māori.
- Provide excellence in first contact customer service; focused on getting it right first time, listen, respond promptly and take responsibility.
- Provide easy access to council and district information via the internet by increasing online services including online transactions, web and social media.
- Provide an overarching framework to consider sustainability across all of the council's functions by ensuring the prudent use and management of all resources balanced with the consideration and integration of environmental, social, cultural and economic wellbeing.
- Deliver value for money in relation to the purchasing function in an open and transparent manner, managing risk with adequate probity.
- Support community to achieve their objectives through grant allocations.

Why we do it

Support the Council’s role in setting the future direction and priorities for Rotorua, enabling informed and inclusive decision-making, supporting opportunities for Māori to contribute to decision-making and supporting strong and efficient leadership.

Contribution to Rotorua 2030

Rotorua 2030 Goals						
A resilient community	Homes that match needs	Outstanding places to play	Vibrant city heart	Business innovation and prosperity	Employment choices	Enhanced environment
✓	✓	✓	✓	✓	✓	✓



The year’s highlights and achievements included:

- Te Arawa Partnerships model – Engaging with iwi, a model was led and developed by Te Arawa. This model proposes a new way for the council and Te Arawa to work together on issues relevant to iwi. In December 2014 this model was adopted by council. Steady progress by the independent working party and council have since been working on the process to establish the board. A board election is scheduled to take place early in the 2015/16 year.
- Establishment of an independent working party for the Your Choice - 2016 election review.
- Creation of direct staff relationships with neighbourhoods and participation in community meetings and events.
- Council and partner funding resulting in 573 houses being insulated this year.
- Neighbourhood matching fund resulted in \$38,000 being applied across 16 community groups with majority of funding used in the creation of enhancement of community gardens and communities coming together for neighbourhood clean ups.
- The retention of tertiary accreditation under the ACC Workplace Safety Management Practices programme.
- Support provided to the organisational realignment that ensured the organisation structure better enables the achievement of the 2030 goals.
- Portfolio steering groups established made up of community members and partners.
- Strategy development commenced; Inner City Revitalisation Strategy adopted.



What it cost us

Governance and Engagement	2015 Annual Plan \$000	2015 Actuals \$000
Revenue		
Rates	2,686	1,348
Fees and charges	174	64
Subsidies and grants	24	125
Total Income	2,884	1,538
Operating Expenditure		
Staff Costs	3,295	3,333
Direct Costs	2,655	2,040
Finance costs	0	1
Depreciation	1	565
Group Overhead	-3,397	-4,447
Total Operating Expenditure	2,554	1,491
Operating Net Cost of Service	330	46
Capital Expenditure		
Capital Acquisitions	0	-332
Capital Renewals	-133	0
Depreciation Funds Collected	1	565
Capital Funding		
Capital Revenue	0	0
Asset Proceeds	0	0
Net Funding Position	198	279















Capital expenditure

PROJECT	2014/15	2014/15
	Annual Plan \$000	Actual \$000
Governance Portfolio-led projects - various		131
Software upgrades		201
Building upgrades	30	
Civic Centre renewal	16	
Community House and halls renewals	85	
Vaughan Road depot renewal	2	
TOTAL	133	332

Performance Measures

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2014/15	Achievement	Comments	Achievement for 2013/14
Provide sound analysis and advice to better engage with communities on Council decisions related to the strategic direction of Rotorua.	70% of residents are very/fairly satisfied with how rates are spent on services and facilities provided by Council.*	70%	71% 		72% 
	60% of residents strongly approve/approve of the decisions and or actions Council makes.*	60%	50% 	A general trend appears to be reflected here which follows the election cycle. Now half way through the current council term, the community tends to be more critical of the decisions made by council, as policies, projects and plans are discussed and rolled out within the community.	70% 
	55% of residents are very/fairly satisfied with the quality of information Council provides.*	55%	76% 		77% 
Provide networks which grow and sustain a strong and empowered Rotorua community through projects.	Number of community development projects delivered each year.	6	>6 	Projects delivered include: Raising the bar, Neighbourly website, Community Gardens, Worm Farming, Tulip Festival and 18 Neighbourhood Matching Fund projects supported by RLC.	10 
Work towards making Rotorua district safer and more connected, through a reduction in crime and injury statistics.	85% of residents who feel Rotorua is definitely or mostly a safe place to live.	85%	88% 	The perception of safety has increased noticeably across the various measures within the annual survey.	83.2% 
Provide support for character building/relationship building through programmes/networks aimed at Rotorua's young people.	Four youth development projects are delivered each year.	5	5 	Projects completed or ongoing include: Big Az ROTAZ Race, Youth Voices (Big Splash), Youth Spaces (Mamaku), Freeparking, and Youth Work Experience Programme.	Achieved (target – 4) 

* National Research Bureau survey – a phone survey of 400 residents undertaken annually.





Planning and Policy

What we do

This activity includes the development of council's long term vision for Rotorua and the policy framework in which the implementation for how the vision can proceed.

The role of this activity is to:

- Develop the core 2030 strategies through a portfolio and community led approach.
- Develop and maintain plans and policies that support the achievement of the 2030 goals.
- Monitor and report our performance against our 2030 goals, key plans and policies.
- Advocate on behalf of the community on local, regional and national issues and policy proposals.
- Monitor and report 'The State of the Environment' within the district every five years.
- Provide planning advice to customers to determine whether consent is required, and the type of information required for lodgement with council.
- Processing consents (land use and subdivision).
- Processing Notices of Requirements and outline plans for designated public works or areas of land.
- Provision of a duty planning service for the community to help understand how the District Plan may impact on activities on land.
- Monitoring of compliance for conditions of consent.
- Take enforcement actions to ensure compliance is achieved.

Why we do it

To support and lead the development and maturing of the goals of "Rotorua 2030" and the 2016 priorities. To continually improve and keep current the District Plan, ensuring that it keeps pace with the growth direction the community wants Rotorua to head in.



Contribution to Rotorua 2030

Rotorua 2030 Goals						
A resilient community	Homes that match needs	Outstanding places to play	Vibrant city heart	Business innovation and prosperity	Employment choices	Enhanced environment
✓	✓	✓	✓	✓	✓	✓

The year's highlights and achievements included:

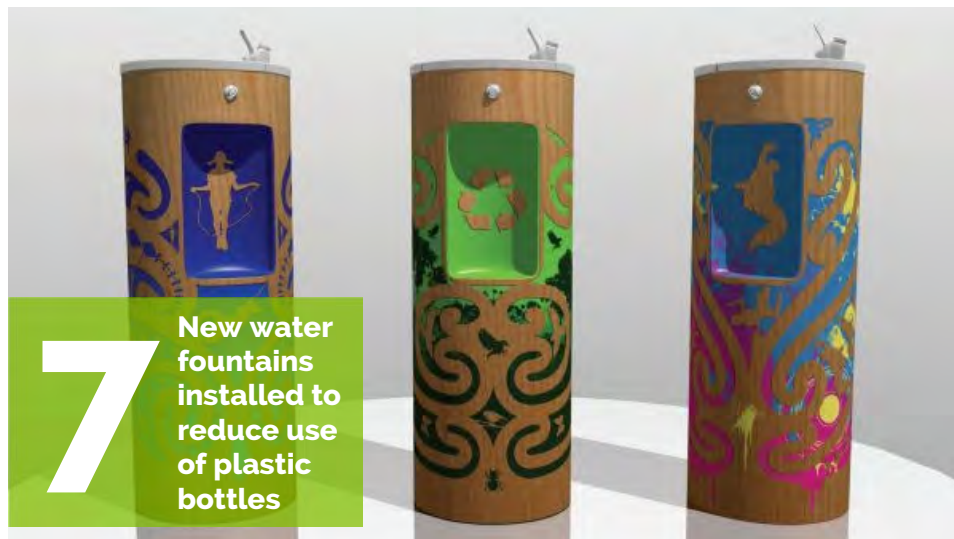
- Adoption of Inner City Revitalisation Strategy
- Development of all 2030 Strategies well advanced with Sport & Recreation and Creative Strategy to be adopted by council in September / October 2015.
- District Plan became largely operative, with more parts coming on as they are finalised through the appeal phase.
- Drinking water fountains initiated and designed through the Sustainable Living Portfolio.
- Nappy disposal education provided – potentially 164 tonnes less waste to landfill from the 98 families' interest.

Performance Measures

How we performed

Achieved Not achieved Not measured

Level of service	Performance measure	Target for 2014/15	Achievement	Comments	Achievement for 2013/14
Develop and maintain a District Plan which follows good city design principles and creates a sustainable environment for people to live, work, play and invest.	Rotorua District Plan kept current, and progressed through notification, hearings, and decision phase.	Achieved	Achieved	Decisions were released in November 2014 triggering the appeals and mediation phase. The court set a target to have 95% of appeals resolved by March 2016 and as at 30 June 2015 RLC was tracking well ahead of target with 50% resolved or withdrawn.	Achieved



7 New water fountains installed to reduce use of plastic bottles



Planning and Policy	2015 Annual Plan \$000	2015 Actuals \$000
Revenue		
Rates	2,310	2,000
Fees and charges	154	2
Subsidies and grants	0	56
Total Income	2,464	2,058
Operating Expenditure		
Staff Costs	1,390	1,305
Direct Costs	465	587
Finance costs	0	0
Depreciation	0	0
Group Overhead	467	131
Total Operating Expenditure	2,322	2,023
Operating Net Cost of Service	142	36
Capital Expenditure		
Capital Acquisitions	0	0
Capital Renewals	0	0
Depreciation Funds Collected	0	0
Capital Funding		
Capital Revenue	0	0
Asset Proceeds	0	0
Net Funding Position	142	36





Emergency Management

What we do

This activity covers Civil Defence and Rural Fire.

Civil Defence

The Canterbury earthquakes prompted a number of changes in how Civil Defence Emergency Management (CDEM) is undertaken at the national, regional and local levels.

The local Rotorua Lakes Council CDEM plan aims to meet the statutory obligations of the CDEM Act and to be consistent with the BOP CDEM Group Plan. New Zealand has adopted a risk management approach to civil defence based on the '4Rs' i.e.:

1. **Reduction** - Identifying and analysing long-term risks to human life and property from known and emerging hazards; taking steps to reduce risks associated with these hazards with the aim of reducing the consequences of their impact if they occur.
2. **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.
3. **Response** - The planning and practicing of actions to be taken immediately before, during or directly after a civil defence emergency to save lives, provide for the welfare of impact affected persons, protect property, and to help communities begin the recovery process.
4. **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 National Rural Fire Authority established a steering committee of Central North Island rural fire authorities, with representation from forest owners, Department of Conservation and territorial authorities, to develop a plan based on an Enlarged Rural Fire District for the Central North Island. The proposal is designed to:

- Clarify accountabilities and responsibilities for improving the effectiveness and efficiency of rural fire management by reducing duplication and improving the utilisation of existing resources.
- Improve the capability and capacity of the fire authorities by pooling and sharing resources and expertise.
- Increase the safety of rural communities by providing better leadership and advice to landowners and the public, and creating a greater awareness of fire threats and risks in the region.
- Improve the ability of fire authorities to comply with statutory obligations and to meet the performance standards of the New Zealand Fire Service Commission.





- Enhance integration of fire management principles, policies, plans and practices for fire management and administration across different land uses and owners of rural landscape.

The plan requires Rotorua Lakes Council to provide trained human resources at an appropriate level and competency to manage the risks of rural fire and the consequent impacts on the affected communities in the Zone under the council's jurisdiction as a Rural Fire Authority.

Why we do it

To improve community awareness and raise the capacity of our people to protect, prevent and manage themselves in the event of a disaster or emergency.

Contribution to Rotorua 2030

Rotorua 2030 Goals						
A resilient community	Homes that match needs	Outstanding places to play	Vibrant city heart	Business innovation and prosperity	Employment choices	Enhanced environment
						
✓						✓



The year's highlights and achievements included:

- Undertook a CDEM capability audit to identify gaps in operational readiness for emergencies.
- Progressing the required planning work for establishing a capable Emergency Operations Centre.
- Improving our operational networking with other emergency agencies.
- Streamlining the capabilities of our rural fire volunteer force and its full operational integration with the local Fire Service and the regional enlarged rural fire district.
- Developed emergency readiness programmes in partnership with the Rotorua communities.
- Worked with key district emergency stakeholders including NZ Fire Service, NZ Police, Lakes DHB, and essential life lines to design and implement integrated response to emergencies programmes.
- Worked with the rural communities to improve rural fire risk reduction and response actions.
- The commencement of a plan to enhance our welfare management framework post emergencies.

Capital expenditure

PROJECT	2014/15	2014/15
	Annual Plan	Actual
	\$000	\$000
Rural Fire plant and equipment renewals		4
Radio and office equipment renewals		30
TOTAL	34	6






What it cost us













Emergency Management	2015 Annual Plan \$000	2015 Actuals \$000
Revenue		
Rates	523	450
Fees and charges	0	0
Subsidies and grants	0	12
Total Income	523	462
Operating Expenditure		
Staff Costs	94	115
Direct Costs	275	251
Finance costs	0	1
Depreciation	32	35
Group Overhead	104	48
Total Operating Expenditure	505	449
Operating Net Cost of Service	18	13
Capital Expenditure		
Capital Acquisitions	0	0
Capital Renewals	-34	-6
Depreciation Funds Collected	32	35
Capital Funding		
Capital Revenue	0	0
Asset Proceeds	0	0
Net Funding Position	16	42



Performance Measures

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2014/15	Achievement	Comments	Achievement for 2013/14
Coordinate and manage emergency management in the Rotorua district, working collaboratively with other emergency management agencies. [Reduction, Readiness, Response & Recovery]	100% of personnel are trained to the level appropriate for their CD role.	100%	Not achieved 	Currently 45 of the 70 staff (64%) in Civil Defence positions are sufficiently trained by RLC.	Ongoing 
Improve community and organisational awareness of hazards and raise the capacity of Rotorua district to manage them. (Reduction & Readiness)	90% of attendees at education programmes very/fairly satisfied with mode of delivery.	90%	Not measured 	A limited number of public engagement presentations were undertaken this financial year. A booth was run during the Home and Leisure show which generated a lot of public interest and positive verbal feedback. It is planned to deploy a more systematic programme within the next financial year.	100% 
	50% of residential homes with plans and kits.*	50%	49% with emergency plan  53% with emergency kit	Target substantially achieved and the survey result is statistically on par with the previous financial year. Work will continue to find ways to connect with the community to promote preparedness and encourage each householder to develop a plan and have a survival kit.	55% with emergency plan  52% with emergency kit
Protection of people, property and the environment from the hazards of fire by prevention, suppression and control in rural areas.	All rural fire forces trained and equipped.	Achieved	Achieved 		Achieved 
	Database of current fire permits kept up to date.	Achieved	Achieved 		Achieved 
	Fire plan updated and certified by 1 October annually.	Achieved	Achieved 		Achieved 

* National Research Bureau survey – a phone survey of 400 residents undertaken annually.





Aquatic Centre

What we do

Aquatic Facilities

The Rotorua Aquatic Centre is open from 6am to 9pm and operates 364 days per year. Over 1,000 customers use the facility on a daily basis. The Centre employs 50 staff with the business split two ways, learn to swim school staff and pool attendant (lifeguard) staff.

The centre caters for local, regional and national aquatic sports, and provides recreational, health, fitness and leisure programmes and services. Regular meets and tournaments are held for swimming, underwater hockey and water polo bringing competitors in from throughout the country adding economic impact to the city.

Sporting and physical activity opportunities include recreational programmes such as aqua jogging classes, aqua mums, holiday programme, and Flippa Ball (mini water polo). Other activities include swimming, water polo, scuba diving, canoe polo, and outriggering (waka ama) training, underwater hockey, playground and inflatable fun and onsite cardio studio.

The centre offers a new Council designed and implemented Learn to Swim school targeting all age groups. On average 1,000 children a term benefit from this. Other water safety education activities include Unison Lake Safety Programme, a Schools Swimming Initiative in conjunction with Water Safety New Zealand, Outriggering (Waka Ama) training, Boat Safety in conjunction with Rotorua Coastguard, Swim for Life Campaign and pre-entry Navy and Police swim testing, training and assessment.

The centre provides many programmes and events throughout the year which cater for all age demographics in the community. Programmes and events include children's holiday programmes, whanau days, '\$3 Sunday' promotions and the Centre embraces the Sport BOP water month (November). The cardio studio contributes to healthy living by offering a range of cardio vascular equipment for building fitness, rehabilitation and weight management.



Why we do it

- To provide access to our people young and old to water-based and health and fitness activities which promote overall wellbeing, fitness and water-based learning.
- To develop strategic community partnerships with swimming and sporting groups, recreation and health professionals, government agencies and private sector organisations aiding the greater Rotorua community.

Contribution to Rotorua 2030

Rotorua 2030 Goals						
A resilient community	Homes that match needs	Outstanding places to play	Vibrant city heart	Business innovation and prosperity	Employment choices	Enhanced environment
						
✓		✓				



The year's highlights and achievements included:

- After 12 years of operating under a franchise the learn to swim programme was brought in house with the development of the Rotorua Lakes Swim School.
- The 50 metre outdoor pool was refurbished (relevelled, repainted, shade sail on the grandstand and changing rooms refreshed) making for a better customer experience.

Capital expenditure

PROJECT	2014/15	2014/15
	Annual Plan	Actual
	\$000	\$000
Kuirau Park/Aquatic Centre master plan	321	58
Aquatic Centre sun shades	25	49
Aquatic Centre renewals	326	224
TOTAL	672	331






What it cost us









Aquatic Centre	2015 Annual Plan \$000	2015 Actuals \$000
Revenue		
Rates	2,575	2,200
Fees and charges	1,131	1,129
Subsidies and grants	12	28
Total Income	3,718	3,358
Operating Expenditure		
Staff Costs	1,421	1,343
Direct Costs	775	837
Finance costs	130	120
Depreciation Funds Collected	387	460
Group Overhead	597	541
Total Operating Expenditure	3,310	3,302
Operating Net Cost of Service	408	156
Capital Expenditure		
Capital Acquisitions	-346	-107
Capital Renewals	-326	-224
Depreciation	387	460
Capital Funding		
Capital Revenue	0	1
Asset Proceeds	0	0
Net Funding Position	123	186



Performance Measures

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2014/15	Achievement	Comments	Achievement for 2013/14
Provide a variety of fun and accessible water and land based recreational and safety opportunities.	10,500 individuals participate in Learn to Swim School programmes per term.	10,500	11,717 	Average of 11,717 enrolments per term with term three and term four 2014 achieving over 12,900 enrolments.	11,057 
	Number of visitors to the aquatic centre per year.	350,000	373,361 	23,000 favourable on year-end target, averaging 1,024 people a day.	364,105 (target – 320,000) 
	Percentage of households using/visiting the aquatic centre in a year.*	70%	63% 	Results from the survey are reflective of the aging state of the facility and lack of investment.	64% (target – 65%) 
	75% of residents are very/fairly satisfied with the level of service.*	75%	69% 	Results from the survey are reflective of the aging state of the facility and lack of investment. Of those residents who responded in the survey that they had used the aquatic centre in the last 12 months, 80% were satisfied with the service.	69% 

* National Research Bureau survey – a phone survey of 400 residents undertaken annually.



District Library



What we do

The District Library's role is to ensure that the traditional function of connecting people with information, knowledge and reading is maintained whilst developing a new focus connecting people and communities in the building and beyond.

This is achieved by providing the following core services:




- Lending of resources and collections of book and non-book materials for all age groups, reflecting the needs of the community.
- A mobile library service that travels throughout the district.
- Programmes for all ages, including children's Rhyme 'n' Rumpus and Baby BOP sessions, holiday programmes, Reading Round and author visits.
- Pounamu Pukapuka, an outreach programme for pre-school organisations, visiting and providing them with a regular supply of books to encourage reading and develop reading skills.
- Free internet and wifi, and training programmes for those learning to use the computer.
- Spaces for community groups to meet and share their activities and programmes.
- Research facilities with a unique range of local history and archive resources.
- Information services provided by trained and helpful staff.
- Support for schools and their libraries.
- Access to and help with the use of specialised databases, especially government.

Why we do it

To work collaboratively towards raising the level of literacy in our community by providing a major 'learning' centre for our community and access to information, both print and digital.



Contribution to Rotorua 2030

Rotorua 2030 Goals						
A resilient community	Homes that match needs	Outstanding places to play	Vibrant city heart	Business innovation and prosperity	Employment choices	Enhanced environment
						
✓			✓		✓	

The year's highlights and achievements included:

- Contributed to a vibrant city heart by providing a sustained variety of programmes such as Discover your Library Programme, Tech Tuesdays, and Reading Round for all ages and interests in the library and contributing to council wide programmes such as the Tulip Fest and Matariki.
- Participated in visits to and from schools and pre-schools, creating links to provide assistance for school libraries.
- Local Government category Māori Language Excellence Award presented to the library in 2014.
- Successful introduction of APNK (Aotearoa People's Network Kaharoa) a programme subsidised by the Department of Internal Affairs providing free internet and wifi for library customers.

Capital expenditure

PROJECT	2014/15	2014/15
	Annual Plan	Actual
	\$000	\$000
Library Asset replacement	155	7
Library books renewals	612	495
TOTAL	767	502






















What it cost us

District Library	2015 Annual Plan \$000	2015 Actuals \$000
Revenue		
Rates	3,799	3,980
Fees and charges	252	212
Subsidies and grants	0	0
Total Income	4,051	4,192
Operating Expenditure		
Staff Costs	1,643	1,651
Direct Costs	632	425
Finance costs	154	141
Depreciation	848	1,299
Group Overhead	612	659
Total Operating Expenditure	3,889	4,176
Operating Net Cost of Service	162	16
Capital Expenditure		
Capital Acquisitions	0	0
Capital Renewals	-767	-502
Depreciation Funds Collected	848	1,299
Capital Funding		
Capital Revenue	0	1
Asset Proceeds	0	0
Net Funding Position	243	814



How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2014/15	Achievement	Comments	Achievement for 2013/14
Library readily accessible to residents and visitors for the purpose of information gathering, education and recreation.	60% of the population are members of the library.	60%	59% 	Target substantially achieved. A review of the library services is currently being undertaken.	59.6% 
	75% of households which have used the library in the last 12 months.*	75%	68% 	Same result as the previous financial year but still at levels below the 2011/12 and 2012/13 financial years. A review of the library services will also look to address this aspect.	68% 
	85% of residents are very/fairly satisfied with the level of service.*	85%	84% 	Target substantially achieved with 16% responding with "Don't Know". Of those residents who responded in the survey that they had used the library in the last 12 months, 97% were satisfied with the service.	81% 
Maintain a collection of local Māori and European print resources for reference and study.	3% of overall book collection budget dedicated to purchase of Māori and European print resource.	3%	3% 		3.1% 
Provide events that reflect the art and cultural interest of the community with a specific focus on literacy.	Four children's programmes per year.	4	4 		4 
	Two teens' programmes per year.	2	2 		2 
	Two 'Rhyme 'n' Rumpus sessions per week during term time.	2	2 		2 
	Six guest authors per year.	6	7 		4 

* National Research Bureau survey – a phone survey of 400 residents undertaken annually.



Events and Venues



What we do

Continued focus on high quality conference and events facilities

Events & Venues is one of the largest venue managers in New Zealand, overseeing eight top quality venues and more than 100 major outdoor events annually.

Rotorua has seen growth in event bookings - especially in the lucrative conference and incentives market. However the challenge now is to continue to increase business in an environment of more convention centres emerging around the country.

Events & Venues delivers on the goals and outcomes set out in the Rotorua Events Strategy. These include the attraction of major events that offer logical linkages to Rotorua as a destination, and to assist with their retention on a longer term basis. Emphasis is placed on growing existing events, and maximising length of stay and spending by participants and families.

This activity covers the operation of:

- Energy Events Centre (including the Sportsdrome)
- Sir Howard Morrison Performing Arts Centre (including the Civic Theatre and ticketing agency)
- Rotorua International Stadium (including Number 2 field).

The role of this activity is to:

- Provide quality event facilities for the Rotorua community which support endeavours to attract large, high-yield local, regional, national and international events.
- Provide for the identification and attraction of large major events to Rotorua and their subsequent growth.
- Provide assistance to event promoters and organisers in dealing with the array of people, processes and legislation involved in organising a major event.

The range of uses within the venues includes:





- Local amateur performance
- Sport and recreation
- Conference and incentive activities
- Social functions
- Touring and local professional performing groups
- Cultural activity performances
- Manage a ticketing agency (currently Ticketmaster) to service client/venue needs.



Why we do it

To manage and maintain venues and provide an events attraction role for the district, supporting accessibility for citizens and visitors to sporting, cultural, conferences and recreational activities.

Contribution to Rotorua 2030

Rotorua 2030 Goals						
A resilient community	Homes that match needs	Outstanding places to play	Vibrant city heart	Business innovation and prosperity	Employment choices	Enhanced environment
						
✓		✓	✓	✓		



The year's highlights and achievements included:

- Rotorua grew its portfolio of major events to 52, which contributed to an extra \$22 million spent in Rotorua.
- The city hosted 29 multi day conferences attracting approximately 15,500 delegates producing approximately 43,000 visitor nights.
- Rotorua Running Festival which included an inner city race which took runners through Eat Street on the evening prior to the main race.
- Delivered events throughout the year, including the Weetbix Tryathlon and the 2016 Secondary School Cross Country Champs.
- Hosted, coordinated and managed 52 major events including the Rotorua GLO and Fire and Ice Festivals.



What it cost us

Events and Venues	2015 Annual Plan \$000	2015 Actuals \$000
Revenue		
Rates	4,402	4,500
Fees and charges	1,890	2,092
Subsidies and grants	100	297
Total Income	6,392	6,889
Operating Expenditure		
Staff Costs	1,520	1,853
Direct Costs	2,277	2,516
Finance costs	598	447
Depreciation	1,821	1,729
Group Overhead	1,042	1,272
Total Operating Expenditure	7,258	7,817
Operating Net Cost of Service	-866	-928
Capital Expenditure		
Capital Acquisitions	0	-40
Capital Renewals	-526	-166
Depreciation Funds Collected	1,821	1,729
Capital Funding		
Capital Revenue	0	3
Asset Proceeds	0	0
Net Funding Position	429	598
















Capital expenditure

PROJECT	2014/15 Annual Plan \$000	2014/15 Actual \$000
Asset replacement	473	154
Theatre Redevelopment		52
Equipment shed	3	0
Soundshell	50	0
TOTAL	526	206

Performance Measures

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2014/15	Achievement	Comments	Achievement for 2013/14
Excellent well maintained and well used venues.	85% of residents have used/visited an event venue in the last 12 months.*	85%	85% 		85% 
	85% of residents very/fairly satisfied with the service/facility.*	85%	81% 	As reported in previous annual reports, the survey measures the promotion of events as opposed to the satisfaction with the physical facilities. The survey comments highlight the need for more advertising and promotion of events.	85% 
	50% of repeat bookings from commercial clients within a three year period.	50%	59% 		52.1% 
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.	More than 25 conferences held each year.	25	29 		31 
	More than 11,000 conference delegates attending each year.	11,000	15,564 	Actual result was 40% above target and included the TRENZ conference/expo which had 2,500 delegates.	11,065 

* National Research Bureau survey – a phone survey of 400 residents undertaken annually.





Gardens, Reserves and Sportsgrounds

What we do

Open space

The council provides and manages 1,133 hectares of reserve land, 103 kilometres of walkways, 80 playgrounds with 256 individual pieces of play equipment, and 56 hectares of sportsfield 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.

Tokorangi / Whakarewarewa forest parks

Rotorua Lakes Council is responsible for the overall coordination of recreational maintenance and development of the Tokorangi and Whakarewarewa forests. Famous for the magnificent stands of towering Californian Coastal Redwoods and as the southern hemisphere's top mountain biking destination, council is charged with maintaining and enhancing the landscape, recreational value and aesthetic value of the forest as a significant backdrop to Rotorua. Council works in partnership with iwi and key stakeholders to secure the forests as one of Rotorua's primary outdoor recreational resources.

Urban design / policy development

Sports and Recreation provides technical advice in urban design, being responsible for peer review of all subdivision and landscaping plans submitted to council. It provides an expert advisory service to other council departments on landscaping, recreational opportunities and optimal utilisation of potential resources and contributes to the development of strategic documents for parks and recreation activity for the service to be provided within council policy and industry best practice.

Why we do it

- To provide safe access to open space for participation in casual and organised recreation and leisure activities.
- To contribute to the aesthetic look of Rotorua through quality planting, bedding displays, interpretation and information panels.



Contribution to Rotorua 2030

Rotorua 2030 Goals						
A resilient community	Homes that match needs	Outstanding places to play	Vibrant city heart	Business innovation and prosperity	Employment choices	Enhanced environment
						
✓		✓				✓

The year's highlights and achievements included:

- Upgrades to Kuirau Park included development of cycle ways and boulevard walkways.
- Completed advanced proposals for Aquatic Centre/Family Spa development potential.
- Mamaku youth space construction completed in partnership with local community.
- New toilet facilities constructed at Trout Pool Rd and Waipuna Delta with planning and design work completed for new toilet facilities at Puketawhero Park and Lake Tikitapu.
- Collaboration with planning and delivery of community events including Children's Day, Matariki, Eastside Have a Go Day, Big AZ Rotaz, WW100 celebrations, Big Brothers Big Sister Launch, Summer Splash and Tulip Festival.
- Upgrades to the national Te Ara Ahi Great Ride cycleway and developments of fitness trails and mountain biking infrastructure in the Waipa valley.
- Improvements in Puketawhero Park, Government Gardens, Mamaku and Lakefront playgrounds to provide safe and enjoyable neighbourhood spaces to build resilient communities.
- Worked with local communities assisting them in establishing a number of community gardens at Linton Park, Aspen PI Reserve, Hannah's Bay Reserve, Scott Av Reserve, Fordlands, and Tarawera.
- Initiated incorporating fruit trees in street and reserves plantings in response to community requests.
- Partnership with Red Stag and Waiariki Institute of Technology to install the Waipa Fitness Trail and Te Puia for Hemo Gorge cycle trail improvements.
- Licence agreement for construction and operation of the Tree Top Walkway in the Redwoods.



We manage:
1,133ha reserves
103km walkways
56ha sportsfields
80 playgrounds



What it cost us

Gardens, Reserves and Sports grounds	2015 Annual Plan \$000	2015 Actuals \$000
Revenue		
Rates	7,488	8,200
Fees and charges	2,610	1,188
Subsidies and grants	0	5
Total Income	10,097	9,393
Operating Expenditure		
Staff Costs	947	910
Direct Costs	434	1,605
Finance costs	946	835
Depreciation	1,984	1,748
Group Overhead	5,593	6,295
Total Operating Expenditure	9,904	11,393
Operating Net Cost of Service	193	-1,999
Capital Expenditure		
Capital Acquisitions	-650	-619
Capital Renewals	-1,185	-338
Depreciation Funds Collected	1,984	1,748
Capital Funding		
Capital Revenue	158	378
Asset Proceeds	0	1,345
Net Funding Position	501	514













Capital expenditure

PROJECT	2014/15	2014/15
	Annual Plan	Actual
	\$000	\$000
Tarukenga Cemetery development	50	0
Cemetery plots and ashes wall developments	25	28
Toilet upgrades/renewals	259	163
City event entrance signage	80	0
Nursery renewals	14	3
Boat ramp upgrades and developments	127	33
Parks and Tokorangi Triangle renewals	606	333
Playgrounds	8	0
Puketawhero Park toilet	140	25
Renewals of parks structures and buildings	296	
Tarawera Landing sewerage system	100	0
Crematorium renewals	9	2
Mamaku youth space construction	120	147
Hemo Cycleway upgrade		27
Tutanekai/Haupapa upgrades		61
Kuirau Park Development		135
TOTAL	1,834	957







Performance Measures

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2014/15	Achievement	Comments	Achievement for 2013/14
Provide access to safe, well maintained parks, reserves and sportsfields	95% of playgrounds comply with Playground Safety Standard (NZS:4828).	95%	98% 	A total of 80 playgrounds included in the audit and two existing playgrounds were found to have minor faults which have been corrected.	98.7% 
	100% of all new development on reserves designed to incorporate CPTED principles.	100%	100% 	Two newly developed playgrounds have been designed with CPTED (Crime Prevention Through Environmental Design) principles and two existing sites have had enhancement work initiated.	Achieved 
	80% of residents are very/fairly satisfied with the level of service for sportsfields.*	80%	85% 		82% 
	70% of households have used/visited sportsfields in last 12 months.*	70%	70% 		70% 
	90% of children's play areas within 500m of dwellings in the urban area.	90%	98% 		97.1% 



Level of service	Performance measure	Target for 2014/15	Achievement	Comments	Achievement for 2013/14
Enhance the aesthetic look of Rotorua in terms of quality plantings, bedding displays, interpretation and design and appropriate access.	95% of residents very/fairly satisfied with the level of service for beautification and landscaping.*	95%	98% 	Increased landscaping and gardening during the year were focused on key inner city parks as well as significant improvements made to streetscape gardens as part of intersection upgrades in the CBD.	95% 
Protecting and enhancing reserves for the enjoyment of all.	90% of residents very/fairly satisfied with the level of service for parks, reserves and playgrounds.*	90%	89% 	Target substantially achieved. The main reason for dissatisfaction within the survey relates to comments around park maintenance.	88% 
	85% of households used/visited parks, reserves and playgrounds in last 12 months.*	85%	89% 		90% 

* National Research Bureau survey – a phone survey of 400 residents undertaken annually.





Pensioner Housing

What we do

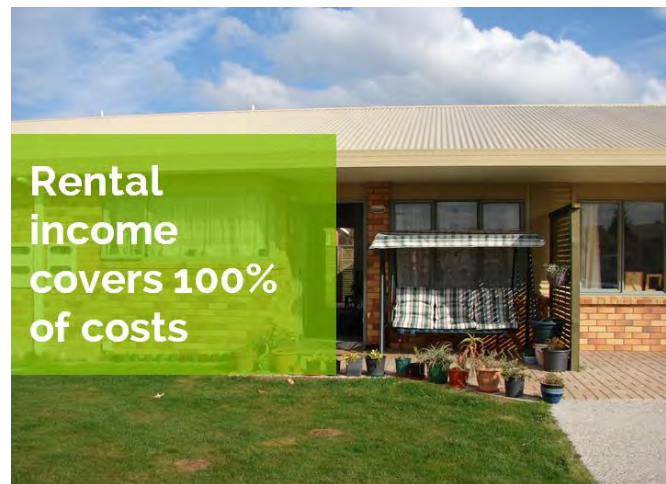
We provide 152 units throughout the district to people 55 and over who have limited assets and income. We also provide ongoing support and supervision for tenants, and liaise with stakeholder organisations to ensure community well-being.

Why we do it

To provide safe, accessible residential hubs to support the wellbeing of our older people.

Contribution to Rotorua 2030

Rotorua 2030 Goals						
A resilient community	Homes that match needs	Outstanding places to play	Vibrant city heart	Business innovation and prosperity	Employment choices	Enhanced environment
						
✓						



The year's highlights and achievements included:

- Achievement of the 95% target occupancy rate
- Engaging with community organisations such as CCS Disability Action to develop a plan to maintain levels of service in an environment of changing demographics and working towards 2030 goals of homes that match needs and resilient communities.



What it cost us

Pensioner Housing	2015 Annual Plan \$000	2015 Actuals \$000
Revenue		
Rates	0	0
Fees and charges	790	807
Subsidies and grants	0	0
Total Income	790	807
Operating Expenditure		
Staff Costs	32	0
Direct Costs	257	288
Finance costs	0	0
Depreciation	552	322
Group Overhead	181	236
Total Operating Expenditure	1,022	846
Operating Net Cost of Service	-232	-39
Capital Expenditure		
Capital Acquisitions	0	0
Capital Renewals	0	-51
Depreciation Funds Collected	552	322
Capital Funding		
Capital Revenue	0	0
Asset Proceeds	0	0
Net Funding Position	320	232










Capital expenditure

PROJECT	2014/15	2014/15
	Annual Plan	Actual
	\$000	\$000
Building upgrades		51
TOTAL	0	51

Performance Measures

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2014/15	Achievement	Comments	Achievement for 2013/14
Provide affordable/sustainable housing to Rotorua's older people on low incomes, for housing not funded through rates.	Rental income covers 100% of operations costs.	Achieved	Achieved 		Achieved 
	85% of tenants rate their units as good/very good in two-yearly satisfaction surveys.	85%	Not measured 	This survey was done in early 2014 with a result of 84% and the next planned survey will be late 2015.	Not measured 



Rotorua Museum



What we do

Rotorua Museum (Te Whare Taonga o Te Arawa) is situated in the Bathhouse Building, a historic landmark sited strategically in Government Gardens, a heritage precinct of national importance. The Bathhouse Building holds a Category 1 classification from Heritage New Zealand, the highest level of significance for buildings in New Zealand. The Museum's primary focus is "inspiring conversations about Rotorua" with our community and visitors to the region by providing relevant short and long term exhibitions that tell the stories of what makes this place special.

Exhibitions

- **Taking the Cure**
Tells the story of the Bathhouse Building and the origins of tourism in Rotorua.
- **Māori Battalion**
B Company of 28 Māori 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.
- **Tarawera Eruption**
The 1886 eruption of Mount Tarawera changed the lives forever for all who lived in this area. The famous 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 Māori 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 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, supplementing annual plan funding from Rotorua Lakes Council.
- **Nga Pumanawa o Te Arawa**
A major exhibition covering eight galleries in the new Don Stafford Wing (opened September 2011) tells the story of the Arawa people from origins in Hawaii through until present day Rotorua. A number of significant Te Arawa taonga have returned to Rotorua Museum on loan from institutions around New Zealand and overseas for this ground-breaking new exhibition.



Programmes

The museum provides a dynamic and active programme of public lectures, films, tours, floor talks and children’s activities throughout the year.

Guided Tours

Guided tours provided by a team of over 80 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 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 13,000 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 2016 after which the museum will seek a new contract.

Why we do it

The role of Rotorua Museum Te Whare Taonga o Te Arawa is to inspire conversations about our place and our people.

Contribution to Rotorua 2030

Rotorua 2030 Goals						
A resilient community	Homes that match needs	Outstanding places to play	Vibrant city heart	Business innovation and prosperity	Employment choices	Enhanced environment
						
		✓	✓			



The year’s highlights and achievements included:

- Undertook a strategic review where the museum met with community groups, Te Arawa Kaumatua, and local residents through the ideas pop up shop. These views have been captured to ensure the museums future direction aligns with Rotorua 2030.
- In collaborations with Te Puia, Toi Māori and weavers worked on the Whiria Symposium and Exhibition.
- Participated in the Arts Village very successful ‘Colour the Night’ event.
- Exhibitions developed – Residents Great War Stories.
- Ongoing partnership with Wingspan for the continuation of the award winning Karearea (NZ Falcon) project in the Government Gardens.
- Art awards – approximately 400 locals and artists attending the opening night. Partners include Rotorua Energy Charitable Trust, Waiariki Institute of Technology, and More FM.
- Matariki – Māori New Year, 400 locals attended.
- July school holiday programme – 1,400 children and parents attended.
- 8,449 locals attended events at the museum though the year.
- 20% increase in residents visits to the museum (total of 35,874). This exceeds the last peak when the Don Stafford wing opened in 2011 (34,220).
- Certificate of Excellence awarded from Trip Advisor. Only the top 10% of attractions get this rating.



What it cost us

Rotorua Museum	2015 Annual Plan \$000	2015 Actuals \$000
Revenue		
Rates	2,401	2,800
Fees and charges	1,894	2,089
Subsidies and grants	18	34
Total Income	4,313	4,924
Operating Expenditure		
Staff Costs	1,505	1,566
Direct Costs	1,519	2,118
Finance costs	189	169
Depreciation	483	492
Group Overhead	713	772
Total Operating Expenditure	4,409	5,117
Operating Net Cost of Service	-96	-193
Capital Expenditure		
Capital Acquisitions	-9	-83
Capital Renewals	-197	-181
Depreciation Funds Collected	483	492
Capital Funding		
Capital Revenue	0	1
Asset Proceeds	0	0
Net Funding Position	181	36















Capital expenditure

PROJECT	2014/15	2014/15
	Annual Plan	Actual
	\$000	\$000
Museum renewals	197	171
Collection development	9	13
Arts trail link to Government Garden	0	80
TOTAL	206	264

Performance Measures

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2014/15	Achievement	Comments	Achievement for 2013/14
To collect, preserve and show case the unique stories of Rotorua's local culture, history and its people to our people and to our visitors	60% of households in Rotorua have used/visit the museum in the last year.*	60%	65% 		68% 
	80% of local residents very/ fairly satisfied with the museum and its services.*	80%	80% 		80% 
Provide a range of learning opportunities for primary, secondary, tertiary and adult learners.	Number of public programmes (workshops/ lectures) per year.	20	41 	Fewer programmes were run than the previous financial year (46 in 2014) with a focus on meeting demand with relevant programmes.	46 
	Number of students each year participating in the LEOTC programme (curriculum based learning).	11,000	12,900 	A high result driven by exhibitions linked to curriculum learning.	11,338 
Position the Museum as a "must see" attraction to visitors to the district, both international and domestic.	Total number of paying visitors per year.	80,000	69,041 	The target was set in 2011 during the Rugby World Cup, and since the impact of the Global Financial Crisis we have been unable to regain numbers.	69,706 
	Average spend per paying visitor.	\$14	\$28 	A strong performance from the retail and café has contributed to a record year for trading.	\$25.86 

* National Research Bureau survey – a phone survey of 400 residents undertaken annually.





Economic Development

What we do

A number of council’s functions with the introduction of Rotorua 2030 contribute towards economic development. The ‘Economic’ portfolio has drawn these functions together to create an integrated approach. The ultimate goal being to make Rotorua a great place to live, work, play, invest and do business.

The objective of the Rotorua Sustainable Economic Growth Strategy are still fundamental to the success of economic development for Rotorua.

For the purposes of presenting the breath of energy and investment into economic development by council this activity includes:

- Destination Rotorua Marketing
- Grow Rotorua
- The Airport

Destination Rotorua Marketing

- Provides a platform for public private partnership with the Rotorua visitor industry that will deliver enhanced industry returns.
- Delivery of externally facing provision of domestic and international destination marketing programmes including: trade, consumer, business events and major event channels.
- Provision of destination marketing infrastructure including communications, media, famils, PR and digital programmes.
- Local and national visitor industry partnership development and leadership including a focus on the air accessibility of the destination.
- Official Rotorua visitor information provider and road transport centre for visitors and local residents.
- Enhancing the Rotorua visitor experience by providing quality official information and booking services at multiple locations.
- Provide i-SITE extension services to the Education, Destination Marketing and Major/ Business Events activity areas of Destination Rotorua.

Grow Rotorua

Grow Rotorua is a council controlled organisation that was established in 2012. The intent is to actively drive opportunities that bring new business ventures to Rotorua. The underlying objectives of Grow Rotorua are centred on the Rotorua Sustainable Economic Growth Strategy. Originally quite independent with the development of the Rotorua 2030 goals, there is now a much greater synergy between the role of Grow Rotorua and the Economic



Growth portfolio. Grow Rotorua’s strength is its ability to leverage and build partnerships in a commercial sphere which the council may find more difficult.





Rotorua Airport

Rotorua Lakes Council owns the assets at the Rotorua International Airport and leases them to an operating company, Rotorua Regional Airport limited (RRAL) – a council controlled trading organisation. The goal is optimal management of the assets for the overall benefit of the community.

Why we do it

To position Rotorua as an attractive place to invest and do business in and to support the local economy that it may grow faster than it otherwise would.

Contribution to Rotorua 2030

Rotorua 2030 Goals						
A resilient community	Homes that match needs	Outstanding places to play	Vibrant city heart	Business innovation and prosperity	Employment choices	Enhanced environment
						
		✓	✓	✓	✓	

The year’s highlights and achievements included:

- Commercial accommodation visitor nights increased by 7% (year ended May 2015).
- Attraction and activity visits increased by 10%.
- Electronic card purchases increased from visitors to Rotorua by 8.5% for domestic and 29% for international.
- Generation of 87,400 visitor nights from major events facilitated by Destination Rotorua Marketing.
- Maintaining the highest level of customer satisfaction for an i-SITE in New Zealand of 96% while hosting more than 1.1 million customers through our i-SITE.
- Delivery of the Famously Rotorua destination consumer marketing campaign changing the perception of Rotorua as a visitor destination in our main domestic market of Auckland. This has increased visits to Rotorua attractions and activities by 16% and electronic card spend of Aucklanders by over 20%.
- A 37% increase in the sale of Rotorua product following the training of 700 front line travel agents in Australia.
- Contributing to the delivery of the first Crankworx international mountain biking event viewed by over 8,000 event spectators of which 97.7% ranked their experience as good or excellent. The event had an international viewer audience of 2 million. Overall total output added to Rotorua’s economy attributable to all event attendees was \$3.68m.
- 97 industry partners generating \$735k of private sector investment into the partner programme which leveraged Rotorua Lakes Council funds to drive additional domestic consumer marketing and major events activity.
- Hosting NZ’s premier international tourism industry trade show, TRENZ, showcase attracting the most international buyers and securing the rights to host the event in Rotorua again for 2016.
- In partnership with Tourism New Zealand facilitating the filming of the largest China TV reality show “Daddy where are you going” with the two episodes shot in Rotorua being one of the most watched reality TV shows in China.
- Hosted over 990 tourism market influencers and delivered a number of media articles that reached over 8 million viewers.
- The successful bid to host the 2017 British and Irish Lions fixture against the Māori All Blacks.



Grow Rotorua

- The Education Rotorua International (ERI) group has been established and has achieved nearly 20% growth from a base of 850 FTEs in attracting international students to Rotorua.
- Holding a very successful Land Use Change Symposium, with over 200 attendees and 25 industry presenters showcasing new information including business cases developed by Grow Rotorua for new land uses.
- Grow Rotorua helped to facilitate the planned World Spa complex development on the Rotorua Lakefront, providing international research information and access to industry expertise to help inform its design and business model; potential contribution of \$35-\$45m to the local economy and 120 new jobs.

Capital expenditure

PROJECT	2014/15	2014/15
	Annual Plan	Actual
	\$000	\$000
City Focus renewals	33	
Runway and other Airport renewals	120	
Eat Street Redevelopment		84
Urban Design Framework		43
DRM Website Rebuild		8
Rotorua Visitor Centre & I-site renewals		87
TOTAL	153	222



What it cost us

















Economic Development	2015 Annual Plan \$000	2015 Actuals \$000
Revenue		
Rates	11,650	11,936
Fees and charges	3,747	3,451
Subsidies and grants	51	0
Total Income	15,448	15,387
Operating Expenditure		
Staff Costs	2,426	2,273
Direct Costs	5,611	6,637
Finance costs	4,139	2,696
Depreciation	1,420	596
Group Overhead	3,119	3,518
Total Operating Expenditure	16,715	15,720
Operating Net Cost of Service	-1,267	-332
Capital Expenditure		
Capital Acquisitions	0	-135
Capital Renewals	-153	-87
Depreciation Funds Collected	1,420	596
Capital Funding		
Capital Revenue	0	0
Asset Proceeds	0	0
Net Funding Position	0	41



















Performance Measures

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2014/15	Achievement	Comments	Achievement for 2013/14
Provide and maintain services and a presence that adds to a feeling of safety and respect within the CBD.	90% of respondents feel very safe/safe in the CBD during the day.	90%	86% 	Safety during the day in the CBD has improved from the previous year since the banning of synthetic cannabis, and the reduction of the associated problems; however this is still below the target of 90% which indicates more work is to be done.	84% 
	35% of respondents feel very safe/safe in the CBD during night time.	35%	32% 	An improvement from the previous year with only 20% of respondents in the perception survey stating they feel unsafe or very unsafe, down from 25% from the previous year and the best result since 2006. For 30% of respondents the question of safety during the night in the CBD is not applicable.	26% 
	95% of residents very/fairly satisfied with appearance and cleanliness of CBD.*	95%	94% 	Target substantially achieved. The main reason for dissatisfaction within the NRB Survey relates to comments around the number of empty shops.	93% 
Facilitating events at the city centre which contribute to the vibrancy of the city.	Minimum of 300 events held in the city centre annually.	300	523 		439 
	85,000 visitors through the City Focus Information centre annually.	85,000	134,062 		106,049 
Promote Rotorua as an exciting, vibrant, high quality destination and encourage more people to visit, to do more and to spend more.	Number of visitor arrivals to Rotorua (i.e. sum of overnight and day visitors).	3.130m	3.393m 	Strong growth in visitor arrivals commenced in spring 2014 and continues, returning Rotorua to levels of visitor activity not seen since prior to the Global Financial Crisis in 2008.	3.046m (est) (target – 3.068m) 
	Number of visitor nights spent in Rotorua.	3.704m	3.754m 	The ongoing widespread publicity of Rotorua as an appealing place to visit which resulted from the hosting of Crankworx has been a contributing factor in Rotorua's continuing growth in visitor nights both in the lead up to and in the months since the event.	3.456m (est) (target – 3.485m) 
	Average daily expenditure per domestic visitor.	\$82	\$87 		\$87 (est) (target - \$81) 



Level of service	Performance measure	Target for 2014/15	Achievement	Comments	Achievement for 2013/14
	Average daily expenditure per international visitor.	\$157	\$125 	The reduction in average daily spend per international visitor is due to an increase in the proportion of international visitors just visiting for the day vs. spending the night in Rotorua (which generates a higher spend). Reasons for this shift include a larger number of day cruise visitors and visitors returning to Auckland to spend the night for better flight connectivity.	\$144 (est) (target - \$155) 
	Total visitor expenditure in Rotorua.	\$558m	\$575m 	A combination of an increased number of international visitors and domestic visitors has resulted in good total visitor expenditure.	\$510m (est) (target - \$538m) 
Focus marketing efforts into: - the existing large markets of Auckland and Australia; and - the fast growing key Asian markets	Rotorua's market share of Aucklander visitor nights spent in NZ regions, expressed as a percentage.	7.1%	8.1% 	The Famously Rotorua domestic marketing campaign continues to appeal to the Auckland market with Rotorua consistently outperforming domestic and Auckland visitor specific national benchmarks.	7.3% (est) (target - 6.8%) 
	Rotorua's market share of Australian visitor arrivals to NZ.	19.8%	15.2% 	Rotorua continues to lose market share to other destinations with vastly better air connectivity, alliances and pricing. Destination Rotorua is working on strategies to address this market segment.	15.6% (est) (target - 19.7%) 
	Number of arrivals to Rotorua from key Asian markets (i.e. sum of day and overnight arrivals from China, Japan and Korea).	215,100	225,000 	2015 has seen exceptionally strong growth in the Chinese market and good growth in the Japanese and Korean markets.	186,700 (est) (target - 192,600) 
Encourage the Rotorua tourism industry to deliver on the promise of 'manaakitanga' (provision of exceptional hospitality) to the visitor experience.	80% average rating of satisfaction surrounding the Rotorua visitor experience.	80%	80% 		78% 
Market Rotorua nationally and internationally as a great place to live, work, invest and do business.	100% of Annual Marketing Plan implemented.	100%	Not measured 	Not measured this year as the focus has moved away from this measure with the Rotorua 2030 direction.	90% 
	Number of new Rotorua specific business enquiries generated pa.	100	Not measured 	Not measured this year as the focus has moved away from this measure with the Rotorua 2030 direction.	30 (target - 75) 



Level of service	Performance measure	Target for 2014/15	Achievement	Comments	Achievement for 2013/14
	Percentage of respondents that list Rotorua as a preferred lifestyle destination to live, work and invest.*	80%	59%	The main reason within the survey comments for dissatisfaction, is not actively promoting Rotorua as a place to live.	57% (target – 75%)
	Business sector satisfaction rating with live, work and invest promotion.	80%	Not measured	Not measured this year as the focus has moved away from this measure with the Rotorua 2030 direction.	57% (target – 75%)
Provide mechanisms to enhance revitalisation of CBD through the Urban Design Framework/ Sustainable Economic Development strategy.	Percentage increase in CBD foot traffic.	5%	5.1%	Increase from the previous year from 7,019 to 7,375 pedestrians in the annual October survey.	Survey not yet undertaken
Provide an accessible, informative and friendly point of contact to visitors to Rotorua.	80% of customers satisfied or very satisfied as per annual customer survey.	85%	96%		87%
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.	\$1.8m	\$1.6m	The original target was set during the Rugby World Cup and expectations were of high tourism in the following years however this has not eventuated. The actual performance for this financial year was 30% better than the previous financial year, from \$1.2m to \$1.6m.	\$1.235m (target - \$1.6m)
	Percentage sales directly contributing to the Rotorua economy.	85%	85%		86% (target – 80%)

* National Research Bureau survey – a phone survey of 400 residents undertaken annually.





Consenting Services

What we do




This activity administers the Building Act, Fencing of Swimming Pools Act, Resource Management Act, District Plan, National Environmental Standards, and the Official Information Act. The activity includes:

- Processing Project Information Memoranda (PIMs).
- Processing building consent applications, assessing against the Building Code.
- Provide development related advice to the public.
- Land Information Memorandums (LIMS).

Why we do it

To provide opportunities for our people and investors in our community to undertake improvements and development that is safe and reflective of the outcomes of the District Plan.

Contribution to Rotorua 2030

Rotorua 2030 Goals							
A resilient community	Homes that match needs	Outstanding places to play	Vibrant city heart	Business innovation and prosperity	Employment choices	Enhanced environment	
							
			✓	✓	✓		

The year's highlights and achievements included:

- A new outcomes and solutions-focused approach when assessing planning applications and enquiries.
- Enabling development by looking at the outcome of the project and if it does not entirely meet the regulations, finding solutions to satisfy the purpose of the regulations to meet the desired outcomes of both the project/topic and the regulations.
- We have committed to work more closely with frequent customers on our approach to planning and consents, this is to provide better outcomes and certainty for people looking to undertake development in the city.
- Maintenance of the National Building Consents Accreditation.



What it cost us





















Consenting Services	2015 Annual Plan \$000	2015 Actuals \$000
Revenue		
Rates	74	870
Fees and charges	1,465	1,186
Subsidies and grants	0	0
Total Income	1,539	2,056
Operating Expenditure		
Staff Costs	1,371	1,544
Direct Costs	700	408
Finance costs	1	-115
Depreciation	0	0
Group Overhead	-538	208
Total Operating Expenditure	1,534	2,045
Operating Net Cost of Service	5	11
Capital Expenditure		
Capital Acquisitions	0	0
Capital Renewals	0	0
Depreciation Funds Collected	0	0
Capital Funding		
Capital Revenue	0	0
Asset Proceeds	0	0
Net Funding Position	5	11



Performance Measures

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2014/15	Achievement	Comments	Achievement for 2013/14
Buildings are constructed and maintained so people can use them safely.	Inspections undertaken. within: 60% within 24 hours	60% within 24 hours	91% 		78% 
	60% within 24 hours	80% within 48 hours	99% 		97% 
	80% within 48 hours	100% within 72 hours	100% 		100% 
	100% within 72 hours				
	Full accreditation without limitations under the Building Act 2004 is maintained.	Achieved	Achieved 		Achieved 
	25% of all premises in Rotorua district audited annually for compliance with building warrant of fitness.	Achieved	26% 	234 of the 902 premises were audited during the financial year.	25.4% 
	Percentage of industry/ customers who are very/fairly satisfied with building consent process.	5% increase on previous year used as baseline	Not measured 	Accurate reporting on this is not yet possible for this financial year. Although some baseline data has been obtained over the past year, it is not sufficient to draw meaningful analysis. Data gathered will be used in the next financial year to draw comparisons and inform progress.	Not measured 
Dangerous and insanitary buildings are dealt with to maintain public safety.	All complaints investigated within 72 hours.	100%	100% 	62 complaints were received compared to 103 for the previous financial year, with an average response time of 9 hrs.	100% 
Monitor and control the community's wastewater discharges (trade waste, stormwater).	40% of premises with a conditional trade waste consent or stormwater licence inspected each year for compliance.	40%	73% 	645 of 888 premises inspected during the financial year.	45% 
	100% of high risk premises annually monitored for compliance.	100%	100% 	68 premises inspected during the financial year.	98% 
	95% of pollution control complaints responded to within two hours.	95%	100% 	20 call outs during the financial year.	100% 



Level of service	Performance measure	Target for 2014/15	Achievement	Comments	Achievement for 2013/14
Timely and consistent processing of consent applications.	100% of land use consents processed with statutory timeframe of 20 days.	40% on or before day 10	8%	Not achieved during the financial year due to the need to assess each consent against both the operational and proposed district plans, which has resulted in longer processing times. 211 land use consents decided on for the year with two notified consents going beyond the 20 statutory working days due to a system error and a legal hearing issue.	27%
	40% on or before day 10	60% on or before day 15	12%		47%
	60% on or before day 15	100% on or before day 20	99%		100%
	100% of subdivision consents processed with statutory timeframe of 20 days.	10% on or before day 10	3%	Not achieved during the financial year due to the need to assess each consent against both the operational and proposed district plans, which has resulted in longer processing times. All 32 subdivision consents processed within the statutory timeframe during the financial year.	7%
	10% on or before day 10	25% on or before day 15	9%		15%
	25% on or before day 15	100% on or before day 20	100%		100%
	Council is ranked within the top 20 for timeliness of consent processing.	Achieved	Not measured	This is the first year of the National Monitoring Act requirements. This will be measured national on statistics from 1 July 2014 to 30 June 2015 and the result isn't available in time for the annual report.	Not measured
	Percentage of customers very/fairly satisfied with the consent process.	Net 5% increase on previous year's actual	Not measured	Accurate reporting on this is not yet possible for this financial year. Although some baseline data has been obtained over the past year, it is not sufficient to draw meaningful analysis. Data gathered will be used in the next financial year to draw comparisons and inform progress.	Not measured
Prompt responses to complaints.	100% of complaints responded to within one working day of receipt.	100%	94%	80 complaints received over the financial year and 75 were responded to within one working day. Of the five complaints not responded to within one working day, four were complicated in nature and the other complainant asked not to be responded to.	100%





Regulatory Services

What we do

This activity covers a range of specific functions. Focus areas include:

- Animal Control
- Inspection
- Licensing
- Parking Enforcement

The role of this activity is to:

Animal Control

- Ensure that dogs in the district are registered.
- Provide a complaint resolution service in relation to uncontrolled dogs.
- Control the number 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 Rotorua district.

Inspection

- Promote and conserve public health.
- Register and inspect food premises, hairdressers and camping grounds.
- Investigate health complaints, monitor water supplies, swimming pool water quality and noise control.
- Investigate complaints and undertake inspections relating to the Building Act and District Plan related matters.
- Manage the district licensing agency to ensure managers and licenced premises hold the appropriate liquor licence and to work towards a reduction in abuse of liquor in the community.
- 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).
- Administer the Geothermal Safety Bylaw 2008. 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.
- Ensure public safety in the handling and storage of hazardous substances.



- Inspecting building work in conjunction with building consents.
- Issuing Code Compliance Certificates for buildings constructed in accordance with the consent.
- Auditing buildings that have a Building Warrant of Fitness (BWOFF).
- Dealing with complaints and breaches of the Building Act.
- Issuing compliance schedules and compliance schedule statements.
- Issuing notices to fix.
- Issuing infringement notices.





Parking Enforcement

- Maximise the availability of safe and appropriate parking during working and shopping hours.

Why we do it

To keep our people and visitors safe while out and about on our streets, in their neighbourhoods and in their homes.

Contribution to Rotorua 2030

Rotorua 2030 Goals						
A resilient community	Homes that match needs	Outstanding places to play	Vibrant city heart	Business innovation and prosperity	Employment choices	Enhanced environment
						
✓	✓	✓	✓			

The year's highlights and achievements included:

- Trialling of new technology to further mobilise field staff thereby enabling them to work in a more efficient and cost effective manner. Advancements such as this will result in council offering a more responsive regulatory service to the community.
- Preliminary investigation carried out in relation to the Rotorua's substandard housing issues and how council can become better equipped to not only ensure that regulatory requirements are met, but that there is also a better chance of a long-term change in living standards for the occupants.
- Provisional Local Alcohol Policy (LAP) adopted aimed at reducing alcohol related harm to the community.
- Draft LAPP (local approved products policy) adopted to ensure that harm from psychoactive substances in the community is minimised.



What it cost us

Regulatory Services	2015 Annual Plan \$000	2015 Actuals \$000
Revenue		
Rates	0	0
Fees and charges	2,997	3,468
Subsidies and grants	0	0
Total Income	2,997	3,468
Operating Expenditure		
Staff Costs	1,475	1,895
Direct Costs	778	683
Finance costs	1	13
Depreciation	25	22
Group Overhead	473	571
Total Operating Expenditure	2,752	3,183
Operating Net Cost of Service	245	285
Capital Expenditure		
Capital Acquisitions	0	0
Capital Renewals	-10	-4
Depreciation Funds Collected	25	22
Capital Funding		
Capital Revenue	0	0
Asset Proceeds	0	0
Net Funding Position	260	303


















Capital expenditure

PROJECT	2014/15	2014/15
	Annual Plan	Actual
	\$000	\$000
Dog pound renewals	6	4
Inspection equipment renewals	4	0
TOTAL	10	4

Performance Measures

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2014/15	Achievement	Comments	Achievement for 2013/14
Provide safe public places free from uncontrolled dogs and wandering stock.	100% of known dogs registered or served with a notice to register by 30 June annually.	100%	100% 	11,304 dogs registered or infringed out of a known population of 11,304.	104% 
	100% of complaints about wandering stock responded to immediately.	100%	100% 	283 of 283 complaints responded to immediately.	100% 
	75% of residents very/fairly satisfied with the control of dogs.*	75%	75% 	The satisfaction level has increased from last financial year despite an increase in overall number of dog complaints from 5,446 to 5,510.	69% 
Ensure district is provided with clean, safe and hygienic food premises, licensed liquor outlets, hairdressers and camping grounds.	100% of all known food premises registered.	100%	100% 	641 premises requiring registration for the current year have been registered.	100% 
	100% of all licensed premises are inspected under the Sale of Liquor Act at least once every 12 months to ensure they comply with licence requirements.	100%	95% 	Changes in the Act moved the focus this year to high risk (39) and very high risk (3) premises which require two inspections per year, although one premise was closed before its second inspection. 79 of the 83 half yearly inspections were completed.	78% 
	80% of residents very/fairly satisfied with noise control service.*	80%	76% 	Noise complaints rose by just under 11% on last year to a total of 3,603 complaints. The average urban response to complaints was under 30 minutes.	75% 

* National Research Bureau survey – a phone survey of 400 residents undertaken annually.





Roads and Footpaths

What we do

This activity includes the development and management of the roading network including public transport infrastructure, road safety programmes, promotion of alternative active transport modes and long term transport network planning. Effective and efficient roading networks are critical to supporting and developing the economy particularly in Rotorua district where three major economic drivers of forestry, agriculture and tourism are so reliant on efficient transport systems as well as providing residents with connectivity and access amenity.

The role of this activity is to:

- Manage, administer, and maintain the local road network, including kerb and channelling, road marking, traffic signals, signage, street furniture, and street lighting.
- Plan, implement and manage improvements to the network.
- Prioritise and manage a programme of road safety improvements.
- Provide, maintain and manage infrastructure to support walking, cycling and public transport (by installing bus shelters and bus stops).
- Provide footpath and verge maintenance and construction in both urban and rural areas.
- Provide a programme of road seal extensions in the rural areas.
- Provide roadside mowing and vegetation control.
- Provide co-ordination, education, resources, support and advice to individuals, community groups and other agencies on road safety and on alternative travel modes to private passenger vehicles.
- Provide information and coordinated responses to the public on local highway issues.
- Provide local area contact and coordination for the NZ Transport Agency for matters related to state highways.
- Provide strategic transport planning advice for land development.

Why we do it

- To provide a safe and efficient transport network that supports the district's economy, to enable our community to make decisions on where they wish to live and to easily access places of work and recreation. In addition, to provide access for lifeline utilities and to support facilitation of events and other activities in the district.
- To promote and encourage sustainable forms of travel.
- To maintain community and economic resiliency.



Rotorua 2030 Goals						
A resilient community	Homes that match needs	Outstanding places to play	Vibrant city heart	Business innovation and prosperity	Employment choices	Enhanced environment
✓		✓	✓	✓	✓	✓

The year’s highlights and achievements included:

- Facilitated important commercial development projects including Eastgate, Fairy Springs development, and Vaughan road development.
- Maintained and improved access to key recreational facilities such as parks and sports fields.
- Developed the draft urban cycling corridors plan in partnership with the Rotorua Cycling Action group.
- Worked with key district stakeholders (Iwi, land and commercial developers) to progress the planning for the three main transport corridors under the “Connect Rotorua” project.
- Worked with the accessibility advisory group to identify required improvements to roading and footpath assets to ease the movement of people with disabilities.
- The commencement of a comprehensive transport corridor planning will provide clarity for future land and commercial investment in the district within an unambiguous transport and spatial framework.
- The securing of funding through relevant government programmes for the completion of the urban cycling network will link key tourism destinations via a safe and well integrated cycling network making the city more attractive to tourism.
- The optimisation of transport specialist technical services to Council through effective procurement processes delivered significant savings contributing the 2016 goal of providing sustainable infrastructure and affordable, effective council services.



Our district has:

1,003km
of roads

665km
of footpaths

123
bridges



Roads and footpaths	2015 Annual Plan \$000	2015 Actuals \$000
Revenue		
Rates	9,125	9,500
Fees and charges	544	563
Subsidies and grants	2,742	2,536
Total Income	12,411	12,599
Operating Expenditure		
Staff Costs	633	616
Direct Costs	5,599	6,201
Finance costs	873	1,821
Depreciation	6,458	5,883
Group Overhead	2,718	3,147
Total Operating Expenditure	16,281	17,668
Operating Net Cost of Service	-3,870	-5,069
Capital Expenditure		
Capital Acquisitions	-560	-1,319
Capital Renewals	-4,994	-4,468
Depreciation Funds Collected	6,458	5,883
Capital Funding		
Capital Revenue	4,145	2,424
Asset Proceeds	0	0
Net Funding Position	1,179	-2,549














Capital expenditure

PROJECT	2014/15 Annual Plan \$000	2014/15 Actual \$000
Drainage renewals	236	178
Footpath renewals	154	44
Parks roads renewals	91	9
Passenger transport infrastructure	46	50
Local bus routes and tourist bus parking improvements	100	159
Pavement rehabilitation	1,603	1,417
Road reseals	2,578	2,689
Rural road seal extensions	400	376
Structural renewals	137	158
Te Ngae Road foothpath (Rotokawa u)	15	0
Traffic services renewals	194	151
Cycleway construction	0	383
Minor safety projects	0	133
Urban street improvements	0	13
Land Acquisition fees	0	27
TOTAL	5,554	5,787






Performance Measures

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2014/15	Achievement	Comments	Achievement for 2013/14
Provision of an efficient well maintained roading network.	95% of public bus services run on time.	Achieved	Not measured 	The Regional Council have advised this was not measured in 2015 due to impending changes in contractual arrangements.	87% 
Provide good utilisation of public parking.	70%-90% average parking occupancy during normal business hours.	70-90%	65% 	The average throughout the business day is around 65% rising to 85% at peak times.	70-90% 
	65% of residents are very/fairly satisfied with parking in Rotorua city.*	65%	85% 	The level of satisfaction with parking is significantly higher than the target which is in large part due to free parking within Rotorua's CBD. Before free inner city parking was introduced, the maximum satisfaction result from the survey was 70%.	83% 
Provide educational and sustainability programmes that support the environment.	6 educational programmes delivered per year.	6	7 	Programmes completed include: Young drivers, Speed, Roads and roadsides, Alcohol, Older drivers, Pedestrians, and Cycling.	8 



Level of service	Performance measure	Target for 2014/15	Achievement	Comments	Achievement for 2013/14
Performance measure - road safety	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	≤ -1**	3 fewer serious injury crashes 	Continued declining trend in crashes and implications of those crashes. 2012/13 – Fatal 4 and Serious Injury 10 2013/14 – Fatal 1 and Serious Injury 10. 2014/15 – Fatal 1 and Serious Injury 7.	New measure
Performance measure - road condition	The average quality of ride on a sealed local road network, measured by smooth travel exposure.	≥ 75%**	88% 		New measure
Performance measure - road maintenance	The percentage of the sealed local road network that is resurfaced.	≥ 8.2%**	8.2% 		New measure
Performance measure - footpaths	The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works program or long term plan).	≥ 98%**	99% 	Currently 24 sections of footpath listed as poor out of 3,168 sections.	New measure
Performance measure - response to service requests	The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the long term plan.	≥ 90%**	88% 	All 805 maintenance requests receive an immediate response and 604 of the 801 complaints and/or new service requests were responded to within five working days. A new process has been put in place to address any service requests that have been longer than three working days without a response.	New measure

* National Research Bureau survey – a phone survey of 400 residents undertaken annually.

** These are new mandatory measures and the target for 2014/15 was not set in Annual Plan but this target has been worked towards during the financial year.



Sewage Disposal



What we do

This activity comprises the collection, treatment and disposal of sewage from toilets and drains, from the three urban areas of Rotorua, (Hamurana, Ngongotaha, city and eastern suburbs) as well as identified rural lakeside communities.

Functions required for the provision of these services include:

- Strategic planning and improvement of sewerage networks to provide for growth within the district.
- Planning and implementation of renewal work to ensure infrastructure is maintained.
- Developing maintenance, levels of service and quality standards.
- Management and maintenance of assets and services including monitoring of flow and sewerage treatment effluent quality.
- Developing emergency and contingency plans to ensure the service is maintained during adverse events.
- Educating and informing the public regarding sewage services and sewerage systems.
- Developing funding policies and systems to enable continuing provision of the service into the future.

Rotorua's key wastewater assets are summarised as follows:



- 1 central wastewater treatment plant
- 1 composting plant
- 1 land effluent disposal system
- 68 pumping stations
- 7,270 manholes
- 418km of sewer gravity and rising mains
- 20,300 lateral connections

Why we do it

To remove human waste from properties and ensure that the methods of treatment for disposal are undertaken in a cost effective way that minimises impacts to our environment.



Contribution to Rotorua 2030

Rotorua 2030 Goals						
A resilient community	Homes that match needs	Outstanding places to play	Vibrant city heart	Business innovation and prosperity	Employment choices	Enhanced environment
						
✓						✓

The year's highlights and achievements included:

- Working with the other partners in the Rotorua Te Arawa Lakes Water Quality Programme, council has been able to reticulate lakeside community areas reliant on septic tanks and collect and treat their wastewater to reduce the cumulative impact of discharges, to fit within lake water quality targets set by the programme.
- Council worked with a major stakeholder engagement group representing all parts of the community including Iwi, BOP Regional Council, and Ministry of Health to recommend a preferred option for the east Rotoiti/Rotoma sewerage scheme. Council is now working alongside community groups to implement this preferred option.
- Council is working with the community to establish a stakeholder engagement group to initiate and progress both the Tarawera and Rotoehu sewerage schemes.
- Involvement in partnership with Scion and Ministry for Environment to progress the major upgrade to the centralised urban wastewater treatment plant to enable closure of the wastewater land disposal system in Whakarewarewa forest by 2019.
- Compliance within the limits of the resource consent for discharge of wastewater treated effluent to the Whakawerawera Forest fully complied with for the year.
- A two-third reduction in fault reporting for on-property low pressure grinder pumps following replacement of under warranty faulty electronics.



What it cost us

Sewage Disposal	2015 Annual Plan \$000	2015 Actuals \$000
Revenue		
Rates	12,664	12,516
Fees and charges	516	733
Subsidies and grants	0	0
Total Income	13,180	13,249
Operating Expenditure		
Staff Costs	1,203	1,196
Direct Costs	4,886	4,234
Finance costs	460	719
Depreciation	4,393	4,750
Group Overhead	3,803	2,473
Total Operating Expenditure	14,745	13,371
Operating Net Cost of Service	-1,565	-123
Capital Expenditure		
Capital Acquisitions	-12,030	-2,874
Capital Renewals	-1,754	-1,133
Depreciation Funds Collected	4,393	4,750
Capital Funding		
Capital Revenue	4,185	153
Asset Proceeds	0	0
Net Funding Position	-6,771	773












Capital expenditure

PROJECT	2014/15	2014/15
	Annual Plan	Actual
	\$000	\$000
Stormflow pump station screen	30	
Flow balancing tank and pipe upgrade	700	
Inlet screen installation	120	
Land treatment renewals	19	8
Sewage pump station renewals	256	276
Construction of full Terax plant	10,980	1,410
Treatment plant renewals	262	495
Urban network renewals	1,067	361
Waste water treatment and disposal upgrade	350	953
Rural Waste water improvements	0	461
Sewage network improvements	0	43
TOTAL	13,784	4,007




Performance Measures

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2014/15	Achievement	Comments	Achievement for 2013/14
Provide sewerage systems that are safe, reliable and sustainable.	Reduction in number of household unit equivalents discharging to septic tanks.	Tarawera 393 Mamaku 243 connected	Not measured 	These schemes were flagged in a previous LTP but have since been deferred pending funding approval and community consultation.	Not measured 
	95% of customers are very/fairly satisfied with wastewater services.*	95%	97% 		97% 
Performance measure - system and adequacy	The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	≤ 5 / 1000 connections**	2.8 / 1000 connections 		New measure
Performance measure - discharge compliance	Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: <ul style="list-style-type: none"> ▪ abatement notices ▪ infringement notices ▪ enforcement orders, and ▪ convictions, received by the territorial authority in relation to those resource consents	0**	0 		New measure



Level of service	Performance measure	Target for 2014/15	Achievement	Comments	Achievement for 2013/14
Performance measure - fault response times	Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured: <ul style="list-style-type: none"> attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site, and resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault 	Attendance ≤ 60 minutes** Resolution ≤ 240 minutes**	43 minutes  149 minutes 		New measure
Performance measure - customer satisfaction	The total number of complaints received by the territorial authority about any of the following: <ul style="list-style-type: none"> sewage odour sewerage system faults sewerage system blockages, and the territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system 	≤ 10 / 1000 connections**	23 odour  96 faults 56 blockages and 1 response complaints Total complaints 7.2 / 1000 connections	Total of 176 complaints from 24,344 connections.	New measure

* National Research Bureau survey – a phone survey of 400 residents undertaken annually.

** Target for 2014/15 was not set in Annual Plan but has been worked towards during the financial year.



Stormwater and Land Drainage



What we do

This activity comprises the:

- Maintenance of stormwater systems to manage drainage of excess rainfall.
- Development and implementation of programmes to progressively improve stormwater systems in areas that experience localised flooding, usually resulting from extreme rainfall episodes.
- Management of an integrated approach to planning and maintaining a stormwater system that includes: ecosystems, people, urban design, communities and businesses, as well as cultural, amenity and social values. Regulate property owner responsibilities to utilise public stormwater facilities to assist in the provision of a fully functional stormwater system.

Why we do it

- Ensure that people and property are protected from the effects of large weather events by providing the drains etc. to effectively remove excess water.
- Educate the community on the effects of pollutants entering the drains and their impact on the lake.

Contribution to Rotorua 2030

Rotorua 2030 Goals						
A resilient community	Homes that match needs	Outstanding places to play	Vibrant city heart	Business innovation and prosperity	Employment choices	Enhanced environment
✓	✓					✓

The year's highlights and achievements included:

Applied for comprehensive catchment consent for the Rotorua urban area to replace all existing consents for stormwater discharge. This integrates all stormwater management throughout the urban area into one content allowing for efficiencies in consent monitoring and discharge control.



What it cost us

Stormwater and Land Drainage	2015 Annual Plan \$000	2015 Actuals \$000
Revenue		
Rates	5,719	5,050
Fees and charges	63	12
Subsidies and grants	0	0
Total Income	5,782	5,062
Operating Expenditure		
Staff Costs	210	170
Direct Costs	666	717
Finance costs	831	664
Depreciation	2,086	2,031
Group Overhead	1,364	1,426
Total Operating Expenditure	5,157	5,008
Operating Net Cost of Service	625	54
Capital Expenditure		
Capital Acquisitions	-724	-173
Capital Renewals	-1,675	-415
Depreciation Funds Collected	2,086	2,031
Capital Funding		
Capital Revenue	0	2
Asset Proceeds	0	0
Net Funding Position	312	1,500








Capital expenditure

PROJECT	2014/15	2014/15
	Annual Plan	Actual
	\$000	\$000
Stormwater renewals	1,675	455
Stormwater upgrades	724	133
TOTAL	2,399	588

Performance Measures

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2014/15	Achievement	Comments	Achievement for 2013/14
Performance measure - system adequacy	The number of flooding events that occur in a territorial authority district.	≤ 2**	1 		New measure
	For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system).	≤ 0.5 / 1000 rated properties**	0.3 / 1000 properties 	Eight affected floors have been reported to Council from a total of 28,376 rated properties.	New measure
Performance measure - discharge compliance	Compliance with the territorial authority's resource consents for discharge from its stormwater system measured by the number of: <ul style="list-style-type: none"> ▪ abatement notices ▪ infringement notices ▪ enforcement orders, and ▪ convictions, received by the territorial authority in relation to those resource consents.	0**	0 		New measure
Performance measure - response times	The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.	≤ 60 minutes**	49 minutes 		New measure
Performance measure - customer satisfaction	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.	≤ 20 / 1000 rated properties**	14.2 / 1000 properties 	Total of 404 complaints from 28,376 rated properties.	New measure

** Target for 2014/15 was not set in Annual Plan but has been worked towards during the financial year.





Waste Management

What we do

Waste management and waste minimisation are important undertakings designed and executed in order to mitigate the adverse health impacts of the waste created by the consumption of goods and products, and to minimise the environmental and economic impacts of uncontrolled waste disposal. The council:

- Regulates and manages domestic and industrial refuse.
- Undertakes waste management in compliance with relevant statutes.
- Oversees the current landfill operation and provides for its sustainable aftercare.
- Provides for a weekly refuse collection service for residential properties.
- Manages and provides facilities for waste recycling and relevant re-use services.
- Plans, develops and manages waste statute compliant waste disposal facilities.
- Provides services for litter collection and disposal at appropriate facilities.
- Develops and provides waste minimisation education programmes to the community.
- Provides and operates waste and recyclable materials transfer stations for rural communities.
- Regulates, receives and safely disposes of domestic hazardous wastes.

Why we do it

- To remove household and commercial waste from our properties ensuring our households and businesses are safe and sanitary.
- To educate the community on ways to reduce and reuse waste for example recycling.

Contribution to Rotorua 2030

Rotorua 2030 Goals						
A resilient community	Homes that match needs	Outstanding places to play	Vibrant city heart	Business innovation and prosperity	Employment choices	Enhanced environment
✓			✓	✓		✓



The year's highlights and achievements included:

- Receiving, sorting and diverting to beneficial use a significant volume of recyclable materials.
- Providing a range of community engagement and educational programmes related to waste, litter and environmental management.
- Initiating a review of the district's waste and waste minimisation strategy for the 2015-2025 Long-term Plan.
- Maintained a presentable, clean and attractive CBD through effective street cleaning, water blasting of paths, removal of graffiti, and removal of litter.
- Worked with key district stakeholders to design and implement waste and sustainable environment programmes aiming to inform and educate the community on the adverse effects of waste creation and uncontrolled disposal.
- Worked with the rural communities to seek unique and location specific solutions to their waste management concerns.











Capital expenditure

PROJECT	2014/15	2014/15
	Annual Plan	Actual
	\$000	\$000
Landfill renewals	326	0
Tarawera transfer station 24 hour access	75	46
Thermal Deconstruction plant	0	940
TOTAL	401	986

Performance Measures

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2014/15	Achievement	Comments	Achievement for 2013/14
Provide sustainable recycling facilities for household, green waste and concrete.	Percentage of green waste and concrete recovered from total amount landfilled.	19%	22% 	Of the 35,937 total tonnes of refuse delivered to the landfill, 7,812 tonnes of green waste and concrete were diverted.	24%  (target – 17%)
	Number of tonnes per annum of recycled material recovered.	4,690 tonnes	3,893 tonnes 	The total amount of reported recycling is down from the previous financial year both from the council (3,411 to 3,393 tonnes) and from private kerbside collection (1,046 to 500 tonnes).	4,475 tonnes  (target – 4,470 tonnes)
Minimise impact on environment.	No breaches of consent conditions notified by Regional Council.	Achieved	Not achieved 	An abatement notice was served on the landfill in Feb 2015. This is being addressed.	Achieved 
Provide sustainable disposal facilities.	Less than 55,000 tonnes rubbish/waste landfilled annually.	55,000	28,125 tonnes 	The result measured is for the RLC Atiamuri landfill only. Private contractors are now collecting waste and taking to other landfills and it is not possible to access this data or estimate a percentage that private collectors are managing.	34,669 tonnes 
Provide efficient household waste collection service.	95% of residents very/fairly satisfied with refuse collection service.*	95%	95% 		91% 

* National Research Bureau survey – a phone survey of 400 residents undertaken annually.



What it cost us

Waste Management	2015 Annual Plan \$000	2015 Actuals \$000
Revenue		
Rates	3,985	3,912
Fees and charges	3,447	2,085
Subsidies and grants	0	0
Total Income	7,432	5,997
Operating Expenditure		
Staff Costs	164	269
Direct Costs	2,619	2,880
Finance costs	458	827
Depreciation	339	185
Group Overhead	4,743	3,722
Total Operating Expenditure	8,323	7,884
Operating Net Cost of Service	-891	-1,886
Capital Expenditure		
Capital Acquisitions	-75	-986
Capital Renewals	-326	-0
Depreciation Funds Collected	339	185
Capital Funding		
Capital Revenue	953	431
Asset Proceeds	0	0
Net Funding Position	0	-2,256



ROTORUA CENTRAL WATER SUPPLY
TAKINA SPRINGS
 Water Register
 100
 charge 42,800m³ /day
 10.5 °C
 0.8
 Served 43,506 (2006)
 Consumption 23,699m³ /day (2010)
 Connected 16,140 (Oct 2010)

Water Supplies



What we do

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

Functions 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 maintenance planning, levels of service and quality standards.
- Management and maintenance of assets and services including monitoring of pressure, flow and water quality.
- Developing 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.

Rotorua's key water supply assets are summarised as follows:

- 9 water sources
- 16 pump stations
- 22 reservoirs
- 24,000 connections
- 688km of pipe work

Council will, in areas where it is cost-effective to do so, provide a supply of drinking water which is "safe." The commercial / industrial sector, including dairy farming, also expects Council (in currently served areas) to ensure there is adequate water provided for these businesses to operate and develop. Council will ensure, through strategies and sound planning, that these services will be available to areas of the district in which growth and development is expected.

Why we do it

Provide our community with access to a high quality supply of water for daily household and commercial activities i.e.: drinking, bathing, cleaning etc.



Contribution to Rotorua 2030

Rotorua 2030 Goals						
A resilient community	Homes that match needs	Outstanding places to play	Vibrant city heart	Business innovation and prosperity	Employment choices	Enhanced environment
						
✓	✓					

The year's highlights and achievements included:

- Engagement with Ngati Rangiwewehi to progress the continued use of Taniwha springs as the source of water for the Ngongotaha supply and to investigate alternative sources.
- Significant progress made towards partitioning of the water supply network to enable better control of flows, pressures, and losses within the network system.
- All eight operational ultra-violet light water treatment plants achieved full compliance with the requirements of the drinking water standards for New Zealand for the full year.

Capital expenditure

PROJECT	2014/15	2014/15
	Annual Plan \$000	Actual \$000
Plant and building renewal	20	
Backflow prevention devices installation or upgrade	200	
Meter renewals	40	61
Minor and electrical and mechanical plant upgrades	21	
Urban network renewals	1,227	1,091
New rider mains	300	
Planning and establishment of new Ngongotaha water source	600	
Plant improvements	10	10
Kaharoa water renewals	6	114
Mamaku water renewals	11	
Okareka water renewals	8	
Reporoa water renewals	7	38
Replacement of monitoring equipment	11	
Sectorisation and pressure management	475	266
Seismic shut-off valve installation	40	
Other rural water renewals		27
Rural water improvements		74
Laboratory renewals		11
TOTAL	2,976	1,692



What it cost us

Water Supplies	2015 Annual Plan \$000	2015 Actuals \$000
Revenue		
Rates	6,870	7,444
Fees and charges	214	271
Subsidies and grants	0	0
Total Income	7,084	7,715
Operating Expenditure		
Staff Costs	2,295	1,394
Direct Costs	2,209	1,952
Finance costs	360	520
Depreciation	3,153	2,649
Group Overhead	1,576	3,005
Total Operating Expenditure	9,593	9,520
Operating Net Cost of Service	-2,509	-1,804
Capital Expenditure		
Capital Acquisitions	-485	-349
Capital Renewals	-2,491	-1,343
Depreciation Funds Collected	3,153	2,649
Capital Funding		
Capital Revenue	47	16
Asset Proceeds	0	0
Net Funding Position	-2,285	-831






825km
of water network reticulation









Delivering **14 billion**
litres of water per year

Performance Measures






How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2014/15	Achievement	Comments	Achievement for 2013/14
Provide water to households that is safe to drink, sustainable and has adequate pressure and flow.	Achieve MOH gradings of minimum Cc across all water supplies.	Achieved	Not achieved 	All actual water supplied was fully compliant with the Drinking Water Standards for NZ. The last MoH gradings were performed prior to 2010 and since then, new treatment systems have been installed and monitoring systems upgraded. It is expected that when re-grading is next undertaken in early 2016 the Cc performance target will be met.	Not achieved 
Provide educational programmes to ensure efficient use of water.	3 education programmes delivered per year.	3	6 	Programmes completed include: Six school education visits, Teachers' Workshop, Headworks open day, Summer Radio Advertising, Resource centre visits and Eco carnival.	4 
Performance measure - safety of drinking water	Compliance with: <ul style="list-style-type: none"> part 4 of the drinking-water standards (bacteria compliance criteria), and part 5 of the drinking-water standards (protozoal compliance criteria) 	Achieved for all supplies*	Bacterial compliance Mamaku – No Other areas - Yes Protozoal compliance Central - No Mamaku – No Other areas - Yes	<ul style="list-style-type: none"> All actual water supplied was fully compliant with the Drinking Water Standards for NZ. Mamaku achieved distribution zone bacterial compliance but not source bacterial compliance because insufficient tests were taken at the treatment plant in the first half of the year. This meant compliance for the whole year could not be achieved. Protozoal compliance not achieved for Central due to Matipo UV plant being off line awaiting significant repair. Mamaku protozoal not achieved pending a bore security assessment 	New measure
Performance measure - maintenance of the reticulation network	The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this).	≤ 25%**	20% Urban 23% Rural 	Measurement based on Water NZ water loss benchmarking methodology - Current Annual Real Losses (excluding farming).	New measure
Performance measure - fault response times	Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: <ul style="list-style-type: none"> attendance for urgent call-outs: from the time that the local authority receives notification 	Attendance to urgent ≤ 60 minutes** Resolution of urgent ≤ 240 minutes** Attendance to non-urgent ≤ 1 day**	55 minutes  175 minutes  4 hours 47 minutes 		New measure



Level of service	Performance measure	Target for 2014/15	Achievement	Comments	Achievement for 2013/14	
	<p>to the time that service personnel reach the site, and</p> <ul style="list-style-type: none"> ▪ resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption. ▪ attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site, and ▪ resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption. 	Resolution of non-urgent ≤ 3 days**	21 hours 7 minutes			
Performance measure - customer satisfaction	<p>The total number of complaints received by the local authority about any of the following:</p> <ul style="list-style-type: none"> ▪ drinking water clarity ▪ drinking water taste ▪ drinking water odour ▪ drinking water pressure or flow ▪ continuity of supply, and ▪ the local authority's response to any of these issues <p>expressed per 1000 connections to the local authority's networked reticulation system.</p>	$\leq 10 / 1000$ connections**	7 clarity 11 taste 5 odour 51 pressure or flow 108 continuity complaints Total = 7.3 per 1000 connections		Total of 182 complaints from 25,058 connections.	New measure
Performance measure - demand management	The average consumption of drinking water per day per resident within the territorial authority district.	≤ 320 litres per person per day**	301 litres per person per day		Figures based on domestic residential consumption.	New measure

** Target for 2014/15 was not set in Annual Plan but has been worked towards during the financial year.



Financial statements

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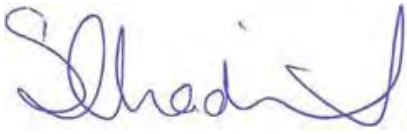
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Statement of compliance

The Council of Rotorua District Council hereby confirms that all statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with.



Steve Chadwick
Mayor
29 October 2015



G Williams
Chief Executive
29 October 2015



Statement of comprehensive revenue and expense

for the year ended 30 June 2015

	Notes	Council			Group	
		2015	2015	2014	2015	2014
		actual	budget	actual	actual	actual
		\$000	\$000	\$000	\$000	\$000
Revenue						
Rates, excluding targeted water supply rates	2	70,031	73,236	68,228	69,959	68,150
Targeted rates for water supply	2	3,411	3,035	3,237	3,404	3,237
Development and financial contributions	5	364	355	311	364	311
Subsidies and grants	3	6,140	12,937	8,691	6,236	8,691
Interest revenue	4	135	-	76	140	101
Other revenue	6	21,793	22,300	23,429	23,874	25,419
Gains	7	801	-	-	801	-
Total Revenue	7(b)	102,675	111,862	103,972	104,778	105,909
Expenses						
Personnel costs	8	33,122	34,089	35,911	34,317	36,245
Depreciation and amortisation expense	19	26,448	27,404	27,431	26,653	27,622
Finance costs	4	8,826	9,878	8,231	8,826	8,231
Loss on disposal/impairment of plant, property & equipment	9	9,211	-	2,914	9,211	2,914
Other expenses	9	41,054	41,531	43,136	41,722	44,826
Total expenses		118,661	112,902	117,623	120,729	119,838
Share of associate's surplus/(deficit)		-	-	-	-	-
Surplus/(deficit) before tax		(15,986)	(1,040)	(13,651)	(15,951)	(13,929)
Income tax expense	10	-	-	-	-	(5)
Surplus/(deficit) after tax		(15,986)	(1,040)	(13,651)	(15,951)	(13,924)
Other comprehensive revenue and expense						
<i>Items that could be reclassified to surplus(deficit):</i>						
Net change in fair value of hedges	25	(453)	-	294	(453)	294
Net change in fair value of investment	25	78	-	(315)	43	(42)
<i>Items that will not be reclassified to surplus(deficit):</i>						
Revaluation on property, plant & equipment	25	17,404	-	29,268	17,404	29,268
Revaluation on Intangibles	25	170	-	128	170	128
Total other comprehensive revenue and expense		17,199	-	29,375	17,164	29,648
Total comprehensive revenue and expense		1,213	(1,040)	15,724	1,213	15,724

Statement of changes in equity

for the year ended 30 June 2015

	Notes	Council			Group	
		2015	2015	2014	2015	2014
		actual	budget	actual	actual	actual
		\$000	\$000	\$000	\$000	\$000
Balance as at 1 July	25	977,537	952,472	961,813	977,537	961,813
Total comprehensive revenue and expense for the year		(15,986)	(1,040)	(13,651)	(15,951)	(13,924)
Other comprehensive income		17,199	-	29,375	17,164	29,648
Balance as 30 June	25	978,750	951,432	977,537	978,750	977,537

The accompanying notes form an integrated part of these financial statements.



Statement of financial position

as at 30 June 2015

	Notes	Council			Group	
		2015 actual	2015 budget	2014 actual	2015 actual	2014 actual
		\$000	\$000	\$000	\$000	\$000
Assets						
Current assets						
Cash & cash equivalents	11	5,901	1,000	5,329	7,561	5,998
Debtors & other receivables	12	8,777	23,389	8,335	8,988	8,505
Inventory	15	1,214	1,325	1,298	1,214	1,298
Non-current assets held for sale	16	47,077	-	878	33	878
Provision for taxation	10	-	-	-	49	52
Total current assets		62,969	25,714	15,840	17,845	16,731
Non-current assets						
Loans & receivables	12	256	-	11	256	11
Property, plant and equipment	17	1,100,738	1,120,704	1,151,372	1,148,657	1,152,341
Intangible assets	18	3,834	3,600	2,559	3,884	2,581
Derivative financial instruments	13	-	-	276	-	276
Other financial assets						
- Investment in CCOs and other similar entities	14	1,864	3,570	1,820	-	-
- Investment in other entities	14	1,338	-	1,185	1,338	1185
Total non-current assets		1,108,030	1,127,874	1,157,223	1,154,135	1,156,394
Total assets		1,170,999	1,153,588	1,173,063	1,171,980	1,173,125
Liabilities						
Current liabilities						
Payables and deferred revenue	21	16,893	19,100	16,742	17,817	16,731
Provisions	24	455	750	1,690	455	1,690
Employee entitlements	23	5,207	5,300	6,121	5,264	6,194
Borrowings and other financial liabilities	22	47,500	36,150	33,675	47,500	33,675
Derivative financial instruments	13	-	-	16	-	16
Total current liabilities		70,055	61,300	58,244	71,036	58,306
Non-current liabilities						
Provisions	24	1,803	2,600	2,028	1,803	2,028
Employee Entitlements	23	198	500	254	198	254
Borrowings and other financial liabilities	22	120,000	137,756	135,000	120,000	135,000
Derivative financial instruments	13	193	-	-	193	-
Total non-current liabilities		122,194	140,856	137,282	122,194	137,282
Total liabilities		192,249	202,156	195,526	193,230	195,588
Net assets (assets minus liabilities)		978,750	951,432	977,537	978,750	977,537
Equity						
Accumulated funds	25	729,554	951,432	740,644	729,646	740,701
Reserves	25	249,196	-	236,893	249,104	236,836
Total equity		978,750	951,432	977,537	978,750	977,537

The accompanying notes form an integrated part of these financial statements.



Statement of cash flows

for the year ended 30 June 2015

	Notes	Council			Group	
		2015	2015	2014	2015	2014
		actual	budget	actual	actual	actual
		\$000	\$000	\$000	\$000	\$000
Cash flows from operating activities						
Receipts from rates revenue		73,268	76,271	71,702	73,189	71,624
Interest received		135	-	76	160	101
Dividends received		-	-	-	-	-
Receipts from other revenue		27,290	26,104	34,492	29,389	36,576
Payments to suppliers		(42,532)	(76,049)	(43,063)	(42,529)	(45,531)
Payments to employees		(35,105)	-	(35,911)	(36,021)	(36,245)
Interest paid		(9,277)	(9,449)	(8,311)	(9,277)	(8,311)
Income tax paid/refunded		-	-	-	2	(1)
Goods and Services Tax (net)		280	-	1,847	259	1,884
Net cash from operating activities	26	14,059	16,877	20,832	15,171	20,097
Cash flows from investing activities						
Receipts from sale of property, plant and equipment		3,866	10,488	1,504	3,866	1,505
Purchase of property, plant and equipment		(15,825)	(31,596)	(26,625)	(15,990)	(26,966)
Purchase of intangible assets		(201)	-	(644)	(233)	(645)
Purchase of financial assets		(152)	-	(726)	(152)	(576)
Net cash from investing activities		(12,312)	(21,108)	(26,491)	(12,509)	(26,682)
Cash flows from financing activities						
Proceeds from borrowings		13,825	40,381	45,000	13,900	45,000
Repayment of borrowings		(15,000)	(36,150)	(34,675)	(15,000)	(34,675)
Net cash from financing activities		(1,175)	4,231	10,325	(1,100)	10,325
Net (decrease)/increase in cash, cash equivalents		572	-	4,666	1,562	3,740
Cash, cash equivalents at the beginning of the year		5,329	1,000	663	5,998	2,258
Cash, cash equivalents at year end	11	5,901	1,000	5,329	7,561	5,998

The accompanying notes form an integrated part of these financial statements.



Notes to the financial statements

1: Statement of accounting policies

Reporting Entity

Rotorua District Council is a territorial local authority under the Local Government Act 2002 (LGA) and domiciled in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The Rotorua District Council group (Group) consists of the ultimate parent, Rotorua District Council (Council) and its subsidiaries Rotorua Regional Airport Limited (100% owned), Grow Rotorua Limited (100% owned), and jointly controlled entities Terax 2013 Limited (50% owned) and Terax Limited Partnership (50% owned). The council's subsidiaries and jointly controlled entities are incorporated and domiciled in New Zealand.

The Council and group provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return.

The Council has designated itself and the group as public benefit entities (PBEs) for financial reporting purposes.

The financial statements of Rotorua District Council are for the year ended 30 June 2015. The financial statements were authorised for issue by Council on 29 October 2015.

Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of Compliance

The financial statements of Rotorua District Council and Group have been prepared in accordance with the requirements of the LGA, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards. These financial statements comply with PBE Standards.

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards. These financial statements comply with PBE Standards. These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. There are no material

adjustments arising on transition to the new PBE accounting standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Changes in accounting policies

There have been no changes to accounting policies during the financial year.

Standards issued and not yet effective and not early adopted

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. The Council has applied these standards in preparing the 30 June 2015 financial statements.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning or after 1 April 2015. The Council will apply these updated standards in preparing its 30 June 2016 financial statements. The Council expects that there will be minimal or no change in applying these updated standards.

Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Rotorua District Council and its controlled entities and are prepared by adding together like items of assets, liabilities, equity, and revenue and expenses on a line-by-line basis. All significant intragroup balances, transactions, revenue and expenses unrealised gains and losses are eliminated in full on consolidation.

Controlled entities

Rotorua District Council consolidates as subsidiaries in the group financial statements all controlled 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 Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined as being unable to materially impact



the level of potential ownership benefits that arise from the activities of the subsidiary.

Controlled entities are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The consideration transferred in an acquisition of a subsidiary reflects the fair value of the assets transferred by the acquirer and liabilities incurred by the acquirer to the former owner.

Investments in any controlled entity held by council are accounted for at cost, less any impairment charges, in the separate financial statements.

The council will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. This difference reflects the goodwill to be recognised by the council. If the consideration transferred is lower than the net fair value of the council's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in the surplus or deficit. At the end of each reporting period the council assesses whether there are any indications that the carrying value of the investment in controlled entities may be impaired. Where such indications exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

Non-controlled entities

The council accounts for investments in associates using the equity method. A non-controlled entity is an entity over which the council has a non-controlling interest and may have significant influence, and that entity is neither a controlled entity (subsidiary) nor an interest in a joint venture. The investment in the associate is initially recognised at cost and the carrying amount in the group's financial statements is increased or decreased to recognise the group's 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 group's 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, surpluses or deficits are eliminated to the extent of the group's interest in the relevant associate.

Dilutions, gains or losses arising from investments in associates are recognised in the surplus or deficit.

Investments in associates is carried at cost in the council's parent entity financial statements.

Non-controlled entities (Joint Venture)

A joint venture is a binding contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. For jointly controlled entities, the council and group recognise in its financial statements share of interest in the assets it controls, liabilities and expenses it incurs, and the share of revenue that it earns from the joint venture using the proportionate consolidation method.

Revenue

Revenue is measured at the fair value of consideration received or receivable to the extent that it is probable that economic benefits or service potential will flow to the group and the revenue can be reliably measured.

Rates revenue

Rates are set annually by a resolution of 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 the council has struck the rate and that rate becomes payable.

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.
- 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.



Development and financial 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 as the Council provides, or is able to provide, the service.

New Zealand Transport Agency roading subsidies

The Council receives funding assistance from the New Zealand Transport Agency, which subsidises part of the cost of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other grants received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Building and resource consent revenue

Fees and charges for building resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

Entrance fees

Entrance fees are fees charged to users of the Council's local facilities such as the pools and museum. Revenue from entrance fees is recognised upon entry to such facilities.

Landfill fees

Fees for disposing of waste at the Council's landfill are recognised as waste is disposed by users.

Provision of commercially based services

Revenue derived through the provision of services to third parties in commercial manner is recognised in proportion to the stage of completion at balance date.

Sale of goods

Sales of goods are recognised when a product is sold to the customer.

Infringement fees and fines

Infringement fees and fines mostly relate to traffic and parking infringements and are recognised when the

infringement notice is issued. The fair value of this revenue is determined based on the probability of collecting fines, which is estimated by considering the collection history of fines over the preceding 2-year period.

Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer. For long-lived assets that must be used for a specific use (e.g. land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

Donated and bequeathed financial assets

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability released to revenue as the conditions are met (e.g. as the funds are spent for the nominated purpose).

Interest and dividends

Interest revenue is recognised using the effective interest method. Interest on an impaired financial asset is recognised using the original effective interest rate.

Dividends are recognised when the right to receive payment has been established.

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. 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 as 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, net amounts are presented as a liability.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the council has no obligation to award on receipt of the grant application, and are recognised as expenditure when approved by Council and the approval has been communicated to the applicant.

Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into 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, and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the surplus or deficit in the period they arise.

Income Tax

Income tax expense includes current tax 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 revenue tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) 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) 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 profit nor taxable profit.

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 revenue 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.



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 in surplus or deficit on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Cash and cash equivalents

Cash and cash equivalents include 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.

Debtors and other receivables

Short-term debtors and other receivables are recorded at their face value, 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 re-measured 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 on 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 (when values are positive) or liabilities (when values are negative) or a firm commitment (fair value hedge); or
- Hedges of highly probably forecast transactions (cashflow hedge).

The council and group 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 and group also document their 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 a hedge accounted derivative 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 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

A fair value hedge manages the exposure to change in fair value of a recognised asset or liability or an unrecognised firm commitment that could affect surplus or deficit.

The gain or loss from re-measuring 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 directly in the surplus or deficit. 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 recognised immediately as surplus or deficit over the period to maturity.

Cash flow hedge

Cash flow hedges manage the exposure to the variability in cash flow that is attributed either to a particular recognised asset or liability, or highly probable forecast transaction or foreign currency risk. The portion of gain or loss on an effective portion of derivatives designated of a cash flow hedging instrument determined to be an effective hedge, is recognised directly in other comprehensive revenue and expenses and accumulated in cash flow hedge reserve. The ineffective portion of the gain or loss on the hedging instrument is recognised in the surplus or deficit as part of "gains" or "finance costs".

If a hedge of a forecast transaction subsequently results in recognition of a financial asset or a financial liability, associated gains or losses that were



recognised directly in other comprehensive revenue 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 revenue 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 were recognised directly in other comprehensive revenue 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 revenue from the period when the hedge was effective, will remain separately recognised in other comprehensive revenue 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 has been recognised in other comprehensive revenue and expense from the period when the hedge was effective is reclassified from other comprehensive revenue to the surplus or deficit.

Other Financial assets

Financial assets 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 substantially transferred 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 revenue.

Classification depends on the purpose for which the investments were acquired.

Management determines 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 as 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 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 subsequently 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.

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 a 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 subsequently 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.

Financial assets at fair value through other comprehensive revenue and expense:

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition 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 the balance date. The council and group includes the following in this category:

- Investments that Council intends to hold long-term but which may be realised before maturity in response to needs for liquidity; and
- Shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised directly in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

On 'derecognition' the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to 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 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 (i.e. not past due). Impairment in term deposits, local authority stock, government stock and community loans, are recognised directly against the instruments carrying amount.

Available for sale assets:

For available for sale assets, 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 an available for sale asset, 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) and recognised in other comprehensive revenue and expenses, is reclassified from net assets/equity to surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit; increases in their fair value after impairment are recognised in other comprehensive revenue and expense

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

Inventory is measured at cost upon initial recognition. Inventory acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis 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.

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.

Any increase in fair value (less costs to sell), are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Property, plant and equipment

Property, plant and equipment consist of;

Operational assets – These include land, buildings, landfill post-closure, library books, plant and equipment, recreational forests 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 measured at initial cost directly attributable to acquisition of the items or valuation, less accumulated depreciation and impairment losses.

Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at fair value.

Revaluations:

Land and buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are revalued at fair value with sufficient regularity to ensure that their carrying amount does not differ materially from fair value, and at least every three years. The value of recreational forests is at

deemed cost. All other assets are carried at 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 revenue 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 revenue.

The value of land and buildings is their market value as determined by a registered valuer.

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.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its 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 or when no further economic benefits or service potential are expected. 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. Stormwater channels are also considered to have an infinite life and are not depreciated. Signs and markings are not depreciated as these assets are maintained to the same level.
- The useful lives of Rotorua Museum collections and the library reference collection are considered to be extremely long (with potential for appreciation of value). Therefore, due to its insignificance, no depreciation has been brought to charge.

All other assets are depreciated on a 'straight-line' basis at rates that will write off their cost or valuation over their expected useful economic lives.

Vehicles are depreciated on the basis of diminishing value and at a rate of 20% calculated to allocate motor vehicles' cost over their estimated useful lives.

The expected lives of major classes of assets are:

Buildings

Structure	10 to 80 years
Services	20 to 50 years
Fit-out	5 to 40 years
Site specific	2 to 20 years

Library books (excluding reference) 3 to 10 years

Plant and equipment 10 to 20 years

Parks & Reserves 5 to 100 years

Sewage

Treatment plants and facilities	5 to 100 years
Wastewater and reticulation (other assets)	10 to 140 years

Water

Treatment plants and facilities	5 to 100 years
Water and reticulation (other assets)	10 to 130 years

Stormwater drainage 10 to 130 years

Roads and footpaths

Seal - First coat and base	80 years
Seal - second coat	12 years

Footpaths (concrete)	100 years
Footpaths (bitumen)	7 to 20 years
Bridges	40 to 100 years

Landfill improvements 3 to 100 years

Computer Systems 3 to 7 years

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Subsequent costs:

Costs subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the council and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with finite lives are amortised over the assessed useful economic life or pattern of consumption. The amortisation expense is recognised in the surplus or deficit as an expense category consistent with the function of the intangible asset.

Impairment losses are recognised immediately in surplus or deficit.

Goodwill:

Goodwill on acquisition of businesses and controlled entities (subsidiaries) is included in 'intangible assets'. Goodwill on acquisition of associates is included in 'investments in associates' and is tested for impairment as part of the overall investment balance.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. An impairment loss recognised for goodwill is not reversed.

Goodwill is allocated to cash-generating units for the purposes of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Impairment losses relating to goodwill cannot be reversed in future periods.

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 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.

Costs associated with development and maintenance of Council's website are recognised as expenses when incurred.

Carbon Credits:

Purchased carbon credits are recognised at cost on acquisition. They are not amortised, but are instead tested for impairment annually. They are 'derecognised' when they are used to satisfy carbon emission obligations.

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	3-7 years	14-33%
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Impairment of property, plant and equipment and intangible assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. Property, plant and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the

surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

Recreation Forestry assets

Standing forestry assets are held for the prime purpose of recreation at deemed cost.

Council may from time to time harvest minor portions of a forest. At the time of sale a proportion of deemed cost of area of forest evidenced within a felling plan is offset against proceeds and felling costs at the time. The net value is recognised in surplus or deficit.

Recreational forest assets not managed for harvesting into agricultural produce, or being transformed into additional biological assets are reported as property, plant and equipment in accordance with the policies for property, plant and equipment.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

Investment property

Properties leased to 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 measured initially at its cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that the cost is incurred, and excludes costs of day-to-day maintenance.

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, through valuation or retirement, are recognised in the surplus or deficit.



Creditors and other payables

Short-term creditors and other payables are recorded at their face value.

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.

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 is recognised 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 of sick leave 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.

A liability and an expense for bonuses is recognised where council is 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.

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.

The expense relating to these provisions is presented in the statement of financial performance net of any reimbursement.

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.

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 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'.

ACC Accredited Employers Programme

The Council belongs to the ACC Accredited Employers Programme (the "Full Self Cover Plan") whereby the Council accepts the management and financial responsibility for employee work-related illnesses and accidents. Under the programme, the Council is liable for all its claims costs for a period, the Council pays a premium to ACC for the value of residual claims, and from that point the liability for ongoing claims passes to ACC.



The liability for the ACC Accredited Employers Programme is measured using actuarial techniques at the present value of expected future payments to be made in respect of the employee injuries and claims up to the balance date. Consideration is given to anticipated future wage and salary levels and experience of employee claims and injuries. 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.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the Council or group to make specific payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to a related party, its fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee of the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is probable there will be an outflow under the guarantee.

Financial guarantees are subsequently measured at the higher of:

- the present value of the estimated amount to settle the guarantee obligation if it is probable there will be an outflow to settle the guarantee; and
- the amount initially recognised less, when appropriate, cumulative amortisation as revenue.

Net assets/equity

Net assets/equity is the community's interest in the Rotorua District Council and is measured as the difference between total assets and total liabilities. Net Assets/Equity is disaggregated and classified into a number of components.

The components of Net assets/equity are:

- Accumulated comprehensive revenue and expense
- Reserves

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 reference 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 34.

Asset revaluation reserve:

This reserve relates to the revaluation of property, plant and equipment to fair value.

Available for sale reserve:

This reserve comprises the cumulative net change in the fair value of available for sale financial assets.

Cash flow hedge reserve:

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 is recognised as part of the related asset or expense. 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. Net GST paid to, or received from, the IRD, including 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 approved by the Council in the Annual Plan 2014-15. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing the financial statements.

Cost allocation



Rotorua District Council has derived the cost of service for each significant activity of council using the cost allocation system outlined below.

Direct costs:

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.

Indirect costs:

Indirect costs relate to the overall costs of running the organisation and include staff time office space and information technology costs. Indirect costs are allocated as overheads across all activities utilising an appropriate driver.

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 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 are discussed below:

Note 24 provides information about the estimates and assumptions surrounding the landfill aftercare provision.

Infrastructural assets

Note 17 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 Rotorua District Council's accounting policies for the period ended 30 June 2015:

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.

Accounting for suspensory loan from Housing New Zealand

The Council's view is the suspensory loan from Housing New Zealand is in substance a grant with conditions attached and is therefore accounted for under PBE IPSAS 23 *Revenue from Non exchange transactions*. The Council considers there are two possible accounting treatments for the grant under PBE IPSAS 23; either recognising the grant evenly over the 20-year condition period, or recognising the grant as revenue at the end of the conditions in 2025. As the suspensory loan in totality would be repayable, should any of the conditions not be met during the condition period to 2025, the Council believes it prudent, and has therefore elected, to recognise the grant at the end of the 20-year period. Further information about the suspensory loan is included in the revenue accounting policy and note 28.

Accounting for donated or vested land and buildings with use or return conditions.

The Council has received land and buildings from non-exchange transactions that contain use or return conditions. If revenue is not recognised immediately for such assets when received, there is the possibility that a liability would be recognised in perpetuity and no revenue would ever be recognised for the asset received. The Council considers an acceptable and more appropriate accounting treatment under PBE IPSAS 23 is to recognise revenue immediately for such transfers and a liability is not recognised until such time as it is expected that the condition will be breached.

Rounding

Some rounding variances may occur in the financial statements due to the use of decimal places in the underlying financial data.



2: Rates, excluding targeted water supply rates

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
General rates	47,477	46,530	47,438	46,457
Targeted rates attributable to activities:				
- water, excluding water supply rates	3,833	3,710	3,833	3,706
- sewerage	11,558	11,184	11,548	11,184
- refuse and sanitation	2,312	2,237	2,311	2,237
- lakes enhancement rate	452	439	452	439
- eastern sewerage capital rates	636	660	636	660
- business development targeted rates	5,581	5,351	5,559	5,351
- urban sewerage develop. rate	61	59	61	59
- lakes community board rate	53	51	53	51
Rates penalties	1,088	1,169	1,088	1,169
Less rates charges to Council properties	(3,020)	(3,163)	(3,020)	(3,163)
Total rates, excluding targeting water supply rates	70,031	68,228	69,959	68,150

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates revenue. That Deed defines annual rates revenue as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other Local Authorities rate. The annual rates revenue of the Council for the year ended 30 June 2015 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below.

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Rates, excluding targeted water supply rates	70,031	68,228	69,959	68,228
Targeted water supply rates	3,655	3,535	3,648	3,535
Less targeted water supply rates charges to Council properties	(244)	(298)	(244)	(298)
Total annual rates income	73,442	71,465	73,363	71,465

Rates remissions

Rates revenue is shown net of rates remissions. The Council's rates remission policy allows 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.

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Total gross rates, excluding targeted water supply	70,857	69,191	70,857	69,191
Rates remissions:				
- General rates remissions	565	538	565	538
- Targeted rates remissions	192	164	192	164
- Penalty remissions	69	261	69	261
Total remissions	826	963	826	963
Rates (net of remissions), excluding targeted water supply rates	70,031	68,228	70,031	68,228



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. The non-rating of non-rateable land does not constitute a remission under the Council's rates remission policy.

Rating base information

The number of rating units within the district or region of Rotorua District Council at 30 June 2014 was 29,886 (2013: 29,784).

The total capital value of rating units within the district or region of Rotorua District Council at 30 June 2014 was \$12,850,749,050 (2013: \$12,762,254,900).

The total land value of rating units within the district or region of Rotorua District Council at 30 June 2014 was \$6,468,680,250 (2013: \$6,463,550,100).

3: Subsidies and grants

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
New Zealand Transport Rooding subsidies	4,946	5,926	4,946	5,926
Grants subsidies and donations capital	637	2,112	732	2,112
Other subsidies operating	558	653	558	653
Total subsidies and grants	6,140	8,691	6,236	8,691

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2014: \$Nil).

4: Finance revenue and costs

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Finance income				
Interest income				
- term and call deposits	135	76	140	101
Total finance income	135	76	140	101
Finance costs				
Interest expense				
- interest on bank borrowings	9,091	8,789	9,091	8,789
- discount unwind on provisions (note 24)	(265)	(558)	(265)	(558)
Total finance cost	8,826	8,231	8,826	8,231
Net finance costs	8,691	8,155	8,686	8,130

5: Development and financial contributions

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Development contributions	55	211	55	211
Financial contributions from subdivisions	309	100	309	100
Total development and financial contributions	364	311	364	311



6: Other revenue

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Traffic and parking infringements	1,616	1,698	1,616	1,698
Rendering of services (other trading revenue)	11,374	12,567	13,422	14,557
Petrol tax	512	516	512	516
Vested assets	104	19	104	19
Assets recognised for the first time	669	1,319	669	1,319
Dividend income	1	-	1	-
Insurance recoveries	19	-	19	-
Fees and charges	3,797	3,718	3,797	3,718
Lease and rental revenue	3,695	3,581	3,695	3,581
Other revenue	6	11	39	11
Total other revenue	21,793	23,429	23,874	25,419

7: Gains

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Non-financial instruments				
Forestry asset revaluation	-	-	-	-
Property, plant and equipment gains on disposal	801	-	801	-
Total non-financial instrument gains	801	-	801	-

7(b): Total revenue

Total revenue comprise:

Revenue from non-exchange transactions - this includes rates, direct charges - subsidised, fines, development/financial contributions, petrol tax	83,713	83,917	83,713	83,917
Revenue from exchange transactions - this includes admissions, trading revenue, direct charges - full cost recovery, rental revenue, commission received	18,962	20,055	21,066	21,992

8: Personnel costs

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Salaries and wages	32,031	33,292	33,226	33,379
Defined contribution plan employer contributions	1,091	1,055	1,091	1,055
Restructuring	-	1,564	-	1,564
Total personnel costs	33,122	35,911	34,317	36,245

Employer contributions to defined contribution plans include contributions to KiwiSaver and the Defined Benefit Plan (DBP) Contributors Scheme.



9: Other expenses

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Fees to auditors:				
- fees to Audit New Zealand for audit of the Council's financial statements	140	121	177	157
- fees to Audit New Zealand for other services	95	-	96	-
- fees to other auditors	-	-	-	-
Grants and contributions	1,509	1,187	699	1,187
Contractors and physical works	11,302	11,904	12,378	11,904
Insurance premiums	1,525	1,645	1,527	1,645
Consultants and legal advice	2,559	3,033	3,116	3,033
Marketing and promotion	3,029	2,676	3,057	2,676
Energy	3,610	3,278	3,610	3,278
ACC	19	290	19	290
Change in rates refund provision	-	(12)	-	(12)
Elected member remuneration (incl hearing fees)	726	678	726	678
Impairment of receivables	218	225	218	225
Impairment of goodwill	-	117	-	117
Losses on forestry revaluation	-	135	-	135
Losses on disposal of property, plant and equipment	7,671	2,914	7,671	2,914
Impairment of plant, property and equipment	1,540	-	1,540	-
Impairment of other financial assets	182	353	42	353
Impairment of plant property & equipment from revaluation	-	1,980	-	1,980
Impairment of plant, property & equipment reclassified as held for sale	298	400	298	400
Other expenditure	15,842	15,126	15,759	16,780
Total other expenses	50,265	46,050	50,933	47,740

The fees paid to Audit New Zealand for other services in the year ending 30 June 2015 relate to the audit of the 2015-2025 Long-term Plan.

10: Tax

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Components of tax expense				
Current tax expense	-	-	-	-
Adjustments to current tax in prior year	-	-	-	-
Deferred tax expense	-	-	-	-
Tax loss not previously recognised	-	-	-	-
Tax expense	-	-	-	-
Relationship between tax expense and accounting profit				
Net surplus before tax	(15,986)	(13,651)	(15,951)	(13,924)
Tax @ 28%	(4,476)	(3,822)	(4,466)	(3,899)
Plus/(less) tax effect of:				
Non-deductible expenditure	11,184	2,623	11,145	2,530
Tax loss not recognised	(4,037)	(157)	(4,013)	(74)
Tax loss recognised	-	-	-	-
Deferred tax on temporary differences	(2,671)	1,356	(2,666)	1,443
Prior year adjustment	-	-	-	-
Tax expense	-	-	-	-



	Property, plant and equipment \$000	Employee entitlements \$000	Other provisions \$000	Tax losses \$000	Total \$000
Deferred tax assets/(liabilities)					
Balance at 30 June 2013	(2,918)	-	-	2,918	-
Charged to surplus or deficit	(1,356)	-	-	1,356	-
Charged to other comprehensive income	-	-	-	-	-
Balance at 30 June 2014	(4,274)	-	-	4,274	-
Charged to surplus or deficit	2,671	-	-	(2,671)	-
Charged to other comprehensive income	-	-	-	-	-
Balance at 30 June 2015	(1,603)	-	-	1,603	-

A deferred tax asset has not been recognised in relation to unused tax losses of Council \$20,019,788 (2014: \$10,724,302), Group \$26,690,417 (2014: \$13,465,162).

11: Cash and cash equivalents

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Cash at bank and on hand	5,901	5,329	7,561	5,998
Total cash and cash equivalents	5,901	5,329	7,561	5,998

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value. Cash, cash equivalents and bank overdrafts include the above for the purpose of the statement of cashflows.

12: Debtors and other receivables

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Current debtors and other receivables				
Rates receivables	4,287	4,015	4,287	4,015
Other receivables	5,085	4,356	5,237	4,520
Prepayments	404	465	405	470
GST receivable	517	797	575	798
Current gross debtors - other receivables	10,293	9,633	10,504	9,803
Less: Provision for Impairment of receivables	(1,516)	(1,298)	(1,516)	(1,298)
Total current portion	8,777	8,335	8,988	8,505
Non-current portion debtors and other receivable				
Community Loans/receivables	256	11	256	11
Total non-current portion	256	11	256	11
Total receivables	9,033	8,346	9,244	8,516

Total receivables comprise:

Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	4,483	5,918	4,782	5,918
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	4,550	2,428	4,462	2,598
	9,033	8,346	9,244	8,516



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

When Council provides for impairment on rates receivables, it takes into account its 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.

Community Loans

The fair value of community loans is \$256,147 (2014: \$10,782).

The ageing profile of receivables at year end is detailed below:

The status of receivables as at 30 June 2015 and 2014 are detailed below:	2015			2014		
	Gross \$000	Impairment \$000	Nett \$000	Gross \$000	Impairment \$000	Nett \$000
Council						
Not past due	4,823	-	4,823	4,801	-	4,801
Past due 1-60 days	1,979	(132)	1,847	1,494	(112)	1,382
Past due 61-120 days	66	(29)	37	127	(54)	73
Past due > 121 days	3,681	(1,355)	2,326	3,222	(1,132)	2,090
Total	10,549	(1,516)	9,033	9,644	(1,298)	8,346
Group						
Not past due	5,034	-	5,034	4,971	-	4,971
Past due 1-60 days	1,979	(132)	1,847	1,494	(112)	1,382
Past due 61-120 days	66	(29)	37	127	(54)	73
Past due > 121 days	3,681	(1,355)	2,326	3,222	(1,132)	2,090
Total	10,760	(1,516)	9,244	9,814	(1,298)	8,516

All receivables greater than 30 days in age are considered to be past due.

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 a debt write-offs.

	Council		Group	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Individual impairment	1,516	1,298	1,516	1,298
Collective impairment	-	-	-	-
Total provision for impairment	1,516	1,298	1,516	1,298



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		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Not past due	-	-	-	-
Past due 1-60 days	132	112	132	112
Past due 61-120 days	29	54	29	54
Past due > 121 days	1,355	1,132	1,355	1,132
Total individual impairment	1,516	1,298	1,516	1,298

Movements in the provision for impairment of receivables are as follows:

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
At 1 July	1,298	1,073	1,298	1,073
Additional provisions made during the year	577	484	577	484
Receivables written off during the period	(359)	(259)	(359)	(259)
At 30 June	1,516	1,298	1,516	1,298

The Council and group had no collateral as security or other credit enhancements over receivables that are either past due or impaired.



13: Derivative financial instruments

	Council		Group	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Current asset portion				
Interest rate swaps - cashflow hedges	-	-	-	-
<i>Total current asset portion</i>	-	-	-	-
Non-current asset portion				
Interest rate swaps - cashflow hedges	-	276	-	276
<i>Total non-current asset portion</i>	-	276	-	276
Total derivative financial instruments assets	-	276	-	276
Current liability portion				
Interest rate swaps - cashflow hedges	-	16	-	16
<i>Total current liability portion</i>	-	16	-	16
Non-current liability portion				
Interest rate swaps - cashflow hedges	193	-	193	-
<i>Total non-current liability portion</i>	193	-	193	-
Total derivative financial instruments liabilities	193	16	193	16

Fair value

Interest rate swaps

The fair values of interest rate swaps have been determined by calculating the expected cashflows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$10 million (2014: \$15 million) and for the group were \$10 million (2014: \$15 million). At 30 June 2015, the fixed interest rate of the cashflow hedge interest rate swap is 5.25% (2014: 4.12% to 5.25%).

Gains and losses recognised in the hedging reserve in equity (note 25) on interest rate swap contracts as at 30 June 2015 will be released to the surplus or deficit as interest is paid on the underlying debt.

The Council and group currently have no fair value hedges.



14: Other financial assets

	Council		Group	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Non-current portion				
<i>Investment in CCOs and other similar entities</i>				
Unlisted shares Rotorua Regional Airport Limited	1,740	1,690	-	-
Unlisted shares Terax Limited Partnership	83	74	-	-
Unlisted shares Terax 2013 Ltd	(1)	(1)	-	-
Unlisted shares Grow Rotorua Ltd	42	57	-	-
	1,864	1,820	-	-
<i>Investment in other entities</i>				
Mountain Bike underwrite	150	-	150	-
Unlisted shares NZ Local Government Insurance Corporation Ltd (cost)	212	167	212	167
Unlisted shares Waikato Local Authority Shared Services Ltd	86	128	86	128
Unlisted shares BOP Local Authority Shared Services Ltd	10	10	10	10
Borrower Notes	880	880	880	880
	1,338	1,185	1,338	1,185
Total non-current portion	3,202	3,005	1,338	1,185
Total other financial assets	3,202	3,005	1,338	1,185

Fair value

Term deposits

The carrying amount of term deposits approximates their fair value.

Unlisted shares

The fair value of the unlisted shares of NZ Local Government Insurance Corporation Limited and of Local Authority Shared Services Limited (LASS) has been approximated by using the lower of cost or market value.

The Waikato LASS share investment comprises:

- 1 ordinary share
- 126,703 Shared Valuation Database 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 5 ordinary shares (2014: 5). The fair value of the BOP LASS, approximated using the net asset backing method, is \$10,335 (2014: \$9,935).

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 method and amounts to \$1,740,083 (2014: \$1,690,057). The surplus for the year of \$50,026 (2014: net deficit of \$235,468) is recognised in the Statement of comprehensive revenue and expense.

The cost price of the share investment in the subsidiary Grow Rotorua Limited amounts to \$100. The recoverable amount is approximated by using the net asset backing method and amounts to \$41,956 (2014: \$57,038). The deficit for the year of (\$15,082) (2014: net deficit of \$278,671) is recognised in the Statement of comprehensive revenue and expense.

The cost price of the share investment in the subsidiary Terax 2013 Limited amounts to \$300. The recoverable amount is approximated by using the net asset backing method and amounts to (\$1,308) (2014: -\$1,009). The nil result for the year (2014: \$nil) is recognised in the Statement of comprehensive revenue and expense.



The cost price of the share investment in the subsidiary Terax Limited Partnership amounts to \$340,000. The recoverable amount is approximated by using the net asset backing method and amounts to \$83,207 (2014: \$73,795). The deficit for the year of (\$140,275) (2014: (\$98,918)) is recognised in the Statement of comprehensive revenue and expense.

Council is also the 100% shareholder in one dormant non-operational company – Rotorua District Council Holdings Ltd.

Impairment

A total impairment loss of \$181,535 (2014: \$352,958) has been recognised in the statement of comprehensive revenue and expense line item "other expenses" (note 9). This related to investment in CCOs and other similar entities.

15: Inventory

	Council		Group	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Inventories held for distribution or consumption in provision of services	950	1,020	950	1,020
Inventories held for use in production of goods and services on a commercial basis	264	278	264	278
Total inventories	1,214	1,298	1,214	1,298
Water and sewerage reticulation spare parts	194	219	194	218
Street furniture	13	13	13	13
Nursery store	708	751	708	751
Vehicle workshop and fuel	8	8	8	8
Other inventories held for distribution	28	29	28	29
Museum retail stock	101	100	101	100
Rotorua i-Site	17	-	17	-
Solid waste refuse bags	102	126	102	126
Other commercial inventory	43	53	43	53
Total inventories	1,214	1,298	1,214	1,298

No inventories are pledged as security for liabilities (2014: \$Nil). However, some inventories are subject to retention of title clauses.

Held for distribution inventory

The carrying amount of inventory held for distribution that is measured at current replacement cost as at 30 June 2015 amounted to \$Nil (2014: \$Nil).

The write-down of inventory held for distribution because of a loss in service potential amounted to \$Nil (2014: \$Nil). There have been no reversals of write-downs (2014: \$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 (2014: \$Nil). There have been no reversals of write-downs (2014: \$Nil).

16: Non-current assets held for sale

As at 30 June 2015, Council was finalising the sale price for the transfer of the airport land building and infrastructural assets to RRAL (\$47.044 million), and the sale of a share of retractable roof at the Eat Street Precinct (\$32,975). The sale/transfer of these assets were expected to be concluded prior to the adoption this annual report.

	Council		Group	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Non-current assets held for sale are:				
- buildings	10,555	336	33	336
- land and infrastructure	36,522	542	-	542
Total non-current assets held for sale	47,077	878	33	878



17: Property, plant and equipment – Council 2015

2015 Classification	Cost / revaluation 1/7/14	Accum dep'n & impairmt charges 1/7/14	Carrying amount 1/7/14	Current year additions	Infrastructura l Assets constructed by council	Infrastructural Assets transferred to council	Assets transferred to held for sale	Other transfers	Current year disposals	Current year impairment charges	Current year dep'n	Reval Surplus	Other cost mvmnts	Dep'n writeback	Other dep'n mvmnts	Cost / revaluation 30/6/15	Accum dep'n & impairmt changes 30/6/15	Carrying amount 30/6/15	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Operational assets																			
Land	39,838	-	39,838	0	-	-	-	1	-	-	-	-	-	-	-	39,839	-	39,839	
Buildings	122,775	(281)	122,494	979	-	-	-	2,570	(384)	-	(5,182)	-	-	-	-	125,940	(5,463)	120,477	
Library books	4,509	(1,901)	2,608	495	-	-	-	-	-	-	(849)	-	-	-	-	5,004	(2,750)	2,254	
Motor vehicles	8,585	(4,378)	4,207	350	-	-	-	-	(440)	-	(861)	-	-	253	-	8,495	(4,986)	3,509	
Art collections	24,596	(21)	24,575	118	-	-	-	336	-	-	(31)	-	-	-	-	25,050	(52)	24,998	
Plant and equipment	18,141	(11,814)	6,327	1,477	-	-	-	460	(67)	-	(1,710)	-	(80)	-	-	19,931	(13,524)	6,407	
<i>Total operational assets</i>	<i>218,444</i>	<i>(18,395)</i>	<i>200,049</i>	<i>3,419</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>3,367</i>	<i>(891)</i>	<i>-</i>	<i>(8,633)</i>	<i>-</i>	<i>(80)</i>	<i>253</i>	<i>-</i>	<i>224,259</i>	<i>(26,775)</i>	<i>197,484</i>	
Infrastructural assets																			
Land	5,822	-	5,822	-	19	-	-	1,208	-	-	-	-	-	-	-	7,049	-	7,049	
Parks and reserves	30,181	(5,402)	24,779	-	1,463	-	-	(8,356)	(1,772)	-	(1,057)	(4,713)	-	484	5,975	16,803	-	16,803	
Recreational forests	2,460	-	2,460	-	-	-	-	-	(572)	-	-	-	-	-	-	1,888	-	1,888	
Roading and footpaths	346,618	(14,853)	331,765	-	5,794	-	-	3,718	(888)	-	(6,047)	-	-	54	-	355,242	(20,846)	334,396	
Sewerage																			
- treatment plant and facilities	51,296	(4,891)	46,405	-	772	-	-	5,104	(1,211)	(6,401)	(2,182)	(8,254)	114	301	6,772	47,821	(6,401)	41,420	
- other	158,848	(1,072)	157,776	-	3,235	48	-	(5,104)	(3,728)	-	(2,352)	-	82	1	-	153,381	(3,423)	149,958	
Water																			
- treatment plant and facilities	17,971	(2,105)	15,866	-	119	39	-	(148)	(85)	-	(542)	(462)	-	30	2,617	17,434	-	17,434	
- other	89,059	(12,414)	76,645	-	1,592	-	-	(14)	(909)	-	(2,043)	5,958	-	108	14,343	95,686	(6)	95,680	
Stormwater	103,504	-	103,504	-	588	17	-	324	(104)	-	(2,038)	-	(208)	2	-	104,121	(2,036)	102,085	
Flood protection & control works	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Land under roads	41,015	-	41,015	-	-	-	-	-	-	-	-	-	-	-	-	41,015	-	41,015	
<i>Total infrastructural assets</i>	<i>846,774</i>	<i>(40,737)</i>	<i>806,037</i>	<i>-</i>	<i>13,582</i>	<i>104</i>	<i>-</i>	<i>(3,268)</i>	<i>(9,269)</i>	<i>(6,401)</i>	<i>(16,261)</i>	<i>(7,471)</i>	<i>(12)</i>	<i>980</i>	<i>29,707</i>	<i>840,440</i>	<i>(32,712)</i>	<i>807,728</i>	
Restricted assets																			
Airport	49,795	(135)	49,660	-	-	-	(47,425)	-	(1,554)	-	(84)	-	(45)	112	-	771	(107)	664	
Land	82,359	-	82,359	78	-	-	-	-	-	-	-	-	-	-	-	82,437	-	82,437	
Landfill	14,454	(1,281)	13,173	986	-	-	-	(2,241)	(192)	-	(176)	(583)	-	29	1,429	12,424	1	12,425	
<i>Total restricted assets</i>	<i>146,608</i>	<i>(1,416)</i>	<i>145,192</i>	<i>1,064</i>	<i>-</i>	<i>-</i>	<i>(47,425)</i>	<i>(2,241)</i>	<i>(1,746)</i>	<i>-</i>	<i>(260)</i>	<i>(583)</i>	<i>(45)</i>	<i>141</i>	<i>1,429</i>	<i>95,632</i>	<i>(106)</i>	<i>95,526</i>	
Total Council	1,211,826	(60,548)	1,151,278	4,483	13,582	104	(47,425)	(2,142)	(11,906)	(6,401)	(25,154)	(8,054)	(137)	1,374	31,136	1,160,331	(59,593)	1,100,738	



17: Property, plant and equipment – Group 2015

2015 Classification	Cost / revaluation 1/7/14	Accum dep'n & impairmt charges 1/7/14	Carrying amount 1/7/14	Current year additions	Infrastructura l Assets constructed by council	Infrastructural assets trsf'd to council	Assets transferred to held for sale	Other transfers	Current year disposals	Current year impairment charges	Current year dep'n	Reval Surplus	Other cost mvmnts	Dep'n writeback	Other dep'n mvmnts	Cost / revaluation 30/6/15	Accum dep'n & impairmt changes 30/6/15	Carrying amount 30/6/15
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets																		
Land	39,838	-	39,838	-	-	-	-	1	-	-	-	-	-	-	-	39,839	-	39,839
Buildings	122,954	(304)	122,650	1,037	-	-	-	2,570	(384)	-	(5,193)	-	-	-	-	126,177	(5,497)	120,680
Library books	4,509	(1,901)	2,608	495	-	-	-	-	-	-	(849)	-	-	-	-	5,004	(2,750)	2,254
Motor vehicles	9,144	(4,721)	4,423	350	-	-	-	-	(440)	-	(871)	-	-	253	-	9,054	(5,339)	3,715
Art collections	24,596	(21)	24,575	118	-	-	-	336	-	-	(31)	-	-	-	-	25,050	(52)	24,998
Plant and equipment	19,468	(12,544)	6,924	1,515	-	-	-	460	(89)	-	(1,874)	-	(80)	17	-	21,274	(14,401)	6,873
Total operational assets	220,509	(19,491)	201,018	3,515	-	-	-	3,367	(913)	-	(8,818)	-	(80)	270	-	226,398	(28,039)	198,359
Infrastructural assets																		
Land	5,822	-	5,822	-	19	-	-	1,208	-	-	-	-	-	-	-	7,049	-	7,049
Parks and reserves	30,181	(5,402)	24,779	-	1,463	-	-	(8,356)	(1,772)	-	(1,057)	(4,713)	-	484	5,975	16,803	-	16,803
Recreational forests	2,460	-	2,460	-	-	-	-	-	(572)	-	-	-	-	-	-	1,888	-	1,888
Roading and footpaths	346,618	(14,853)	331,765	-	5,794	-	-	3,718	(888)	-	(6,047)	-	-	54	-	355,242	(20,846)	334,396
Sewerage																		
- treatment plant and facilities	51,296	(4,891)	46,405	-	772	-	-	5,104	(1,211)	(6,401)	(2,182)	(8,254)	114	301	6,772	47,821	(6,401)	41,420
- other	158,848	(1,072)	157,776	-	3,235	48	-	(5,104)	(3,728)	-	(2,352)	-	82	1	-	153,381	(3,423)	149,958
Water																		
- treatment plant and facilities	17,971	(2,105)	15,866	-	119	39	-	(148)	(85)	-	(542)	(462)	-	30	2,617	17,434	-	17,434
- other	89,059	(12,414)	76,645	-	1,592	-	-	(14)	(909)	-	(2,043)	5,958	-	108	14,343	95,686	(6)	95,680
Stormwater	103,504	-	103,504	-	588	17	-	324	(104)	-	(2,038)	-	(208)	2	-	104,121	(2,036)	102,085
Flood protection & control works	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land under roads	41,015	-	41,015	-	-	-	-	-	-	-	-	-	-	-	-	41,015	-	41,015
Total infrastructural assets	846,774	(40,737)	806,037	-	13,582	104	-	(3,268)	(9,269)	(6,401)	(16,261)	(7,471)	(12)	980	29,707	840,440	(32,712)	807,728
Restricted assets																		
Airport	49,795	(135)	49,660	-	-	-	(381)	-	(1,554)	-	(84)	-	(45)	112	-	47,815	(107)	47,708
Land	82,359	-	82,359	78	-	-	-	-	-	-	-	-	-	-	-	82,437	-	82,437
Landfill	14,454	(1,281)	13,173	986	-	-	-	(2,241)	(192)	-	(176)	(583)	-	29	1,429	12,424	1	12,425
Total restricted assets	146,608	(1,416)	145,192	1,064	-	-	(381)	(2,241)	(1,746)	-	(260)	(583)	(45)	141	1,429	142,676	(106)	142,570
Total Council	1,213,891	(61,644)	1,152,247	4,579	13,582	104	(381)	(2,142)	(11,928)	(6,401)	(25,339)	(8,054)	(137)	1,391	31,136	1,209,514	(60,857)	1,148,657



17: Property, plant and equipment – Council 2014

2014 Classification	Cost / revaluation 1/7/13	Accum dep'n & impairmt charges 1/7/13	Carrying amount 1/7/13	Current year additions	Infrastructura l assets constructed by council	Infrastructural assets trsf'd to council	Forestry Assets Reclassified	Assets transferred to held for sale	Current year disposals	Current year impairment charges	Current year dep'n	Reval Surplus	Other cost mvmnts	Dep'n writeback	Other dep'n mvmnts	Cost / revaluation 30/6/14	Accum dep'n & impairmt changes 30/6/14	Carrying amount 30/6/14
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets																		
Land	43,123	-	43,123	49	-	-	-	(542)	(91)	-	-	(3,252)	551	-	-	39,838	-	39,838
Buildings	127,216	(10,236)	116,980	2,088	-	-	-	(336)	(668)	-	(5,265)	(5,536)	11	15,221	(1)	122,775	(281)	122,494
Library books	4,163	(1,166)	2,997	418	-	-	-	-	(73)	-	(780)	-	1	45	-	4,509	(1,901)	2,608
Motor vehicles	8,484	(4,155)	4,329	1,260	-	-	-	-	(1,159)	-	(935)	-	-	712	-	8,585	(4,378)	4,207
Art collections	6,058	(40)	6,018	69	-	-	-	-	-	-	(17)	18,468	1	37	(1)	24,596	(21)	24,575
Plant and equipment	17,449	(10,809)	6,640	1,576	-	-	-	-	(883)	-	(1,639)	-	(1)	632	2	18,141	(11,814)	6,327
<i>Total operational assets</i>	206,493	(26,406)	180,087	5,460	-	-	-	(878)	(2,874)	-	(8,636)	9,680	563	16,647	-	218,444	(18,395)	200,049
Infrastructural assets																		
Land	6,767	-	6,767	-	24	-	-	-	(8)	-	-	(1,094)	133	-	-	5,822	-	5,822
Parks and reserves	29,807	(4,304)	25,503	-	2,724	-	-	-	(1,905)	-	(1,317)	-	351	220	(1)	30,275	(5,402)	24,873
Recreational forests	-	-	-	-	-	-	2,460	-	-	-	-	-	-	-	-	2,460	-	2,460
Roading and footpaths	341,050	(9,033)	332,017	-	6,229	-	-	-	(1,515)	-	(5,815)	-	854	60	(65)	346,618	(14,853)	331,765
Sewerage																		
- treatment plant and facilities	49,032	(3,239)	45,793	-	2,449	-	-	-	(280)	-	(1,769)	-	95	143	(26)	51,296	(4,891)	46,405
- other	163,879	(6,457)	157,422	-	994	-	-	-	(32)	-	(2,573)	(5,896)	(97)	7,932	26	158,848	(1,072)	157,776
Water																		
- treatment plant and facilities	18,131	(1,651)	16,480	-	233	-	-	-	(49)	-	(507)	-	(344)	20	33	17,971	(2,105)	15,866
- other	87,736	(10,117)	77,619	-	1,789	-	-	-	(810)	-	(2,387)	-	344	122	(32)	89,059	(12,414)	76,645
Stormwater	112,248	(6,350)	105,898	-	1,571	-	-	-	(696)	-	(2,092)	(9,555)	(64)	8,442	-	103,504	-	103,504
Flood protection & control works	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land under roads	41,055	-	41,055	-	-	-	-	-	-	-	-	-	(40)	-	-	41,015	-	41,015
<i>Total infrastructural assets</i>	849,705	(41,151)	808,554	-	16,013	-	2,460	-	(5,295)	-	(16,460)	(16,545)	530	16,939	(65)	846,868	(40,737)	806,131
Restricted assets																		
Airport	52,397	(3,576)	48,821	141	-	-	-	-	-	-	(1,020)	1,985	(758)	4,397	64	49,795	(135)	49,660
Land	80,569	-	80,569	295	-	-	-	-	(1,048)	-	-	2,513	30	-	-	82,359	-	82,359
Landfill	13,828	(1,007)	12,821	993	-	-	-	-	-	-	(272)	-	(367)	-	(2)	14,454	(1,281)	13,173
<i>Total restricted assets</i>	146,794	(4,583)	142,211	1,429	-	-	-	-	(1,048)	-	(1,292)	528	(1,095)	4,397	62	146,608	(1,416)	145,192
Total Council	1,202,992	(72,140)	1,130,852	6,889	16,013	-	2,460	(878)	(9,217)	-	(26,388)	(6,337)	(2)	37,983	(3)	1,211,920	(60,548)	1,151,372



17: Property, plant and equipment – Group 2014

2014 Classification	Cost / revaluation 1/7/13	Accum dep'n & impairmt charges 1/7/13	Carrying amount 1/7/13	Current year additions	Infrastructura l assets constructed by council	Infrastructural assets trsf'd to council	Forestry Assets Reclassified	Assets trsf'd to held for sale	Current year disposals	Current year impairment charges	Current year dep'n	Reval Surplus	Other cost mvm'ts	Dep'n writeback	Other dep'n mvm'ts	Cost / revaluation 30/6/14	Accum dep'n & impairmt changes 30/6/14	Carrying amount 30/6/14
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets																		
Land	43,123	-	43,123	49	-	-	-	(542)	(91)	-	-	(3,252)	551	-	-	39,838	-	39,838
Buildings	127,307	(10,252)	117,055	2,176	-	-	-	(336)	(668)	-	(5,272)	(5,536)	11	15,221	(1)	122,954	(304)	122,650
Library books	4,163	(1,166)	2,997	418	-	-	-	-	(73)	-	(780)	-	1	45	-	4,509	(1,901)	2,608
Motor vehicles	9,043	(4,432)	4,611	1,260	-	-	-	-	(1,159)	-	(1,000)	-	-	712	-	9,144	(4,720)	4,424
Art collections	6,058	(40)	6,018	69	-	-	-	-	-	-	(17)	18,468	1	37	(1)	24,596	(21)	24,575
Plant and equipment	18,553	(11,476)	7,077	1,835	-	-	-	-	(919)	-	(1,736)	-	(1)	665	2	19,468	(12,545)	6,923
<i>Total operational assets</i>	208,247	(27,366)	180,881	5,807	-	-	-	(878)	(2,910)	-	(8,805)	9,680	563	16,680	-	220,509	(19,491)	201,018
Infrastructural assets																		
Land	6,767	-	6,767	-	24	-	-	-	(8)	-	-	(1,094)	133	-	-	5,822	-	5,822
Parks and reserves	29,807	(4,304)	25,503	-	2,724	-	-	-	(1,905)	-	(1,317)	-	(351)	220	(1)	30,275	(5,402)	24,873
Recreational forests	-	-	-	-	-	-	2,460	-	-	-	-	-	-	-	-	2,460	-	2,460
Roading and footpaths	341,050	(9,033)	332,017	-	6,229	-	-	-	(1,515)	-	(5,815)	-	854	60	(65)	346,618	(14,853)	331,765
Sewerage																		
- treatment plant and facilities	49,032	(3,239)	45,793	-	2,449	-	-	-	(280)	-	(1,769)	-	95	143	(26)	51,296	(4,891)	46,405
- other	163,879	(6,457)	157,422	-	994	-	-	-	(32)	-	(2,573)	5,896	(97)	7,932	26	158,848	(1,072)	157,776
Water																		
- treatment plant and facilities	18,131	(1,651)	16,480	-	233	-	-	-	(49)	-	(507)	-	(344)	20	33	17,971	(2,105)	15,866
- other	87,736	(10,117)	77,619	-	1,789	-	-	-	810	-	(2,387)	-	344	122	(32)	89,059	(12,414)	76,645
Stormwater	112,248	6,350	105,898	-	1,571	-	-	-	(696)	-	(2,092)	9,555	(64)	8,442	-	103,504	-	103,504
Flood protection & control works	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land under roads	41,055	-	41,055	-	-	-	-	-	-	-	-	-	(40)	-	-	41,015	-	41,015
<i>Total infrastructural assets</i>	849,705	(41,151)	808,554	-	16,013	-	2,460	-	(5,295)	-	(16,460)	(16,545)	530	16,939	(65)	846,868	(40,737)	806,131
Restricted assets																		
Airport	52,397	(3,576)	48,821	141	-	-	-	-	-	-	(1,020)	(1,985)	(758)	4,397	64	49,795	(135)	49,660
Land	80,569	-	80,569	295	-	-	-	-	(1,048)	-	-	2,513	30	-	-	82,359	-	82,359
Landfill	13,828	(1,007)	12,821	993	-	-	-	-	-	-	(272)	-	(367)	-	(2)	14,454	(1,281)	13,173
<i>Total restricted assets</i>	146,794	(4,583)	142,211	1,429	-	-	-	-	(1,048)	-	(1,292)	528	(1,095)	4,397	62	146,608	(1,416)	145,192
Total Council	1,204,746	(73,100)	1,131,646	7,236	16,013	-	2,460	(878)	(9,253)	-	(26,557)	(6,337)	(2)	38,016	(3)	1,213,985	(61,644)	1,152,341



Valuation

	Last valuation date	Replacement Cost 2015 \$000	Replacement Cost 2014 \$000
Roading and footpaths	2013	504,307	495,908
Sewerage			
- treatment plant and facilities	2015	83,494	65,947
- other	2014	245,982	251,029
Water			
- treatment plant and facilities	2015	22,166	22,837
- other	2015	182,495	161,122
Stormwater	2014	183,190	185,540
Flood protection & control works	N/A	-	-

Land (operational, restricted, and infrastructural)

The fair value of land is reviewed at three yearly intervals. The most recent valuation was performed by independent valuers QV and was effective as at 30 June 2014. There were also four separate land parcels valued by independent valuers Telfer Young, which were excluded from the QV valuation.

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.

Buildings (operational and restricted)

The fair value of buildings is reviewed at three yearly intervals. The most recent valuation was performed by independent valuers Landmass. The valuation is effective as at 30 June 2014.

Specialised buildings are valued at fair value using the depreciated replacement cost method because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions including:

- The replacement asset is based on the reproduction cost of the specific asset 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.
- For Council’s earthquake prone buildings that are expected to be strengthened, the estimated earthquake strengthening costs have been deducted off the depreciated replacement cost.
- 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. These valuations include adjustments for estimated building strengthening costs for earthquake prone buildings and the associated lost rental during the time to undertake the strengthening work.

Infrastructural asset classes: sewerage, water, drainage, and roads

Sewerage, 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 this 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 revenue. 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 are peer reviewed by independent valuers Beca Valuation Services Limited. The effective dates of these valuations are:

- Water reticulation system: 30 June 2015
- Wastewater reticulation system: 30 June 2014
- Wastewater: treatment plant and facilities: 30 June 2015
- Stormwater and land drainage system: 30 June 2014
- Roothing network: 1 July 2012
- Parks and reserves assets: 30 June 2015

The valuation for wastewater reticulation system is included within the classification 'sewerage other'

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 Barbara Whitton, an Associate and Registered member of LIANZA. The last valuation was effective as at 1 July 2010.

Art collections

The Museum art collections are valued at fair market value. Determination of fair value is made by: If an active market exists for the same or similar asset the market prices are deemed to be the fair value or If there is no active market fair value should be determined by other market based evidence adjudged by us as active and knowledgeable participants in the market. The last valuation was completed by independent valuer Art + Object and is effective 30 June 2014. There are a small number of artworks owned by the Council, but not housed in the Museum which were not revalued. The collective carrying value of these assets at 30 June 2015 is \$24,998 million.

Airport assets

The airport land (excluding wetlands), buildings and infrastructure have been re-classified as held for sale. As such, the assets have been assessed for their fair value, having regard to the likely final negotiated sale value.

Impairment

Impairment losses of \$1.540m (2014: \$Nil) have been recognised for the wastewater treatment plant land disposal system currently operating in the Whakarewarewa forest. This impairment was recognised to reflect Council's intention to exit the forest in 2019. The impairment has been recognised in the statement of comprehensive revenue and expense in the line item "Loss on disposal/impairment of plant, property and equipment".



Work in progress

Property, plant and equipment in the course of construction by class of asset is detailed below:

	Council and Group	
	2015	2014
	000's	000's
Operational Assets		
Land	91	72
Buildings	419	280
Art collections	10	-
Plant and equipment	128	66
Infrastructural assets		
Parks and reserves	568	306
Roading and footpaths	863	1,928
Sewerage - treatment plant and facilities	1,664	7,033
Sewerage - other	2,872	3,822
Stormwater	608	451
Water - treatment plant and facilities	175	237
Water - other	1,005	758
Restricted assets		
Airport	-	147
Landfill	50	1,206
Total Work in Progress	8,453	16,306

Leasing

The net carrying amount of plant and equipment held under finance leases is \$Nil (2014: \$Nil).



18: Intangible assets

	Council					Group
	Carbon Credits	Computer Software	Goodwill	Terax Intellectual Property	Total	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Cost						
Balance as at 1 July 2014	300	5,865	95	-	6,260	6,367
Additions	2	202	-	-	204	246
Transfers from property, plant and equipment	-	-	-	2,142	2,142	2,142
Disposals	(2)	-	-	-	(2)	(9)
Revaluation	187	-	-	-	187	187
Impairment	-	-	-	-	-	-
Balance as at 30 June 2015	487	6,067	95	2,142	8,791	8,933
Balance as at 1 July 2013	158	5,326	212	-	5,696	5,850
Additions	6	638	-	-	644	645
Disposals	(6)	(99)	-	-	(105)	(159)
Revaluation	142	-	-	-	142	142
Impairment	-	-	(117)	-	(117)	(117)
Balance as at 30 June 2014	300	5,865	95	-	6,260	6,361
Accumulated amortisation and impairment						
Balance as at 1 July 2014	-	3,701	-	-	3,701	3,806
Amortisation Charge	-	1,256	-	-	1,256	1,276
Disposals	-	-	-	-	-	(33)
Balance as at 30 June 2015	-	4,957	-	-	4,957	5,049
Balance as at 1 July 2013	-	2,679	-	-	2,679	2,783
Amortisation Charge	-	1,041	-	-	1,041	1,063
Disposals	-	(19)	-	-	(19)	(66)
Balances as at 30 June 2014	-	3,701	-	-	3,701	3,780
Carrying Amounts						
Balance as at 1 July 2013	158	2,647	212	-	3,017	3,067
Balance as at 30 June and 1 July 2014	300	2,164	95	-	2,559	2,581
Balance as at 30 June 2015	487	1,110	95	2,142	3,834	3,884

Carbon credits

During 2012-13, the Council acquired 75,000 carbon credits for the purpose of meeting its obligations under the Emissions Trading Scheme for carbon emissions from its landfill operations. During 2014-15, the Council purchased a further 19,405 carbon credits to the value of \$1,940. These were forfeited in order to meet its 2014 calendar year carbon credits emissions liability. At 30 June 2015, Council's closing carbon credit balance of 75,000 units were revalued based on the market spot rate at balance date.

Goodwill

In May 2013, the Council purchased a Café business (the 'Museum Café'). Goodwill on acquisition was \$212,000. In 2013-14 an impairment loss of \$117,000 was recognised in the statement of comprehensive revenue and expense under "other expenses" (note 9). An impairment assessment for 2014-15 has determined that there has been no impairment on the carrying balance of goodwill for the year.

Terax Intellectual Property

Terax Intellectual Property represents costs spent to date on the design and development of technology for the enhanced treatment of organic landfill waste.

Work in progress

The total amount of computer software in the course of construction is \$153,000 (2014: \$30,000). The total amount of Terax intellectual property in the course of construction is \$2.142m (2014: \$Nil).



19: Depreciation and amortisation expenses by group of activity

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Directly attributable depreciation and amortisation expense by group of activity				
Aquatic Facilities	460	399	460	399
Castlecorp Business Unit	853	920	853	920
Community Engagement & Support	886	1,027	886	1,027
District Library	1,299	1,187	1,299	1,187
Economic Development	512	466	717	482
Emergency Management	35	31	35	31
Event & Venues	1,729	1,857	1,729	1,857
Governance & Strategic Direction	2,886	2,682	2,886	2,682
Infrastructural Planning & Compliance	13	13	13	13
Public Gardens & Open Spaces	1,748	1,744	1,748	1,744
Regulatory Services	22	14	22	14
Roads and Footpaths	5,882	5,770	5,882	5,770
Rotorua Airport Infrastructure	84	933	84	1,108
Rotorua Museum Of Arts And History	492	559	492	559
Stormwater & Land Drainage	2,031	2,091	2,031	2,091
Waste Management	4,880	4,815	4,880	4,815
Water Supplies	2,636	2,923	2,636	2,923
<i>Total directly attributable depreciation and amortisation by group of activity</i>	26,448	27,431	26,653	27,622
Depreciation and amortisation not directly related to group of activities	-	-	-	-
Total depreciation and amortisation expense	26,448	27,431	26,653	27,622

20: Forestry assets

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Balance at 1 July	-	1,276	-	1,276
Increases due to purchases	-	-	-	-
Increase due to asset recognised for the first time	-	1,319	-	1,319
Gains/(losses) arising from changes in fair value less estimated point of sale costs	-	(122)	-	(122)
Decreases due to sales	-	-	-	-
Decreases due to harvest	-	(13)	-	(13)
Transfer to plant, property and equipment (note 17)	-	(2,460)	-	(2,460)
Balance at 30 June	-	-	-	-

The Council owns six forestry stands located at:

- Tutukau Road – this stand measures 10 hectares of Pinus Radiata forest with a current age of 14 years.
- Near the Rotorua Landfill that measures 2.4 hectares of Pinus Radiata forest with a current age of 31 years.
- Great West Road spring reserve measures 2.5 hectares of Pinus Radiata forest with a current age of approximately 34 years.
- Hill Road spring reserve measures 1.6 hectares of Pinus Radiata forest with a current age of 26 years.
- Reservoir Road spring reserve measures 7.6 hectares of Pinus Radiata forest with a current age of 13 years.
- Tokorangi forest measures 112.2 hectares and consists of multiple species including Redwood, Douglas Fir, Pinus Radiata, Pinus Patula, Eucalyptus, Larch and Blackwood. The age of each stand of species varies, depending on year of planting, and ranges from 2 -113 years.



Tokorangi Forest (Redwood Forest)

In 1993 the Crown Forest License for the Tokorangi Forest (Redwood Forest) was transferred to 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 forestry assets are therefore recognised as recreational forests, as part of Council's operating assets.

The land on which the forest grows is owned by the Central North Island Iwi Collective. Council has the licence to continue managing the forest for the next thirty four years.

21: Creditors and other payables

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
<i>Payables and deferred revenue under exchange transactions</i>				
Trade payables	6,152	7,085	7,513	7,482
Amounts due to subsidiaries and associates	445	480	-	-
Amounts due to customers for contract work	798	547	798	547
Retentions accrued for contract work	642	954	642	954
Other payables	1,084	371	1,084	413
Deposits and bonds	955	922	955	922
Rates, fees and grants received in advance	4,371	3,750	4,371	3,749
Accrued interest	2,446	2,633	2,446	2,633
	16,893	16,742	17,809	16,700
<i>Payables and deferred revenue under non exchange transactions</i>				
Taxes payable	-	-	8	31
Grants payable	-	-	-	-
Other grants and bequests received subject to substantive conditions not yet met	-	-	-	-
	-	-	8	31
Total creditors and other payables	16,893	16,742	17,817	16,731

Creditors and payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value.

22: Borrowings

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Current portion				
Registered debenture stock	25,000	15,000	25,000	15,000
Registered security stock	22,500	18,675	22,500	18,675
<i>Total current portion</i>	47,500	33,675	47,500	33,675
Non-current portion				
Registered debenture stock	65,000	75,000	65,000	75,000
Registered security stock	-	5,000	-	5,000
LGFA borrowing	55,000	55,000	55,000	55,000
Other secured loans	-	-	-	-
<i>Total non-current portion</i>	120,000	135,000	120,000	135,000
Total borrowings	167,500	168,675	167,500	168,675



Fair values of non-current borrowings

	Council		Group	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Registered debenture stock	68,154	76,223	68,154	76,223
Registered security stock	-	5,000	-	5,000
LGFA borrowing	59,078	54,809	59,078	54,809
Derivative valuation	-	-	-	-
Total	127,232	136,032	127,232	136,032

Registered security stock

Security stock of \$22,500,000 (2014: \$23,675,000) is at floating interest rates. The interest rate is reset based on the bank bill rate plus a margin for credit risk.

Borrowing from the Local Government Funding Agency (LGFA) of \$55 million (\$2014: \$55 million) is at fixed interest rates for the term of the stock.

Registered debenture stock

Debenture stock of \$90 million (2014: \$90 million) is at fixed interest rates for the term of the stock. Debenture stock of \$10 million (2014: \$15 million) is at floating interest rates. The interest rate is reset quarterly or six monthly based on the equivalent bank bill rate plus a margin for credit risk.

Security

All Council's borrowings are secured by a floating charge over the future rate revenue of the district through the operation of a Debenture Trust Deed.

Council does not have an overdraft facility.

Treasury Policy compliance ratios

	Limit	2015	2014
Net debt as a percentage of equity	<20%	16.42%	16.62%
Net debt as a percentage of income	<200%	156.53%	156.26%
Net interest as a percentage of income	<15%	8.72%	8.38%
Liquidity (external debt plus cash or near cash financial investments plus committed loan facilities, to existing external debt	>100%	129.42%	125.22%
No more than 50% of outstanding debt or \$60 million (whichever is the greater) can mature in any rolling 12 month period	<50%	28.36%	23.71%
Headroom for undrawn committed bank facilities	>\$2 million	\$42.5m	\$36m

The weighted average effective interest rate on borrowings is 5.38% (2014: 5.47%).



23: Employee entitlements

	Council		Group	
	2015	2014	2015	2014
Current	\$000	\$000	\$000	\$000
Payroll payables	1,229	1,482	1,229	1,482
Accrued pay	400	648	400	648
Annual leave	3,323	3,648	3,380	3,715
Long Service Leave	156	208	156	213
Retirement gratuities	-	56	-	56
Sick leave	99	80	99	80
Total current	5,207	6,121	5,264	6,194

	Council		Group	
	2015	2014	2015	2014
Non current	\$000	\$000	\$000	\$000
Long Service Leave	23	82	23	82
Retirement gratuities	175	172	175	172
Total non current	198	254	198	254

The present value of retirement and long service leave obligations depend on a number of factors. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary. A weighted average discount rate of 3.25% (2014: 3.5%) and an inflation factor of 0.3% (2014: 1.6%) were used.

24: Provisions

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Current provisions are represented by:				
Restructuring provision	21	1033	21	1033
Weather-tightness claims	396	573	396	573
Landfill aftercare provisions	20	60	20	60
Prov. grants not yet uplifted	18	24	18	24
Total current provisions	455	1,690	455	1,690
Non-current provisions are represented by:				
Landfill aftercare provision	1,734	1,959	1,734	1,959
Provision for refund of rates	69	69	69	69
Total non-current provisions	1,803	2,028	1,803	2,028



Movements for each class of provisions are as follows:

Council and group	Restructuring	Weather-tightness claims	Landfill aftercare	Refund of rates	Grants not yet uplifted
	\$000	\$000	\$000	\$000	\$000
2015					
Balance 1 July 2014	1,033	573	2,019	69	24
Additional provisions made during the year	-	-	-	-	-
Amounts used during the year	(1,012)	(177)	(265)	-	(6)
Discount unwinding	-	-	-	-	-
Balance at 30 June 2015	21	396	1,754	69	18
2014					
Balance 1 July 2013	-	657	2,577	81	46
Additional provisions made during the year	1,033	100	-	-	-
Amounts used during the year	-	(184)	-	(12)	(22)
Discount unwinding	-	-	(558)	-	-
Balance at 30 June 2014	1,033	573	2,019	69	24

Restructuring

The council began a formal organisational review in October 2013. This resulted in an organisational restructuring plan being announced in June 2014. The restructuring resulted in a reduction in full-time staff employed by the council. The restructuring plan and associated payments were expected to be completed by December 2014.

Weather-tightness claims

There are currently four claims lodged with the Weathertight Homes Resolutions Service (WHRS) and the Financial Assistance Package as at 30 June 2015 (2014: four). These claims relate to weathertight issues of homes in the Rotorua area and name the Council as well as other parties. Council has recognised a provision of \$396,000 for actual and any potential future claims, which has been based on historical average claim levels and other information held.

The actual costs to the Council may vary significantly from the amount of the provision currently recognised, particularly the estimations of unreported claims, which is based on historical data collected on the number of claims lodged allows assumptions to be made on the percentage of homes that experience issues that will result in a successful weathertightness claim.

Landfill aftercare costs

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. 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 702,000 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 44 years.
- Estimates of the life have been made by Council's engineers based on historical and projected volume information.

The cash out flows for the landfill post-closure are expected to occur in about 18 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 5.4%.

Refund of rates

This provision primarily relates to a provision for historical errors for rates charged in prior years.



25: Equity

	Council		Group	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Accumulated Funds				
Balance at 1 July	740,644	853,903	740,701	854,373
Net surplus/(deficit)	(15,986)	(13,651)	(15,951)	(13,924)
Transfers from asset revaluation reserves on PPE disposal	4,498	1,784	4,498	1,784
Transfers from fair value equity reserve	-	405	-	265
Transfers from self funding reserve	717	(76,452)	717	(76,452)
Transfer from council created reserve	(8)	(25,092)	(8)	(25,092)
Transfer from restricted reserve	(311)	(253)	(311)	(253)
Balance at 30 June	729,554	740,644	729,646	740,701

Self funding reserves

Self funding reserves are reserves established at Council's will for activities that will generate enough revenue over time to cover the cost of their operation. The reserves balances represent accumulated balances to date of such activities.

	Opening balance 01/07/14	Movement during year	Interest earned/ charged to 30/06/15	Transfer to accumulated funds	Closing balance 30/06/15
	\$000	\$000	\$000	\$000	\$000
Council and Group 2015					
Pensioner housing	1,184	228	-	-	1,412
Electricity	945	-	-	(945)	-
Total self funding reserves	2,129	228	-	(945)	1,412

	Opening balance 01/07/13	Movement during year	Interest earned/ charged to 30/06/14	Transfer to accumulated funds	Closing balance 30/06/14
	\$000	\$000	\$000	\$000	\$000
Council and Group 2014					
Pensioner housing	888	296	-	-	1,184
Events centre	(5,073)	35	-	5,038	-
Airport	(65,340)	(2,237)	-	67,577	-
Wastewater	10,397	(1,229)	-	(9,168)	-
Eastern sewerage scheme	452	317	-	(769)	-
Rural waste water	(3,407)	(129)	-	3,536	-
Landfill	(7,855)	(1,759)	-	9,614	-
Water	(4,554)	(2,175)	-	6,729	-
Refuse collection	(721)	(999)	-	1,720	-
Electricity	804	141	-	-	945
Economic projects	88	-	-	(88)	-
Total self funding reserves	(74,321)	(7,739)	-	84,189	2,129



Council created reserves

Council created reserves are established by Council resolution. Transfers to and from these reserves is at the discretion of Council.

A major review of Council created reserves occurred during 2013-14, and the majority of the individual reserves funded from development contributions that had balances as at 1 July 2013, have been cleared to accumulated funds. This decision signals that funding of Council related activities will be funded through debt and available cash rather than from the creation of specialised reserves relying on replenishment from known future cash flows.

Council and Group 2015	Opening balance 01/07/14	Movement during year	Interest earned/ charged to 30/06/15	Transfer to accumulated funds	Closing balance 30/06/15
	\$000	\$000	\$000	\$000	\$000
Reporoa Domain	66	8	-	-	74
Waikite Domain	26	-	-	-	26
Total Council created reserves	92	8	-	-	100

Council and Group 2014	Opening balance 01/07/13	Movement during year	Interest earned/ charged to 30/06/14	Transfer to accumulated funds	Closing balance 30/06/14
	\$000	\$000	\$000	\$000	\$000
Reporoa Domain	59	7	-	-	66
Waikite Domain	24	2	-	-	26
Development Contributions					
Roading	(902)	(408)	-	1,310	-
Public amenities	(7,888)	17	-	7,871	-
Land drainage and stormwater	(373)	(85)	-	458	-
Parks and reserves	(1,396)	(7)	-	1,403	-
Water	(5,690)	49	-	5,641	-
Waste water	(8,837)	(127)	-	8,964	-
Total Council created reserves	(25,003)	(552)	-	25,647	92

The Reporoa and Waikite Domain reserves were established to account for the domain board committee current account balances. These were established when the Reserves Act came into effect. The reserve recognises a future call on funding towards improvements to various categories of capital assets; for example the Waikite Domain reserve assists with development of the Waikite Hot Pools.

Restricted reserves

Restricted reserves are subject to 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.



Council and Group 2015	Opening balance	Movement	Interest earned/	Closing balance
	01/07/14	during year	charged to	30/06/15
	\$000	\$000	\$000	\$000
Reserves development	1,471	309	-	1,780
Creative NZ Reserve	20	2	-	22
Total Restricted Reserves	1,491	311	-	1,802

Council and Group 2014	Opening balance	Movement	Interest earned/	Closing balance
	01/07/13	during year	charged to	30/06/14
	\$000	\$000	\$000	\$000
Reserves development	1,212	259	-	1,471
Creative NZ Reserve	26	(6)	-	20
Total Restricted Reserves	1,238	253	-	1,491

Restrictions

Reserve development – Section 108 of the Resource Management Act 1991 requires funds to be set aside for the development of reserves.

Creative NZ Reserve – Funds held and used in accordance with the policies of organisations external to Council; for example RDC allocates funds on behalf of Creative NZ on application for funding. Funding rounds occur approximately two times per year dependent on funds.

Cashflow hedge reserve

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Opening balance	261	(33)	261	(33)
Valuations gains / (losses) taken to equity	(453)	294	(453)	294
Closing balance	(192)	261	(192)	261

Fair value through equity reserve

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Opening balance	57	777	-	307
Transfers to accumulated funds	-	(405)	-	(265)
Valuations gains / (losses) taken to equity	78	(315)	43	(42)
Closing balance	135	57	43	-



Asset revaluation reserves - Plant, Property, Equipment

Council and Group	2015 asset revaluation reserve for each asset class consist of							
	Opening balance 01/07/14	Transfers relating to prior period	Transfers between asset classes	Revaluation gains / (losses) during year	Reval trfr to accum funds due to trfrs between classes/impa riment	Transfer to accumulated funds on disposal	Other transfers	Closing balance 30/06/15
2015	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Airport	4,325	-	-	-	-	(4,325)	-	-
Art collection	18,506	-	31	-	-	-	-	18,537
Building	14,714	-	576	-	-	-	-	15,290
Bridges	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-
Landfill	6,420	-	(4)	846	-	(40)	-	7,222
Library	334	-	-	-	-	-	-	334
Parks and reserves	3,620	254	(2,188)	1,262	-	(61)	(818)	2,069
Outdoor Furniture	-	-	(1)	-	1	-	-	-
Plant	-	-	205	-	(205)	-	-	-
Roading	100,966	-	1,198	-	-	128	-	102,292
Stormwater	50,464	-	185	-	-	398	-	51,047
Street items	450	(254)	-	-	-	-	-	196
Waste management	-	-	-	-	-	-	-	-
Wastewater reticulation	9,567	-	(2,605)	-	-	(12)	-	6,950
Wastewater plant	3,907	-	2,605	(6,342)	-	(170)	-	-
Waterworks	19,462	-	(2)	22,456	-	(212)	-	41,704
TOTAL	232,735	-	-	18,222	(204)	(4,294)	(818)	245,641

Council and Group	2014 asset revaluation reserve for each asset class consist of							
	Opening balance 01/07/13	Transfers relating to prior period	Transfer to accumulated funds on disposal of property	Transfers between asset classes	Revaluation gains / (losses) during year	Revaluation disposals gains / (losses) during year	Debit reserves transferred to SOCI	Closing balance 30/06/14
2014	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Airport	1,878	-	-	34	2,413	-	-	4,325
Art collection	-	-	-	-	18,506	-	-	18,506
Building	5,457	393	(866)	-	9,530	-	200	14,714
Bridges	-	-	-	-	-	-	-	-
Land	-	-	-	(213)	(1,833)	-	2,046	-
Landfill	6,207	-	-	213	-	-	-	6,420
Library	274	-	-	-	-	-	60	334
Parks and reserves	5,266	(1,538)	(139)	-	-	-	31	3,620
Roading	102,298	(1,298)	-	(34)	-	-	-	100,966
Stormwater	51,989	-	(372)	-	(1,153)	-	-	50,464
Street items	605	(155)	-	-	-	-	-	450
Waste management	-	-	-	-	-	-	-	-
Wastewater reticulation	7,837	-	-	(294)	2,024	-	-	9,567
Wastewater plant	3,734	-	(151)	294	-	-	30	3,907
Waterworks	19,705	-	(256)	-	-	-	13	19,462
TOTAL	205,250	(2,598)	(1,784)	-	29,487	-	2,380	232,735

Asset revaluation reserves - Intangibles

Council and Group	Opening balance 01/07/14	Revaluation gains / (losses) during year	Closing balance 30/06/15
	\$000	\$000	\$000
Carbon credits	128	170	298
TOTAL	128	170	298

Council and Group	Opening balance 01/07/13	Revaluation gains / (losses) during year	Closing balance 30/06/14
	\$000	\$000	\$000
Carbon credits	-	128	128
TOTAL	-	128	128



26: Reconciliation of net surplus (deficit) after tax to net cash flow from operating activities

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Surplus/(deficit) after tax	(15,986)	(13,651)	(15,951)	(13,924)
Add/(less) non(cash items:				
Depreciation	25,192	26,390	25,397	26,559
Amortisation	1,256	1,041	1,257	1,063
Impairment of PPE/intangibles assets	1,540	1,980	1,540	1,980
Impairment of accounts receivable	218	117	218	117
Impairment of asset held for sale	-	400	-	400
Vested assets and assets recognised for first time	(803)	(1,338)	(803)	(1,338)
(Gains)/losses in fair value of forestry assets	-	135	-	135
Add/(less) items classified as investing or financing activities:				
(Gains)/losses on disposal of property, plant and equipment	7,168	2,828	7,173	2,828
(Gains)/losses on disposal of Intangibles	-	86	32	86
Movement in capital creditors	(1,577)	3,886	(1,577)	3,886
(Gains)/losses in fair value of derivatives	-	-	-	-
(Gains)/losses in fair value of investments	182	353	182	3
Add/(less) movements in working capital items:				
Debtors and other receivables	(905)	5,892	(862)	6,033
Inventories	84	29	84	29
Creditors and other payables	120	(7,920)	930	(8,359)
Provision for taxation	-	-	2	(6)
Provisions	(1,460)	357	(1,465)	357
Employee Benefits	(970)	247	(986)	248
Net cash inflow/(outflow) from operating activities	14,059	20,832	15,171	20,097



27: Capital commitments and operating leases

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Capital commitments				
Airport	-	116	-	116
Buildings	13	89	13	89
Landfill	6,508	6,508	6,508	6,508
Parks and Reserves	16	16	16	16
Roading	13,563	6,032	13,563	6,032
Stormwater	-	323	-	323
Wastewater - other	612	740	612	740
Wastewater treatment	1,086	1,947	1,086	1,947
Water other	344	7	344	7
Water treatment	-	171	-	171
Plant and Equipment	-	38	-	38
Total capital commitments	22,142	15,987	22,142	15,987

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

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 60 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Not later than one year	441	478	501	538
Later than one year and not later than two years	355	287	494	347
Later than two years and not later than five years	959	774	1,374	954
Later than five years	2,527	1,066	2,678	1,216
Total non cancellable operating lease commitments as lessee	4,282	2,605	5,047	3,055
Total commitments	26,424	18,592	27,189	19,042

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$Nil (2014: \$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 land, buildings, parks, reserve land and commercial premises under operating leases. The majority of these leases have a non-cancellable term of 120 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Council		Group	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Not later than one year	1,252	1,581	1,220	1,121
Later than one year and not later than two years	1,002	1,365	1,002	905
Later than two years and not later than five years	1,823	3,187	1,823	1,809
Later than five years	4,520	6,044	4,520	4,433
Total non cancellable operating leases as lessor	8,597	12,177	8,565	8,268

No contingent rents have been recognised during the period.

28: Contingencies

Contingent liabilities

	Council		Group	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Financial Guarantees				
Guarantees to community and sporting groups	111	123	111	123
Performance Bond				
Performance bond BNZ on behalf of Tourism Rotorua	235	235	235	235
Suspensory Loan				
Housing New Zealand Corporation suspensory loan	1,532	1,532	1,532	1,532
Legal proceedings				
The Group's effective exposure to legal claims	750	902	750	902
Total contingent liabilities	2,628	2,792	2,628	2,792

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.

Performance Bond

Council, being a member of Travel Agents Association of New Zealand (TAANZ), is required to enter into a Deed of Indemnity to provide some protection for members of the public against any possible default by members of TAANZ in accounting for monies received for the purpose of travel and/or accommodation deposits, bookings or reservations. This bonding scheme with TAANZ requires Council to provide through the BNZ a letter of credit of \$235,000 as security for the Deed of Indemnity.

Suspensory Loan

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 principal, including interest and costs, provided 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 four legal claims (2014: five). An estimate of council's share of exposure is \$750,000 (2014: \$902,000), and includes an estimate for other known situations out of which a formal claim may arise. The Council does not accept the validity of all these claims and is in the process of resolving them through normal legal channels.

Unquantified claims

As disclosed in note 24, a provision of \$396,000 (2014: \$573,000) has been recognised for weathertightness claims. Included in this amount is an estimate of \$225,000 (2014: \$300,000) being Council's exposure to potential future claims which have not yet been advised until the statutory limitation period expires. 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 Act 2006, but other statutory limitation periods could also affect claims.

RiskPool provides public liability and professional indemnity for its members, of which Council is no longer a member. The trust deed of RiskPool 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 in relation to that fund year. No further calls for additional contributions have occurred since 2012-2013 (the year Council exited Riskpool), and RiskPool have advised that, at time of publication of this report, there will be no need to make a call on funds for the fund years, up to the year Council exited the scheme. However, it is possible that further calls could still be made relating to those prior fund years, and 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 2015 the Scheme had a past service surplus of \$20.9 million (11.4% of the liabilities). This amount is exclusive of Employer Superannuation Contribution Tax. This surplus was calculated using a discount rate equal to the expected return on the assets, but otherwise the assumptions and methodology were consistent with the requirements of PBE IPSAS25.

The Actuary to the scheme recommended previously that the employer contributions were suspended with effect from 1 April 2011. In the latest report, the Actuary recommended employer contributions remain suspended.

Local Government Funding Agency

The Council joined the New Zealand Local Government Funding Agency Limited (LGFA) in February 2013 as a guarantor local authority. The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

The Council is one of ten local authority borrowers and guarantors with the LGFA which now has 30 local authorities and the Crown as shareholders of the LGFA. At 30 June 2015, the LGFA had borrowings totalling \$4,955 million (2014: \$3,695 million).

Contingent assets

Loan guarantees	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Rotorua Badminton Club Incorporated	37	41	37	41
Rotorua Hockey Trust & BOP Hockey Association	136	151	136	151
Total	173	192	173	192

The Council operates a scheme whereby sports clubs are able to construct facilities (e.g. 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 2015 there are two facilities with a book value of \$173,000 (2014: \$192,303).

Suspensory Loans	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Reporoa College	20	30	20	30
Western Heights High School	-	30	-	30
Kaharoa Primary School	10	20	10	20
St Chads	3	17	3	17
John Paul College	95	115	95	115
Rotorua Kartsport Development	60	90	60	90
Total	188	302	188	302
Total contingent assets	361	494	361	494

29: Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Council and group would have adopted in dealing with the party at arm's length in the same circumstances. Related party disclosures have also not been made for transactions with entities within the Council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

Key management personnel compensation	Council	
	2015	2014
	\$000	\$000
Salaries and other short term employee benefits	1,199	1,094
Post-employment benefits	-	-
Other long-term benefits	35	33
Termination benefits	-	-
Share-based payments	-	-
Councillors Salaries	688	641
Total group key management remuneration	1,922	1,768
Total full-time equivalent personnel	19	18

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

30: 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 Chief Executive received the following remuneration:



	Council		Group	
	2015	2014	2015	2014
	\$	\$	\$	\$
Salary	294,270	295,402	294,270	295,402
Vehicle (including FBT)	-	-	-	-
	294,270	295,402	294,270	295,402
<i>Other Benefits</i>				
Professional Association Fees	275	275	275	275
Superannuation	-	-	-	-
	275	275	275	275
Total amount paid	294,545	295,677	294,545	295,677

Elected representatives

Elected representatives received the following remuneration:

	Honoraria	Hearing fees	Total	Total
	2015	2015	2015	2014
	\$	\$	\$	\$
Mayor				
Chadwick S (Mayor)	121,562	-	121,562	80,789
Chadwick S (Mayor) – Mayor’s vehicle	3,654	-	3,654	2,519
Winters K (former Mayor)	-	-	-	36,559
Winters K (former Mayor) – Mayor’s vehicle	-	-	-	1,453
Councillors				
Bentley M	-	-	-	12,792
Bentley P	41,450	1,280	42,730	28,024
Calnan J	-	-	-	12,803
Donaldson D	49,530	-	49,530	46,275
Gould M	41,450	-	41,450	40,337
Hunt K	55,742	680	56,422	49,805
Kent R	41,890	1,240	43,130	28,024
Maxwell T H	42,420	-	42,420	42,507
McVicker M	41,450	-	41,450	43,410
Raukawa-Tait M	47,510	-	47,510	44,428
Searancke G P	56,292	1,750	58,042	51,205
Sturt C W	43,470	-	43,470	41,700
Tapsell T	41,450	-	41,450	28,024
Waaka M T R	-	-	-	740
Wepa J G	60,222	1,290	61,512	53,743
Total Councillor remuneration	688,092	6,240	694,332	645,137
Rotorua Lakes Community Board	31,700	-	31,700	33,000
Total Elected Members' remuneration	719,792	6,240	726,032	678,137

The monetary remuneration consists of honoraria (honorarium includes \$1,050 communication allowance) and meeting allowances, and is determined by the remuneration authority under the local government elected members determination 2014-15. Professional indemnity and trustee liability insurance is also provided to the councillors against any potential legal litigation which may occur while undertaking council business.



Council employees

	Total 2015	Total 2014
Total annual remuneration by band for employees as at 30 June:		
< \$60,000	374	388
\$60,000 - \$79,999	105	103
\$80,000 - \$99,999	44	35
\$100,000 - \$119,999	10	14
\$120,000 - \$139,999	12	7
\$140,000 - \$159,999	7	7
\$160,000 - \$199,999	10	6
>\$200,000	5	5
Total employees	567	565

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 443 (2014: 445) full-time employees, with the balance of staff representing 72.41 (2014: 72.89) full-time equivalent employees. A full-time employee is determined on the basis of a 40 hour working week.

31: Severance payments

During the year the council made one severance payment to an employee of \$6,000 (2014: one severance payment of \$2,000).

32: Agency relationships

Council is involved in administering expenditure and revenue on behalf of other organisations as follows:

These agency transactions have not been included in council's current year operating results. Council has, however, included the net movement in agency debtors and creditors in its statement of cashflows, and included the council's asset or liability in relation to the agencies in its statement of financial position. Council derives commission revenue to compensate for the cost of administration.

Petrol tax

	2015	Percentage	2014	Percentage
The Bay of Plenty Local Authority Petrol Tax Distribution for the year ended 30 June 2015	\$000	%	\$000	%
Kawerau District Council	61	2.4%	59	2.3%
Opotiki District Council	62	2.4%	60	2.4%
Rotorua District Council	510	19.8%	516	20.5%
Taupo District Council	395	15.3%	376	14.9%
Tauranga City Council	873	33.9%	866	34.3%
Western BOP District Council	405	15.7%	381	15.1%
Whakatane District Council	270	10.5%	265	10.5%
Total tax distributable to councils	2,576	100%	2,523	100%



State Highways administration

	2015 \$000	2014 \$000
Expenditure on State Highways roading network (Reimbursed from New Zealand Transport Agency and Whakatane District Council)	873	14,809

Regional Council rates

	2015 \$000	2014 \$000
Rates were collected on behalf of the following Regional Authorities:		
Bay of Plenty Regional Council	7,520	7,327
	7,520	7,327



33: Financial instruments

33A: Financial instrument categories

	Council		Group	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
FINANCIAL ASSETS				
Loans and receivables				
Total cash and cash equivalents (including short term deposits)	5,901	5,329	7,561	5,998
Debtors and other receivables (including community loans)	8,113	7,084	8,265	7,248
Borrower Notes	880	880	880	880
<i>Total loans and receivables</i>	14,894	13,293	16,706	14,126
Fair value through other comprehensive income				
Unlisted shares	2,322	2,125	458	305
Derivatives that are hedge accounted				
Derivative financial instrument assets	-	276	-	276
<i>Total financial assets</i>	17,216	15,694	17,163	14,707
FINANCIAL LIABILITIES				
Financial liabilities				
Derivatives that are hedge accounted				
Derivative financial instrument liabilities	193	16	193	16
Financial liabilities at amortised cost				
Creditors and other payables	16,893	16,742	17,817	16,731
Borrowings:				
Registered debenture stock	90,000	90,000	90,000	90,000
Registered security stock	22,500	23,675	22,500	23,675
<i>LGFA borrowings</i>	55,000	55,000	55,000	55,000
Total financial liabilities at amortised cost	184,393	185,417	185,317	185,406

33B: 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.

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	Quoted market price	Valuation technique observable inputs	Significant non- observable inputs
	\$000	\$000	\$000	\$000
30 June 2015 Council				
Financial assets				
Borrower Notes	880	-	880	-
Shares	2,322	-	-	2,322
Derivatives	-	-	-	-
Financial liabilities				
Registered debenture stock	90,000	-	90,000	-
Registered security stock	22,500	-	22,500	-
LGFA borrowings	55,000	-	55,000	-
Derivatives	193	-	193	-
30 June 2015 Group				
Financial assets				
Borrower Notes	880	-	880	-
Shares	458	-	-	458
Derivatives	-	-	-	-
Financial liabilities				
Registered debenture stock	90,000	-	90,000	-
Registered security stock	22,500	-	22,500	-
LGFA borrowings	55,000	-	55,000	-
Derivatives	193	-	193	-
30 June 2014 Council				
Financial assets				
Borrower notes	880	-	880	-
Shares	2,125	-	-	2,125
Derivatives	276	-	276	-
Financial liabilities				
Registered debenture stock	90,000	-	90,000	-
Registered security stock	23,675	-	23,675	-
LGFA borrowings	55,000	-	55,000	-
Derivatives	16	-	16	-
30 June 2014 Group				
Financial assets				
Borrower notes	880	-	880	-
Shares	305	-	-	305
Derivatives	276	-	276	-
Financial liabilities				
Registered debenture stock	90,000	-	90,000	-
Registered security stock	23,675	-	23,675	-
LGFA borrowings	55,000	-	55,000	-
Derivatives	16	-	16	-



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:

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Balances 1 July	2,125	2,627	305	332
Gains and losses recognised in other comprehensive income	197	(502)	153	(27)
Balance at 30 June	2,322	2,125	458	305

Any hedging must be approved by council.

33C: 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 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 fixed rate maturity profile limits are:

Term of exposure	Minimum Fixed Rate Exposure	Maximum Fixed Rate Exposure
Year 1	50%	100%
Years 2 and 3	30%	80%
Year 4	15%	60%
Year 5 to Year 10	0%	50%
Year 11 and over	Any hedging must be approved by council	

Notes 13 and 22 provide information on term loan interest rates, maturity profile and derivatives.

At year end the Council has one interest rate risk management instrument in place.



Credit risk

Credit risk is the risk that a third party will default on its obligation to the Council causing the Council to incur a loss.

Financial instruments which potentially subject the Council to credit risk consist of bank balances, term deposits, rates and other receivables, community loans.

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

The Council's maximum credit exposure for each class of financial instrument is as follows:

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Cash at Bank and term deposits	5,901	5,329	7,561	5,998
Debtors and other receivables (including community loans)	8,113	7,084	8,265	7,248
Borrower Notes	880	880	880	880
Unlisted shares	2,322	2,125	458	305
Derivative financial instrument assets	-	276	-	276
Total	17,216	15,694	17,164	14,707



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 Poors' credit ratings (if available) or to historical information about counterparty default rates:

	Council		Group	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Counterparties with credit ratings				
Cash at bank and term deposits	5,901	5,329	7,561	5,998
Total cash at bank and term deposits	5,901	5,329	7,561	5,998
Borrower notes	880	880	880	880
Total Borrower notes	880	880	880	880
Derivative financial instrument assets	-	276	-	276
Total derivative financial instrument assets	-	276	-	276
Counterparties without credit ratings				
Unlisted shares	2,322	2,125	458	305
Total unlisted shares	2,322	2,125	458	305
Community and related party loans				
Existing counterparty with no defaults in the past	256	11	256	11
Total community and related party loans	256	11	256	11

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 Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Council aims to maintain flexibility in funding by keeping committed credit lines available.

The Council manages its borrowings in accordance with its funding and financial policies, which includes a liability management policy. These policies have been adopted as part of the Council's Long Term planning process.

Council has a maximum amount that can be drawn down against its bank facilities of \$65 million (2014: \$60 million). There are no restrictions on the use of this facility.

Contractual maturity analysis of financial liabilities

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 are based on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.



	Liability carrying amount \$000	Contractual cashflows \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
Council 2015						
Creditors and payables	16,893	16,893	16,893	-	-	-
Registered debenture stock	90,000	102,993	25,687	27,460	36,036	13,810
Registered security stock	22,500	22,523	22,523	-	-	-
LGFA borrowings	55,000	67,334	-	-	47,042	20,292
Derivatives	193	193	193	-	-	-
Total	184,586	209,936	65,296	27,460	83,078	34,102
Group 2015						
Creditors and payables	17,817	17,817	17,817	-	-	-
Registered debenture stock	90,000	102,993	25,687	27,460	36,036	13,810
Registered security stock	22,500	22,523	22,523	-	-	-
LGFA borrowings	55,000	67,334	-	-	47,042	20,292
Derivatives	193	193	193	-	-	-
Total	185,509	210,860	66,220	27,460	83,078	34,102
Council 2014						
Creditors and payables	16,742	16,742	16,742	-	-	-
Registered debenture stock	90,000	103,060	19,682	28,534	44,331	10,513
Registered security stock	23,675	23,899	23,888	11	-	-
LGFA borrowings	55,000	70,325	3,000	3000	48,537	15,788
Derivatives	16	16	16	-	-	-
Total	185,433	214,042	63,328	31,545	92,868	26,301
Group 2014						
Creditors and payables	16,731	16,731	16,731	-	-	-
Registered debenture stock	90,000	103,060	19,682	28,534	44,331	10,513
Registered security stock	23,675	23,899	23,888	11	-	-
LGFA borrowings	55,000	70,325	3,000	3000	48,537	15,788
Derivatives	16	16	16	-	-	-
Total	185,422	214,031	63,317	31,545	92,868	26,301



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	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000	\$000
Council 2015						
Cash and cash equivalents (including short term deposits 3 months or less)	5,901	5,901	5,901	-	-	-
Debtors and other receivables	8,113	8,113	8,113	-	-	-
Derivatives	-	-	-	-	-	-
Other financial assets						
Borrower notes	880	880	-	-	720	160
Unlisted shares	2,322	2,322	2,322	-	-	-
Total	17,216	17,216	16,336	-	720	160
Group 2015						
Cash and cash equivalents (including short term deposits 3 months or less)	7,561	7,561	7,561	-	-	-
Debtors and other receivables	8,265	8,265	8,265	-	-	-
Derivatives	-	-	-	-	-	-
Other financial assets						
Borrower notes	880	880	-	-	720	160
Unlisted shares	2,322	2,322	2,322	-	-	-
Total	19,027	19,028	18,148	-	720	160
Council 2014						
Cash and cash equivalents (including short term deposits 3 months or less)	5,329	5,329	5,329	-	-	-
Debtors and other receivables	7,084	7,084	7,084	-	-	-
Derivatives	276	302	(6)	62	246	0
Other financial assets						
Borrower notes	880	638	-	-	389	249
Unlisted shares	2,125	2,125	2,125	-	-	-
Total	15,694	15,478	14,532	62	635	249
Group 2014						
Cash and cash equivalents (including short term deposits 3 months or less)	5,998	5,998	5,998	-	-	-
Debtors and other receivables	7,248	7,248	7,248	-	-	-
Derivatives	276	302	(6)	62	246	-
Other financial assets						
Borrower notes	880	638	-	-	389	249
Unlisted shares	2,125	2,125	2,125	-	-	-
Total	16,527	16,311	15,365	62	635	249



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	2015				2014			
	\$000				\$000			
	-100bps		+100bps		-100bps		+100bps	
Interest rate risk	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity
Financial assets								
Cash and cash equivalents	(59)	-	59	-	(53)	-	53	-
Derivatives (hedge accounted)	-	-	-	-	-	(385)	-	367
Financial liabilities								
Derivatives (hedge accounted)	-	(316)	-	304	-	(12)	-	12
Borrowings:								
- Debenture Stock	(59)	-	59	-	(150)	-	150	-
- Security Stock	(220)	-	220	-	(237)	-	237	-
Total sensitivity	(338)	(316)	338	304	(440)	(397)	440	379

Group	2015				2014			
	\$000				\$000			
	-100bps		+100bps		-100bps		+100bps	
Interest rate risk	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity
Financial assets								
Cash and cash equivalents	(76)	-	76	-	(60)	-	60	-
Derivatives (hedge accounted)	-	-	-	-	-	(385)	-	367
Financial liabilities								
Derivatives (hedge accounted)	-	(316)	-	304	-	(12)	-	12
Borrowings:								
- Debenture Stock	(59)	-	59	-	(150)	-	150	-
- Security Stock	(220)	-	220	-	(237)	-	237	-
Total sensitivity	(355)	(316)	355	304	(447)	(397)	447	379

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 -100bps/+100bps (2014: -100bps/+100bps) provided by Bancorp Treasury.

Explanation of other price risk sensitivity

The sensitivity for listed shares has been calculated based on a -10%/+10% (2014: -10%/+10%) movement in the quoted bid share price at year end for the listed shares.

34: Capital management

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds 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. Ratepayers' funds are 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 that 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 Plan (LTP) and in its annual plan (where applicable) 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 LTP.

The council has the following Council-created reserves:

- reserves for different areas of benefit;
- self-insurance reserves; and
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from payers of general rates. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds can generally be approved only by the Council.

Trust and bequest reserves are set up where the Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

35: Additional explanation of major variances against budget

Statement of Comprehensive Income

Rotorua Lakes Council recorded a deficit of \$15.9m compared to a budget of \$1.0m. The major reasons for the variance between actual and budgeted result of \$14.9m are summarised below:

Revenue

Overall income was down against budget by \$9.19m due to the following:

- Rates (\$3.2m) – unfavourable due to the budget including property rates charged on council owned properties.
- Subsidies and grants (\$6.8m) – unfavourable due to capital subsidies not being received because of delays in major capital projects; it is expected that these subsidies will be received in future years.
- Other revenue (\$0.5 m) – unfavourable due to the reduction in landfill revenue.
- Gains (\$0.8m) – favourable due to gains received from asset sales and assets recognised for the first time.

Expenditure

Overall operating expenditure is \$118.7m compared to budget of \$112.9m. This is largely due to impairment of plant, property and equipment of \$9.2 million. Personnel costs, depreciation and amortisation expense, finance costs and other expenses were all favourable.

Other comprehensive revenue and expense

The items represented in this area were not included in council's budget as the budget had an operational focus. The movements represent the positive impact on council's reserves resulting from the year-end revaluation of plant, property, and equipment of \$17.4m, and intangibles \$0.2m. This is partially offset by the negative variance to financial swap derivatives of \$0.5 million.



Statement of financial position

Overall net assets are \$17.4m more favourable than budgeted due to the following:

- Current assets showed an increase in cash and cash equivalents versus budget with the 2015 actual slightly higher than the 2014 actual.
- Debtors and other receivables was below budget due to a budgeting error, with the 2015 actual being more in line with the 2014 actual year-end position.
- Non-current assets held for sale were \$47.0m higher than budget due to the pending sale of the airport infrastructure assets.
- Non-current assets are lower than budget due to the movement of airport infrastructure assets to assets held for sale, and disposals & impairment recognised during the period. This is partially offset by current year capital additions and increases through cyclical asset revaluations.
- Total liabilities are lower than budgeted due to a repayment of debt versus a budgeted increase in debt.
- Lower provisions are attributed to a reduction in weather tightness and landfill aftercare provisions.

36: Joint Ventures

1. Terax 2013 Ltd

The Council's participatory interest in the Terax 2013 Ltd Joint venture is accounted for as a jointly controlled entity. The joint venture agreement incorporates ownership on a 50-50 basis between Rotorua District Council and New Zealand Forest Research Institute.

The Council's interests in this jointly controlled entity are as follows:

	Council and Group	
	\$000 2015	\$000 2014
Current assets	110	63
Non-current assets	-	-
Current liabilities	112	65
Non-current liabilities	-	-
Income	305	220
Expenses	305	220
Group's interest	50%	50%
Council's capital commitments in relation to the joint venture	-	-
Share of joint venture's commitments	-	-
Council's contingent liabilities in relation to the joint venture	-	-
Share of joint venture's contingent liabilities	-	-
Other ventures' contingent liabilities the Council is liable for	-	-



2. Terax Limited Partnership

The Council's interest in the Terax Limited Partnership Joint venture is accounted for as a jointly controlled entity. The joint venture partnership agreement incorporates ownership on a 50-50 basis between Rotorua District Council and New Zealand Forest Research Institute.

The Council's interests in this jointly controlled entity are as follows:

	Council and Group	
	\$000 2015	\$000 2014
Current assets	189	156
Non-current assets	1	1
Current liabilities	23	10
Non-current liabilities	-	-
Income	2	1
Expenses	283	199
Group's interest	50%	50%
Council's capital commitments in relation to the joint venture	-	-
Share of joint venture's commitments	-	-
Council's contingent liabilities in relation to the joint venture	-	-
Share of joint venture's contingent liabilities	-	-
Other ventures' contingent liabilities the Council is liable for	-	-

37: Insurance

Rotorua District Council is part of a regional collective of local authorities for insurance purposes. Through the collective economies of scale Council has access to the best process and cover.

As at the end of the financial year, Council had the following insurance cover in place:

Material Damage \$604,722,059

The Councils Material Damage programme is split into two policies, one including Fire losses and one excluding Fire Losses. The Excluding Fire loss policy is based on a full replacement basis and the policy limit is the replacement value of your assets as declared. The Fire Policy has a policy limit of \$70,000,000 which is shared across the member councils.

Fine Arts \$39,199,175

This cover is for the total replacement value of art and artefacts owned by Council.

Commercial Motor Vehicles \$6,058,388

Motor insurance up to the market value of each individual vehicle.

Infrastructure \$658,142,939

This policy has been increased to include strategically placed bridges, and provides cover for 40% of the loss, with the remaining 60% of the loss to be funded by Central Government. This policy has an overall limit for the group of \$140,000,000 with Rotorua District Council having a limit of \$100,000,000.



Business Interruption \$5,090,000

\$5 million of cover provided for loss of rents revenue and receivable. A shared \$8 million Additional Increased Cost of Working limit with the Regional collective and provides cover for consequential loss through the physical damage to any property used by Council.

Self-insured Assets

Council senior managers/engineers have determined on a risk based and cost benefit approach to self insure certain types of assets, where return to full service capability can be managed over time without a significant impact on the community. Such assets with significant value include roading and rural stormwater assets.

38: Events after balance date

During August-October 2015, the Council was finalising the sale of airport assets from Rotorua District Council to Rotorua Regional Airport Limited (a 100% owned subsidiary of Rotorua District Council). This will see the operation and asset ownership of the Airport consolidated into a single entity (Rotorua Regional Airport Limited). The sale and transfer is expected to be finalised by the time of adoption of this Annual Report.



Rotorua Regional Airport Limited

Overview

Rotorua Regional Airport Limited is a limited liability company which trades as Rotorua International Airport, is fully owned by Rotorua Lakes Council, and is a Council Controlled Trading Organisation as defined under section 6 of the Local Government Act 2002.

Airport operations are managed by a chief executive reporting to the company's board of directors

One of the key objectives for the year was to ensure that the airport improves its financial performance and its return to its shareholder.

Management and governance

The following Directors held office as at 30 June 2015:

	Date of appointment
Peter Stubbs (Chairman)	21/05/2014
Wiremu Atetini Kingi	10/12/2002
Stuart Allan Crosby	22/12/2010
Dave Foster	12/12/2014

The following Directors resigned during the year:

	Date of resignation
Raymond Noel Cook	04/11/2014

2014/2015 Summary

Total Revenue

Total revenue, despite early fall due to poor results on the trans-Tasman service, picked up and ended almost on the Statement of Intent (SOI) budget with a slight negative variance of 0.3%. This in part was due to better than anticipated domestic passenger numbers with the Rotorua-Auckland sector realising a 28% increase in numbers over the same period last year.

Total Expenses

Total expenses increased by \$63,146 or 2.7% when compared to the SOI budget. The increase was mainly due to wages and redundancy payments as a result of customer services staff restructure during the year and the handover period between the previous chief executive officer and the acting chief executive officer. Further key differences were due to an increase in directors' fees, extra accountancy work with the proposed transfer of airport infrastructural assets from Rotorua District Council and additional consultancy services involved in the Company's submission on the Bay of Plenty regional transportation study.

Performance Measures

	2015 target (\$)	2015 actual (\$)	2014 actual (\$)
Financial			
Total Revenue	2,329,554	2,321,523	2,369,621
Total Expenses	2,208,351	2,271,497	2,605,089
Surplus (deficit) before tax	121,203	50,026	(235,468)
Surplus (deficit) after tax	121,203	50,026	(235,468)



Funds to Rotorua District Council	408,851	382,767	456,194
Aircraft			
Aircraft Movements	7,400	7,177	7,424
Passengers			
Domestic	203,776	208,559	195,961
International	15,757	13,667	19,315
Total Passengers	219,533	222,226	215,276
Customers			
Customer Service & Facility Rating	7.0 out of 10	7.7 out of 10	New measure
Operational			
Number of Controllable Safety Incidents	2	1	New measure
	<i>(33% reduction from 2014)</i>		
Team			
Number of Employee Injuries (days off work)	10	0	New measure
	<i>(75% reduction from 2014)</i>		
Employee Satisfaction	7.5 out of 10	8.2 out of 10	New measure

For further information refer to www.rotorua-airport.co.nz



Grow Rotorua Limited

Grow Rotorua is an independently governed council controlled organisation that was formed in June 2012 for a three year term in order to implement the Rotorua Sustainable Economic Growth Strategy. Grow Rotorua Ltd is 100% owned by Rotorua Lakes Council.

The following were board members at 30 June 2015:

- John Green, QSM (Chairperson)
- Warren Parker
- Jane Nees
- Michael Barnett, ONZM
- Antony Marks
- Gina Rangī (retired 1 July 2015)

Performance Targets 2014–15

Target	Measure	Timing	Progress as at 30 June 2015
That the Company is operating effectively	The Business Plan is aligned and approved with the budget by the Board.	June 30 th 2014	Done within time frame. Budget for 2014-15 approved by Board. Indicative project expenditure allocated across 11 projects.
Compliance	The Audit of the Company does not highlight any material issues.	Annually	Audit of Company for the year ending 30 June 2014 completed. No material issues identified. Unmodified audit opinion received.
Business operations	Effective business strategies are in place to ensure that the Company operates within its revenue and cash flow limitations.	Reviewed annually	Business strategies and expenditure policies in place. Financial reporting monthly at Board meetings. Operating well within budget and cash flow limitations as per YTD accounts.
Potential investment projects	6 new projects announced for the district.	June 30 th 2015	2 projects announced to date: 7 potential in pipeline: Roles in attracting \$780,000 funding
Strategy implementation	5 strategies being implemented including project oversight and advisory groups	June 30 th 2015	13 strategies at various stages of implementation and advisory group establishment: <ul style="list-style-type: none"> ▪ Rotorua Trails Trust established ▪ International Education Group and funding established ▪ Koru Global / JTB programme launched ▪ Business Growth Acceleration Programme established ▪ Youth Enterprise Scheme established ▪ Land Use Change Symposium ▪ Global Spa Summit Bid submitted ▪ First 'Wood First' Building underway ▪ Terry Stevens Destination Management Benchmarking underway ▪ Business Attraction Programme initiated ▪ Freshwater Centre project ongoing ▪ Māori Geothermal Group started ▪ Regional Growth Study Leads (3)
Investment cases	7 cases developed and promoted to the target investment communities including offshore.	By June 30 th 2015	4 Investment Cases currently under consideration by targeted investors: 3 Investment Cases developed and into public realm: 2 Investment Cases at various stage and costings. On NZTE FDI programme

For further information refer to www.rotoruanz.com



Terax 2013 Ltd and Terax Limited Partnership

Rotorua Lakes Council and the New Zealand Forest Research Institute Ltd (Scion) have created Terax Limited Partnership (the Partnership) and Terax 2013 Ltd (the Company).

The Partnership has been formed under the Limited Partnership Act with the council and Scion as limited partners and providing investment funding (the Investors).

The purpose of the Partnership is to commercialise the TERAX™ organic waste treatment process and thereby generate returns to its investors.

The process destroys sewage treatment plant sludge and other organic wastes that are typically landfilled. It combines hydrothermal and biological processing to break down complex organic materials into simpler molecules. The consequence of this process is elimination of the organic solids content of the feed material. The council and Scion have both invested in maturing this process targeting specific application to urban waste water treatment and have formed an Unincorporated Joint Venture for this purpose. The Joint Venture was successful in attracting grants from the Ministry for the Environment Waste Management Fund to evaluate the process at pilot plant level. This work has been successful and the potential for commercial application identified for application to the council's Waste Water Treatment Plant and the much wider application of treating municipal waste streams both in New Zealand and internationally.

Terax 2013 Ltd

Performance measures

Target	Measure	Timing	Progress
The company is operating efficiently	The budget is adopted by the Board and the investors advised via the SOI of expected investment requirements over three year timeframe.	By 30 th June 2014	complete reporting is on-going
Compliance	The Audit of the Company does not highlight any material issues	Annually	the 2013/2014 audit was completed; no material issues were identified
Business operations	Effective business strategies are put in place to ensure that the Investors receive an appropriate return on their investment	Reviewed annually	the 2014/2015 strategy was adopted by the Board



Terax Partnership Ltd

Performance measures

Target	Measure	Timing	Progress
Intellectual Property strengthened.	International patents filed in key countries/regions	By 30 th September 2014	complete filings have been submitted in Australia, Canada, China, European Community, Japan, Malaysia, Singapore, South Korea, USA
Strategic partner or territorial licensee for NZ/Australia Municipal Biosolids market	MoU or Letter of Intent in place with at least 1 territorial licensee.	By 31 st December 2014	this work was put on hold pending material progress towards completion of RLC's first commercial scale TERAX TM plant
Strategic partner or territorial licensee for NZ/Australia Municipal Biosolids market	At least 1 territorial licensee fully contracted.	By 30 th June 2015	builds on progress in Target 2 this work was put on hold pending material progress towards completion of RLC's first commercial scale TERAX TM plant
Licences taken up	No less than 2 end user licences within the Local Government sector or wider industry end users	By 31 st December 2015	proposals were initiated with 4 new prospective NZ cities, and plans put in place to initiate proposals to approximately 10 others a major Australian city has short-listed TERAX TM to meet its long-term biosolids strategy
Investors identified	Due diligence under way by at least 1 prospective new investor in Terax LP	By 31 st December 2015	one prospective financial investor has commenced preliminary due diligence
Technology extended to municipal solid waste	MfE funded development programme completed; basic engineering and cost estimate completed for a TERAX system to treat municipal solid waste	By 31 st December 2015	this work is progressing according to plan
Licences taken up	No less than 4 end-user licences in place	By 31 st July 2016	builds on progress in Target 4

Rotorua District Council Holdings Limited

In 2010 Rotorua District Council established a holding company, Rotorua District Council Holdings Limited, to be used as an umbrella for a range of commercial activities that were identified at the time, such as attracting inward investment and wealth creation, CBD revitalisation and lakefront development, energy and geothermal use, Waste 2 Gold, airport capital expenditure funding, and property development. Rotorua Lakes Council has 100% shareholding in Rotorua District Council Holdings Ltd. As at 30 June 2015 the holding company had not traded. As the holding company has not operated, and there are no indications that it will commence operations in the short term. Council have supported an exemption for a period of three years commencing 2013/14. This is in accordance with section 7 Local Government Act 2002. The company has been registered on the companies register as a non-trading company.



Local Authority Shared Services Limited

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

Over the period the company has been operating benefits have been delivered in the form of:

- Improved level and quality of service
- Coordinated approach to the provision of services
- Reductions in the cost of services
- Opportunity to develop new initiatives
- Opportunity for all councils irrespective of location or size to benefit from joint initiatives
- Leverage provided from economies of scale resulting from a single entity representing councils leveraging procurement opportunities

The following performance measures were incorporated into the Statement of Intent for the 2014/15 financial year.

Performance measure	Actual outcome
The Statement of Intent is informed by the annual survey and independent benefits review.	Achieved.
Costs Control: Administration expenditure shall not exceed that budgeted by more than 5% unless prior approval is obtained from the Directors.	Achieved
Cashflow: The company maintains an overall positive cashflow position.	Not achieved
Reporting: The Board will provide a written report on the business operations and financial position of the LASS on a six monthly basis.	Achieved.
Statutory Adherence: There will be an annual report to directors that all statutory requirements of the LASS are being adhered to.	Achieved.
SVDS Availability: That SVDS is available to users at least 99% of normal working hours.	Achieved.
SVDS Sales Data Delivery: That at least 98% of agreed timelines are met for sale and property files that have been delivered to the FTP server for access to customers.	Achieved.
SVDS Major Enhancement Development Hours: All capital enhancement development work is supported by a business case approved by the Advisory Group.	Not applicable
WRTM: That all required modelling reports are actioned within the required timeframe.	Achieved.
WRTM: That the base model adheres to "Screenline Validation Standards" as set out in the NZTA Economic Evaluation Manual (EEM) as indicated by an external independent peer review.	Achieved.
WRTM: That a full report on progress of the model be provided to the LASS Board twice each year.	Achieved.
Insurance: The key performance indicators from appendix 4 of the brokerage contract are met.	Achieved.
Joint Procurement: That any joint procurement projects deliver as per project approved objectives.	Achieved.
Advice to the Waikato Mayoral Forum: In response to requests from shareholders, the Company will provide regular reports and updates to the Waikato Mayoral Forum regarding progress with shared service initiatives.	Achieved.
Independent Benefit Review Plan update: The independent benefit review plan will be reviewed, updated and signed off by the LASS Board by 31May of the year immediately preceding the year the plan relates to.	Achieved.
Independent Benefit Reviews: Those reviews timetabled in the plan for the current year be completed by the end of the year.	Achieved.



Bay of Plenty Local Authority Shared Services Limited

Rotorua Lakes Council is also a one-ninth shareholder in Bay of Plenty Local Authority Shared Services Ltd (BOP LASS). BOP LASS was incorporated during 2007/08 to investigate, develop and deliver shared services, joint procurement and communications for the participating councils.

BOP LASS delivers benefits through improved levels of service, reduced costs, improved efficiency and / or increased value through innovation. Joint procurement includes procurement of services or products by two or more councils from an external provider.

In 2014/15, BOP LASS focused on fostering collaborative relationships between local authorities in the Bay of Plenty in order to deliver services as efficiently as possible, as well as ensuring appointed vendors remained competitive to return best value to shareholders. The main focus was on long-term value rather than short term gains, which will deliver the best outcome for our councils.

The following performance indicators were included in its Statement of Intent for 2014/15.

Target	Result
Investigate new joint procurement initiatives for goods and services for BOPLASS councils. A minimum of four new procurement initiatives investigated. Initiatives provide financial savings and/or improved service levels to the participating councils.	Achieved
Provide support to BOPLASS councils that are managing or investigating shared services projects. 0.25 FTE assigned to directly developing councils' shared service opportunities.	Achieved
Develop a Collaboration Portal for access to, and sharing of, project information from BOPLASS councils and the greater local government community.	Not Achieved
Shared portal providing upload and download capabilities to all participating BOPLASS councils is operational within 12 months.	
Manage and/or renegotiate existing contracts. Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors.	Achieved
Perform self-assessment reviews of governance. Affirmative feedback received from shareholding councils at least annually.	Achieved
Communicate with each shareholding council at appropriate levels. At least one meeting per year.	Achieved
Ensure current funding model is appropriate. Performance against budgets reviewed quarterly. Company remains financially viable.	Achieved
Successfully implement two of the Identified Shared Service projects (listed in Appendix A of 2013-14 SOI) within a 12 month period.	Not Achieved
Investigate a minimum of four Joint Procurement or Shared Services initiatives per year for goods and services from sources offering best value, service, continuity of supply and/or continued opportunities for integration (current identified projects are listed in Appendix A).	Achieved
Manage and/or renegotiate existing contracts ensuring appointed vendors remain competitive and continued best value is returned to shareholders.	Achieved
Perform self-assessment reviews of governance.	Achieved
Communicate with each shareholding council at appropriate levels with at least one meeting with each Leadership Team per year.	Achieved
Ensure sufficient income is available from activities to sustain a viable company.	Achieved



Annual Report disclosure requirements

Annual report disclosure statement for year ending 30 June 2015

What is the purpose of this statement?

The purpose of this statement is to disclose the council's planned financial performance in relation to various benchmarks, to enable an assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings. The council is required to include this statement in its Annual Report in accordance with Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement. Note that this year is a transitional year under the new regulations.

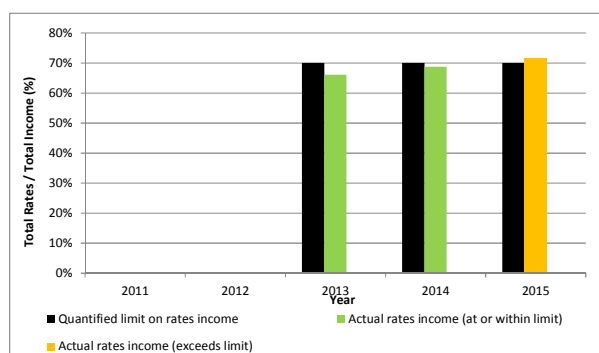
Rates affordability benchmark

The council meets the rates affordability benchmark if:

- its actual rates revenue equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

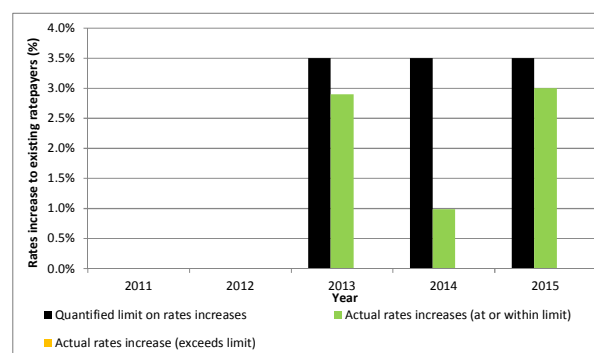
Rates (revenue) affordability

The following graph compares the council's actual rates revenue with a quantified limit on rates contained in the financial strategy, included in the Long-term Plan 2012-2022. The quantified limit is that council will limit total rates as a proportion of total revenue to less than 70%.



Rates (increases) affordability

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy of the Long-term Plan 2012-2022. The quantified limit stated is that rates increases are limited to no more than 3.5% for years 1-3 and no more than 2% above CPI in years 4-10.



Debt affordability benchmark

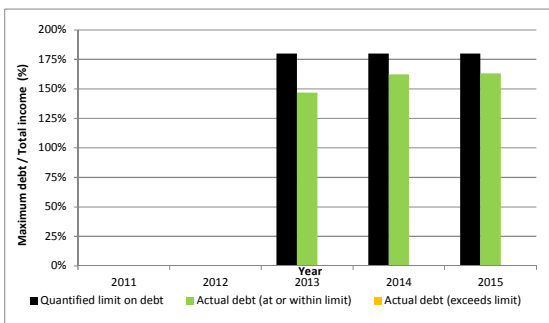
The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The six quantified limits are that:

- Council's debt is not to exceed 180% of total revenue.
- Gross interest expense of all borrowings will not exceed 15% of total annual revenue.
- Net cash flows from operating activities are to exceed gross annual interest expense by a multiple of at least 2.
- Maximum debt not to exceed 20% of total assets.
- No more than \$60 million or 50% of existing external borrowing (whichever is greater) is subject to refinancing in any financial year.
- Gross interest expense of all borrowings will not exceed 20% of total rates annual revenue.



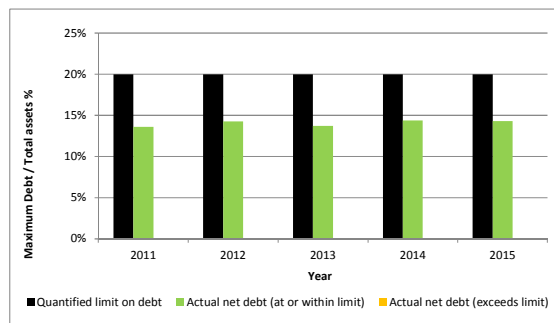
Council’s debt is not to exceed 180% of total revenue

The following graph compares the council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council’s Long-term Plan. The quantified limit is that council’s debt is not to exceed 180% of total revenue.



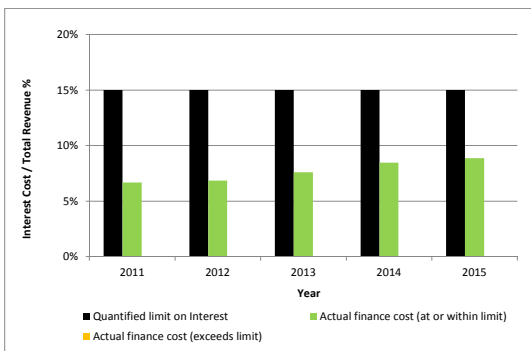
Maximum debt not to exceed 20% of total assets

The following graph compares the council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council’s Long-term Plan. The quantified limit is that maximum debt not to exceed 20% of total assets.



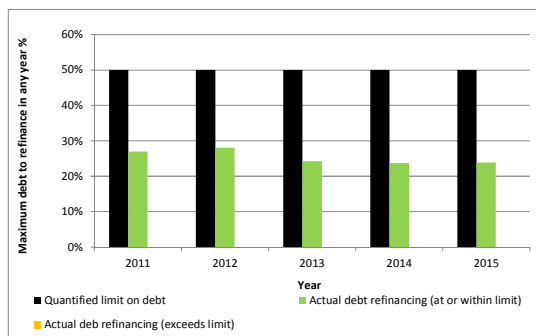
Gross interest expense of all borrowings will not exceed 15% of total annual revenue

The following graph compares the council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council’s Long-term Plan. The quantified limit is that gross interest expense of all borrowings will not exceed 15% of total annual revenue.



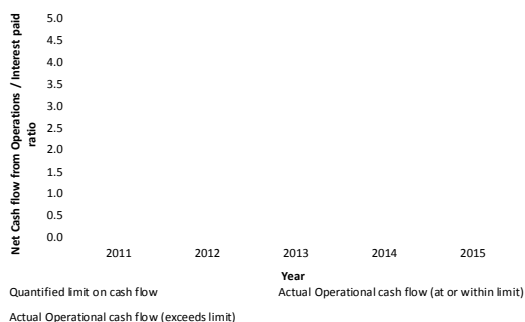
No more than \$60 million or 50% of existing external borrowing (whichever is greater) is subject to refinancing in any financial year

The following graph compares the council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council’s Long-term Plan. The quantified limit is that no more than \$60 million or 50% of existing external borrowing (whichever is greater) is subject to refinancing in any financial year.



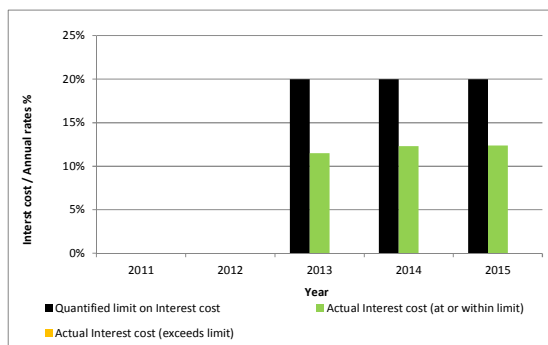
Net cash flows from operating activities are to exceed gross annual interest expense by a multiple of at least 2

The following graph compares the council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council’s Long-term Plan. The quantified limit is that net cash flows from operating activities are to exceed gross annual interest expense by a multiple of at least 2.



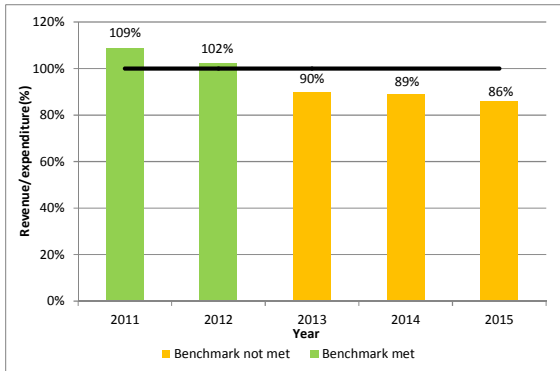
Gross interest expense of all borrowings will not exceed 20% of total rates annual revenue

The following graph compares the council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council’s Long-term Plan. The quantified limit is that gross interest expense of all borrowings will not exceed 20% of total rates annual revenue.



Balanced budget benchmark

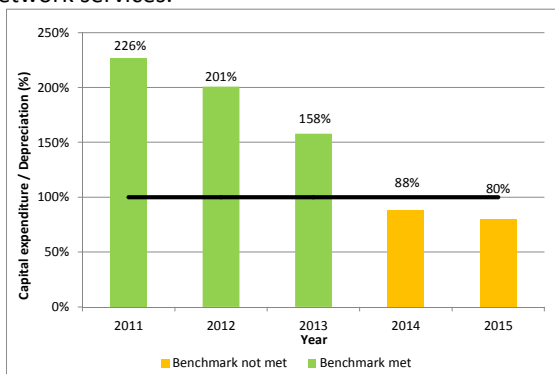
The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment). The council meets this benchmark if its revenue equals or is greater than its operating expenses.



A significant impact in the 2015 year is the loss on disposal and impairment of property, plant & equipment of \$9.2m. A large proportion of this relates to the writing off of prior year of capital expenditure that has not resulted in the creation of an asset. An adjusted result excluding this figure would be 93%.

Essential services benchmark

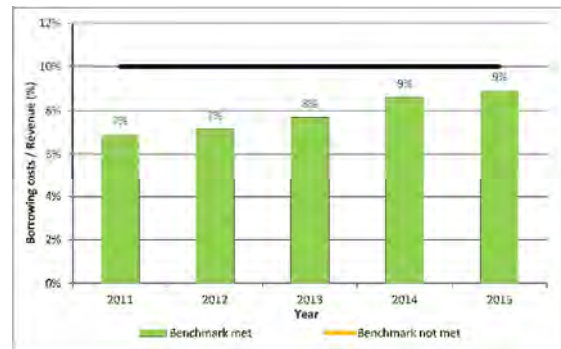
The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services. The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt servicing benchmark

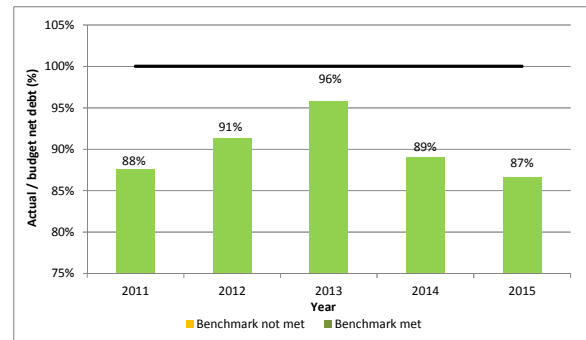
The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial

instruments, and revaluation of property, plant or equipment). Because Statistics New Zealand projects that the district's population will grow at or lower than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



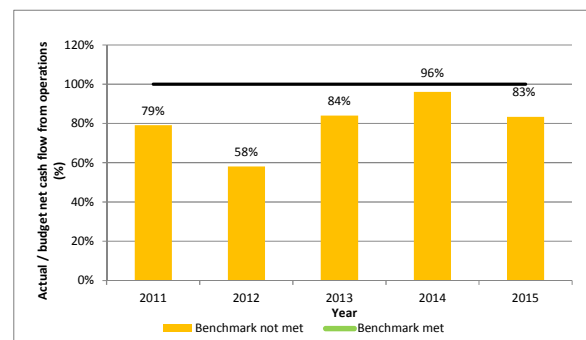
Debt control benchmark

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations control benchmark

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Funding Impact Statements

Whole of Council	2013/14 Annual Plan (\$000)	2013/14 Annual Report (\$000)	2014/15 Annual Plan (\$000)	2014/15 Actual (\$000)
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	48,255	44,537	48,377	45,737
Targeted rates (other than a targeted rate for water supply)	22,499	23,691	27,893	24,294
Subsidies and grants for operating purposes	485	3,237	2,947	3,095
Fees, charges and targeted rates for water supply	5,530	6,950	8,297	7,208
Interest and dividends from investments	0	76	0	135
Local authorities fuel tax, fines, infringement fees and other receipts	25,186	18,377	14,860	17,224
Total operating funding (A)	101,955	96,868	102,374	97,692
Applications of operating funding				
Payments to staff and suppliers	82,906	74,935	75,622	73,478
Finance costs	8,924	8,789	9,878	9,090
Other operating funding applications	0	0	0	-
Total applications of operating funding (B)	91,830	83,724	85,500	82,568
Surplus (deficit) of operating funding (A - B)	10,125	13,144	16,874	15,124
Sources of capital funding				
Subsidies and grants for capital expenditure	9,677	5,454	9,133	3,046
Development and financial contributions	753	311	355	364
Increase(decrease) in debt	11,887	10,325	4,234	-1,175
Gross proceeds from sale of assets	0	1,504	1,000	3,866
Lump sum contributions	0	0	0	
Other dedicated capital funding	1,113	0	0	
Total sources of capital funding (C)	23,430	17,594	14,722	6,100
Applications of capital funding				
Capital expenditure				
- to meet additional demand	1,067	2,272	0	1,030
- to improve the level of service	13,924	8,723	15,397	6,361
- to replace existing assets	16,506	12,128	16,199	10,405
Increase (decrease) in reserves	2,059	6,889	0	3,276
Increase (decrease) in investments		726		152
Total applications of capital funding (D)	33,556	30,738	31,596	21,224
Surplus (deficit) of capital funding (C - D)	-10,125	-13,144	-16,874	-15,124
Funding balance ((A - B) + (C - D))	0	0	0	0



ROTORUA LAKES COUNCIL
Funding Impact Statement 2015

Community Engagement and Support	2013/14 LTP	2014/15 LTP	2015 Actuals
Sources of operating funding			
General rates, uniform annual charges, rates penalties	2,144	2,136	1,200
Targeted rates	-	-	-
Subsidies and grants for operating purposes	94	52	119
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	-
Local Authorities fuel tax, fines, infringement fees and other receipts	874	900	808
Total operating funding (A)	3,112	3,088	2,127
Applications of operating funding			
Payments to staff and suppliers	2,178	2,202	697
Finance costs	54	56	-
Internal charges and overheads applied	624	633	518
Other operating funding applications	-	-	-
Total applications of operating funding (B)	2,856	2,891	1,215
Surplus (deficit) of operating funding (A - B)	256	197	912
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase(decrease) in debt	-	1	(339)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	1	(339)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	245	115	51
Increase (decrease) in reserves	11	83	522
Increase (decrease) in investments			
Total applications of capital funding (D)	256	198	573
Surplus (deficit) of capital funding (C - D)	(256)	(197)	(912)
Funding balance ((A - B) + (C - D))	-	-	-



ROTORUA LAKES COUNCIL
Funding Impact Statement 2015

District Library	2013/14 LTP	2014/15 LTP	2015 Actuals
Sources of operating funding			
General rates, uniform annual charges, rates penalties	3,749	3,611	3,980
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	(1)
Internal charges and overheads recovered	84	84	84
Local Authorities fuel tax, fines, infringement fees and other receipts	379	391	212
Total operating funding (A)	4,212	4,086	4,275
Applications of operating funding			
Payments to staff and suppliers	2,360	2,406	2,122
Finance costs	216	225	111
Internal charges and overheads applied	770	796	727
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,346	3,427	2,960
Surplus (deficit) of operating funding (A - B)	866	659	1,315
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	8	9	1
Increase(decrease) in debt	1	(1)	(224)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	9	8	(223)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	970	767	502
Increase (decrease) in reserves	(95)	(100)	590
Increase (decrease) in investments			
Total applications of capital funding (D)	875	667	1,092
Surplus (deficit) of capital funding (C - D)	(866)	(659)	(1,315)
Funding balance ((A - B) + (C - D))	-	-	-



ROTORUA LAKES COUNCIL
Funding Impact Statement 2015

Emergency Management	2013/14 LTP	2014/15 LTP	2015 Actuals
Sources of operating funding			
General rates, uniform annual charges, rates penalties	723	750	450
Targeted rates	-	-	-
Subsidies and grants for operating purposes	8	8	12
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	-
Local Authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding (A)	731	758	462
Applications of operating funding			
Payments to staff and suppliers	359	370	347
Finance costs	3	3	0
Internal charges and overheads applied	337	350	66
Other operating funding applications	-	-	-
Total applications of operating funding (B)	699	723	413
Surplus (deficit) of operating funding (A - B)	32	35	49
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase(decrease) in debt	4	-	(15)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	4	-	(15)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	4	-	-
- to replace existing assets	32	35	6
Increase (decrease) in reserves	-	-	28
Increase (decrease) in investments			
Total applications of capital funding (D)	36	35	34
Surplus (deficit) of capital funding (C - D)	(32)	(35)	(49)
Funding balance ((A - B) + (C - D))	-	-	-



ROTORUA LAKES COUNCIL
Funding Impact Statement 2015

Governance and Strategic Direction	2013/14 LTP	2014/15 LTP	2015 Actuals
Sources of operating funding			
General rates, uniform annual charges, rates penalties	2,908	2,892	-
Targeted rates	53	53	51
Subsidies and grants for operating purposes	-	-	6
Fees, charges and targeted rates for water supply	-	-	(9)
Internal charges and overheads recovered	2,919	2,942	112
Local Authorities fuel tax, fines, infringement fees and other receipts	753	689	1,548
Total operating funding (A)	6,633	6,578	1,708
Applications of operating funding			
Payments to staff and suppliers	4,250	4,244	13,829
Finance costs	220	228	295
Internal charges and overheads applied	2,039	2,087	(15,986)
Other operating funding applications	-	-	-
Total applications of operating funding (B)	6,509	6,559	(1,862)
Surplus (deficit) of operating funding (A - B)	124	19	3,570
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase(decrease) in debt	-	-	(787)
Gross proceeds from sale of assets	-	-	1,749
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	0	0	962
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	707
- to replace existing assets	124	19	1,093
Increase (decrease) in reserves	-	-	1,320
Increase (decrease) in investments			
Total applications of capital funding (D)	124	19	3,120
Surplus (deficit) of capital funding (C - D)	(124)	19	(2,158)
Funding balance ((A - B) + (C - D))	-	-	-



ROTORUA LAKES COUNCIL
Funding Impact Statement 2015

Building Services	2013/14 LTP	2014/15 LTP	2015 Actuals
Sources of operating funding			
General rates, uniform annual charges, rates penalties	113	106	220
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	1,859	1,859	(1)
Internal charges and overheads recovered	-	-	-
Local Authorities fuel tax, fines, infringement fees and other receipts	7	8	1
Total operating funding (A)	1,979	2,074	220
Applications of operating funding			
Payments to staff and suppliers	1,213	1,280	162
Finance costs	1	1	-
Internal charges and overheads applied	765	793	38
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,979	2,074	200
Surplus (deficit) of operating funding (A - B)	-	-	20
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	0	0	0
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	20
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	-	-	20
Surplus (deficit) of capital funding (C - D)	-	-	(20)
Funding balance ((A - B) + (C - D))	-	-	-



ROTORUA LAKES COUNCIL
Funding Impact Statement 2015

Economic Development	2013/14 LTP	2014/15 LTP	2015 Actuals
Sources of operating funding			
General rates, uniform annual charges, rates penalties	1,936	1,896	4,230
Targeted rates	3,899	3,899	5,581
Subsidies and grants for operating purposes	309	309	-
Fees, charges and targeted rates for water supply	-	-	(17)
Internal charges and overheads recovered	7	7	14
Local Authorities fuel tax, fines, infringement fees and other receipts	3,814	4,042	2,980
Total operating funding (A)	9,965	10,249	12,788
Applications of operating funding			
Payments to staff and suppliers	8,328	8,582	8,469
Finance costs	144	149	792
Internal charges and overheads applied	1,445	1,484	3,199
Other operating funding applications	-	-	-
Total applications of operating funding (B)	9,917	10,215	12,460
Surplus (deficit) of operating funding (A - B)	48	34	328
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase(decrease) in debt	414	53	16
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	414	53	16
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	414	53	135
- to replace existing assets	48	34	87
Increase (decrease) in reserves	-	-	(28)
Increase (decrease) in investments	-	-	150
Total applications of capital funding (D)	462	87	344
Surplus (deficit) of capital funding (C - D)	(48)	(34)	(328)
Funding balance ((A - B) + (C - D))	-	-	-



ROTORUA LAKES COUNCIL
Funding Impact Statement 2015

Events and Venues	2013/14 LTP	2014/15 LTP	2015 Actuals
Sources of operating funding			
General rates, uniform annual charges, rates penalties	3,636	3,508	4,500
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	297
Fees, charges and targeted rates for water supply	-	-	(25)
Internal charges and overheads recovered	2,254	2,320	79
Local Authorities fuel tax, fines, infringement fees and other receipts	2,420	2,422	2,092
Total operating funding (A)	8,310	8,250	6,943
Applications of operating funding			
Payments to staff and suppliers	4,213	4,261	4,024
Finance costs	405	420	525
Internal charges and overheads applied	2,956	3,043	1,674
Other operating funding applications	-	-	-
Total applications of operating funding (B)	7,574	7,724	6,223
Surplus (deficit) of operating funding (A - B)	736	526	720
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	33	34	3
Increase(decrease) in debt	-	1	(183)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	33	35	(180)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	40
- to replace existing assets	736	527	166
Increase (decrease) in reserves	33	34	334
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	769	561	540
Surplus (deficit) of capital funding (C - D)	(736)	(526)	(720)
Funding balance ((A - B) + (C - D))	-	-	-



ROTORUA LAKES COUNCIL
Funding Impact Statement 2015

Planning Services	2013/14 LTP	2014/15 LTP	2015 Actuals
Sources of operating funding			
General rates, uniform annual charges, rates penalties	2,971	2,912	2,650
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	56
Fees, charges and targeted rates for water supply	258	258	1,172
Internal charges and overheads recovered	5	5	10
Local Authorities fuel tax, fines, infringement fees and other receipts	-	-	8
Total operating funding (A)	3,234	3,269	3,896
Applications of operating funding			
Payments to staff and suppliers	1,955	1,942	3,452
Finance costs	-	-	-
Internal charges and overheads applied	1,278	1,327	274
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,233	3,269	3,726
Surplus (deficit) of operating funding (A - B)	1	-	170
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase(decrease) in debt	(1)	-	(95)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(1)	-	(95)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	75
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	-	-	75
Surplus (deficit) of capital funding (C - D)	(1)	-	(170)
Funding balance ((A - B) + (C - D))	-	-	-



ROTORUA LAKES COUNCIL
Funding Impact Statement 2015

Regulatory Services	2013/14 LTP	2014/15 LTP	2015 Actuals
Sources of operating funding			
General rates, uniform annual charges, rates penalties	632	630	-
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	914	914	1,844
Internal charges and overheads recovered	966	993	4
Local Authorities fuel tax, fines, infringement fees and other receipts	1,719	1,771	1,623
Total operating funding (A)	4,231	4,336	3,471
Applications of operating funding			
Payments to staff and suppliers	2,619	2,697	2,439
Finance costs	2	2	-
Internal charges and overheads applied	1,574	1,628	730
Other operating funding applications	-	-	-
Total applications of operating funding (B)	4,195	4,237	3,169
Surplus (deficit) of operating funding (A - B)	36	9	302
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase(decrease) in debt	-	1	(105)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	1	(105)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	36	10	4
Increase (decrease) in reserves	-	-	193
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	36	10	197
Surplus (deficit) of capital funding (C - D)	(36)	(9)	(302)
Funding balance ((A - B) + (C - D))	-	-	-



ROTORUA LAKES COUNCIL
Funding Impact Statement 2015

Museum	2013/14 LTP	2014/15 LTP	2015 Actuals
Sources of operating funding			
General rates, uniform annual charges, rates penalties	2,176	1,817	2,800
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	34
Fees, charges and targeted rates for water supply	101	104	97
Internal charges and overheads recovered	-	-	22
Local Authorities fuel tax, fines, infringement fees and other receipts	1,553	1,740	1,991
Total operating funding (A)	3,830	3,661	4,944
Applications of operating funding			
Payments to staff and suppliers	2,794	2,828	3,682
Finance costs	244	253	152
Internal charges and overheads applied	410	418	811
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,448	3,499	4,645
Surplus (deficit) of operating funding (A - B)	382	162	299
Sources of capital funding			
Subsidies and grants for capital expenditure	1,321	-	-
Development and financial contributions	7	7	1
Increase(decrease) in debt	(380)	9	23
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	948	16	24
Applications of capital funding			
Capital expenditure			
- to meet additional demand	9	9	0
- to improve the level of service	931	-	83
- to replace existing assets	417	198	181
Increase (decrease) in reserves	(27)	(29)	59
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	1,330	178	323
Surplus (deficit) of capital funding (C - D)	(382)	(162)	(299)
Funding balance ((A - B) + (C - D))	-	-	-



ROTORUA LAKES COUNCIL
Funding Impact Statement 2015

Aquatic Centre	2013/14 LTP	2014/15 LTP	2015 Actuals
Sources of operating funding			
General rates, uniform annual charges, rates penalties	1,877	1,835	2,200
Targeted rates	-	-	-
Subsidies and grants for operating purposes	12	12	28
Fees, charges and targeted rates for water supply	-	-	(28)
Internal charges and overheads recovered	20	20	-
Local Authorities fuel tax, fines, infringement fees and other receipts	1,257	1,409	1,129
Total operating funding (A)	3,166	3,277	3,329
Applications of operating funding			
Payments to staff and suppliers	2,291	2,385	2,117
Finance costs	90	93	81
Internal charges and overheads applied	458	466	615
Other operating funding applications	-	-	-
Total applications of operating funding (B)	2,839	2,944	2,813
Surplus (deficit) of operating funding (A - B)	327	333	516
Sources of capital funding			
Subsidies and grants for capital expenditure	208	-	-
Development and financial contributions	43	44	1
Increase(decrease) in debt	102	528	(101)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	353	1,645	(100)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	310	107	107
- to replace existing assets	323	326	224
Increase (decrease) in reserves	47	51	85
Increase (decrease) in investments			
Total applications of capital funding (D)	680	1,978	416
Surplus (deficit) of capital funding (C - D)	(327)	(333)	(516)
Funding balance ((A - B) + (C - D))	-	-	-



ROTORUA LAKES COUNCIL
Funding Impact Statement 2015

Engineering Services	2013/14 LTP	2014/15 LTP	2015 Actuals
Sources of operating funding			
General rates, uniform annual charges, rates penalties	-	-	-
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	569	586	9
Internal charges and overheads recovered	8,629	8,824	192
Local Authorities fuel tax, fines, infringement fees and other receipts	774	798	266
Total operating funding (A)	9,972	10,208	467
Applications of operating funding			
Payments to staff and suppliers	5,577	5,727	2,521
Finance costs	21	22	-
Internal charges and overheads applied	3,514	3,646	(1,594)
Other operating funding applications	851	792	-
Total applications of operating funding (B)	9,963	10,187	927
Surplus (deficit) of operating funding (A - B)	9	21	(460)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase(decrease) in debt	(1)	(1)	167
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(1)	(1)	167
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	8	20	11
Increase (decrease) in reserves	-	-	(304)
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	8	20	(293)
Surplus (deficit) of capital funding (C - D)	(9)	(21)	460
Funding balance ((A - B) + (C - D))	-	-	-



ROTORUA LAKES COUNCIL
Funding Impact Statement 2015

Public Gardens, Reserves and Cemeteries	2013/14 LTP	2014/15 LTP	2015 Actuals
Sources of operating funding			
General rates, uniform annual charges, rates penalties	8,963	9,063	8,200
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	5
Fees, charges and targeted rates for water supply	-	-	(117)
Internal charges and overheads recovered	607	621	510
Local Authorities fuel tax, fines, infringement fees and other receipts	2,448	2,015	1,188
Total operating funding (A)	12,018	11,699	9,786
Applications of operating funding			
Payments to staff and suppliers	3,245	3,292	2,354
Finance costs	894	928	829
Internal charges and overheads applied	6,338	6,568	6,854
Other operating funding applications	-	-	-
Total applications of operating funding (B)	10,477	10,788	10,037
Surplus (deficit) of operating funding (A - B)	1,541	911	(251)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	67
Development and financial contributions	650	652	311
Increase(decrease) in debt	590	1,195	(455)
Gross proceeds from sale of assets	-	-	2,117
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	1,240	1,847	2,040
Applications of capital funding			
Capital expenditure			
- to meet additional demand	314	326	179
- to improve the level of service	638	1,165	440
- to replace existing assets	1,323	662	338
Increase (decrease) in reserves	506	605	832
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	2,781	2,758	1,789
Surplus (deficit) of capital funding (C - D)	(1,541)	(911)	251
Funding balance ((A - B) + (C - D))	-	-	-



ROTORUA LAKES COUNCIL
Funding Impact Statement 2015

Roads and footpaths	2013/14 LTP	2014/15 LTP	2015 Actuals
Sources of operating funding			
General rates, uniform annual charges, rates penalties	8,567	8,983	9,500
Targeted rates	-	-	-
Subsidies and grants for operating purposes	2,880	3,065	2,536
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	-
Local Authorities fuel tax, fines, infringement fees and other receipts	730	719	563
Total operating funding (A)	12,177	12,767	12,599
Applications of operating funding			
Payments to staff and suppliers	6,028	6,411	6,645
Finance costs	2,068	2,177	1,820
Internal charges and overheads applied	1,547	1,586	3,090
Other operating funding applications	-	-	-
Total applications of operating funding (B)	9,643	10,174	11,555
Surplus (deficit) of operating funding (A - B)	2,534	2,593	1,044
Sources of capital funding			
Subsidies and grants for capital expenditure	3,381	4,048	2,409
Development and financial contributions	220	226	15
Increase(decrease) in debt	2,764	2,850	820
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	6,365	7,124	3,244
Applications of capital funding			
Capital expenditure			
- to meet additional demand	1,650	1,924	461
- to improve the level of service	3,009	3,529	858
- to replace existing assets	4,833	5,005	4,468
Increase (decrease) in reserves	(593)	(741)	(1,499)
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	8,899	9,717	4,288
Surplus (deficit) of capital funding (C - D)	(2,534)	(2,593)	(1,044)
Funding balance ((A - B) + (C - D))	-	-	-



ROTORUA LAKES COUNCIL
Funding Impact Statement 2015

Rotorua Airport infrastructure	2013/14 LTP	2014/15 LTP	2015 Actuals
Sources of operating funding			
General rates, uniform annual charges, rates penalties	4,000	4,000	2,150
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	-
Local Authorities fuel tax, fines, infringement fees and other receipts	1,270	1,673	471
Total operating funding (A)	5,270	5,673	2,621
Applications of operating funding			
Payments to staff and suppliers	118	122	275
Finance costs	4,044	3,931	1,841
Internal charges and overheads applied	188	196	513
Other operating funding applications	-	-	-
Total applications of operating funding (B)	4,350	4,249	2,629
Surplus (deficit) of operating funding (A - B)	920	1,424	(8)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase(decrease) in debt	-	-	56
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	56
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	336	-	-
- to replace existing assets	179	120	0
Increase (decrease) in reserves	405	477	48
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	920	1,424	48
Surplus (deficit) of capital funding (C - D)	(920)	(1,424)	8
Funding balance ((A - B) + (C - D))	-	-	-



ROTORUA LAKES COUNCIL
Funding Impact Statement 2015

Sewerage and Sewage	2013/14 LTP	2014/15 LTP	2015 Actuals
Sources of operating funding			
General rates, uniform annual charges, rates penalties	-	-	-
Targeted rates	10,229	10,432	12,524
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	643
Internal charges and overheads recovered	800	837	511
Local Authorities fuel tax, fines, infringement fees and other receipts	831	839	63
Total operating funding (A)	11,860	12,108	13,741
Applications of operating funding			
Payments to staff and suppliers	5,691	5,659	3,302
Finance costs	937	1,291	580
Internal charges and overheads applied	2,831	2,923	5,568
Other operating funding applications	-	-	-
Total applications of operating funding (B)	9,459	9,873	9,450
Surplus (deficit) of operating funding (A - B)	2,401	2,235	4,291
Sources of capital funding			
Subsidies and grants for capital expenditure	7,935	-	138
Development and financial contributions	239	246	15
Increase(decrease) in debt	-	-	(154)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	2,068	2,542	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	10,242	2,788	(1)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	11,435	3,601	325
- to improve the level of service	5,670	2,540	2,549
- to replace existing assets	5,704	1,605	1,133
Increase (decrease) in reserves	(10,166)	(2,723)	283
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	12,643	5,023	4,290
Surplus (deficit) of capital funding (C - D)	(2,401)	(2,235)	(4,291)
Funding balance ((A - B) + (C - D))	-	-	-



ROTORUA LAKES COUNCIL
Funding Impact Statement 2015

Stormwater and Land drainage	2013/14 LTP	2014/15 LTP	2015 Actuals
Sources of operating funding			
General rates, uniform annual charges, rates penalties	4,154	4,289	5,050
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	(1)
Internal charges and overheads recovered	-	-	-
Local Authorities fuel tax, fines, infringement fees and other receipts	124	128	12
Total operating funding (A)	4,278	4,417	5,061
Applications of operating funding			
Payments to staff and suppliers	445	459	289
Finance costs	762	803	664
Internal charges and overheads applied	1,391	1,434	2,023
Other operating funding applications	-	-	-
Total applications of operating funding (B)	2,598	2,696	2,976
Surplus (deficit) of operating funding (A - B)	1,680	1,721	2,085
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	44	45	2
Increase(decrease) in debt	345	354	(583)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	389	399	(581)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	255	263	55
- to improve the level of service	344	354	118
- to replace existing assets	1,729	1,784	414
Increase (decrease) in reserves	(259)	(281)	917
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	2,069	2,120	1,504
Surplus (deficit) of capital funding (C - D)	(1,680)	(1,721)	(2,085)
Funding balance ((A - B) + (C - D))	-	-	-



ROTORUA LAKES COUNCIL
Funding Impact Statement 2015

Waste Management	2013/14 LTP	2014/15 LTP	2015 Actuals
Sources of operating funding			
General rates, uniform annual charges, rates penalties	1,087	1,119	1,600
Targeted rates	2,176	2,245	2,312
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	(12)
Internal charges and overheads recovered	1,100	1,031	1,308
Local Authorities fuel tax, fines, infringement fees and other receipts	5,632	5,644	2,085
Total operating funding (A)	9,995	10,039	7,293
Applications of operating funding			
Payments to staff and suppliers	4,413	4,548	3,826
Finance costs	307	278	823
Internal charges and overheads applied	4,073	4,193	4,344
Other operating funding applications	-	-	-
Total applications of operating funding (B)	8,793	9,019	8,993
Surplus (deficit) of operating funding (A - B)	1,202	1,020	(1,700)
Sources of capital funding			
Subsidies and grants for capital expenditure	388	812	431
Development and financial contributions	-	-	-
Increase(decrease) in debt	-	-	797
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	388	812	1,228
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	517	1,388	986
- to replace existing assets	110	327	-
Increase (decrease) in reserves	963	117	(1,458)
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	1,590	1,832	(472)
Surplus (deficit) of capital funding (C - D)	(1,202)	(1,020)	1,700
Funding balance ((A - B) + (C - D))	-	-	-



ROTORUA LAKES COUNCIL
Funding Impact Statement 2015

Water Supplies	2013/14 LTP	2014/15 LTP	2015 Actuals
Sources of operating funding			
General rates, uniform annual charges, rates penalties	-	-	-
Targeted rates	3,778	4,045	3,825
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	4,106	4,448	3,659
Internal charges and overheads recovered	1,916	1,972	-
Local Authorities fuel tax, fines, infringement fees and other receipts	95	191	1
Total operating funding (A)	9,895	10,656	7,485
Applications of operating funding			
Payments to staff and suppliers	780	816	2,087
Finance costs	776	825	517
Internal charges and overheads applied	6,465	6,660	3,550
Other operating funding applications	8	2	-
Total applications of operating funding (B)	8,029	8,303	6,154
Surplus (deficit) of operating funding (A - B)	1,866	2,353	1,331
Sources of capital funding			
Subsidies and grants for capital expenditure	1,125	2,950	1
Development and financial contributions	78	80	15
Increase(decrease) in debt	(1)	-	128
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	1,202	3,030	144
Applications of capital funding			
Capital expenditure			
- to meet additional demand	1,201	-	10
- to improve the level of service	2,789	3,895	339
- to replace existing assets	1,274	1,312	1,332
Increase (decrease) in reserves	(2,196)	176	(206)
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	3,068	5,383	1,475
Surplus (deficit) of capital funding (C - D)	(1,866)	(2,353)	(1,331)
Funding balance ((A - B) + (C - D))	-	-	-



ROTORUA LAKES COUNCIL
Funding Impact Statement 2015

Castlecorp	2013/14 LTP	2014/15 LTP	2015 Actuals
Sources of operating funding			
General rates, uniform annual charges, rates penalties	-	-	-
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	(2)
Internal charges and overheads recovered	19,401	20,058	15,438
Local Authorities fuel tax, fines, infringement fees and other receipts	471	511	318
Total operating funding (A)	19,872	20,569	15,754
Applications of operating funding			
Payments to staff and suppliers	11,202	11,564	10,838
Finance costs	33	35	60
Internal charges and overheads applied	7,639	7,887	4,262
Other operating funding applications	221	575	-
Total applications of operating funding (B)	19,095	20,061	15,160
Surplus (deficit) of operating funding (A - B)	777	508	594
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase(decrease) in debt	(11)	(11)	(139)
Gross proceeds from sale of assets	324	178	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	313	167	(139)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	1,090	675	200
Increase (decrease) in reserves	-	-	255
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	1,090	675	455
Surplus (deficit) of capital funding (C - D)	(777)	(508)	(594)
Funding balance ((A - B) + (C - D))	-	-	-



Independent Auditor's Report

To the readers of Rotorua District Council and group's annual report for the year ended 30 June 2015

The Auditor-General is the auditor of Rotorua District Council (the District Council) and group. The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand to audit:

- the financial statements of the District Council and group that comprise:
 - the statement of financial position as at 30 June 2015 on page 96;
 - the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ending 30 June 2015 on pages 95 to 97;
 - the funding impact statement of the District Council on page 168;
 - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 169 to 188; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 98 to 157;
- the statement of service performance of the District Council on pages 22 to 23, 25 to 27, 29 to 30, 32 to 34, 36 to 38, 40 to 42, 44 to 46, 48 to 50, 52 to 54, 56 to 59, 61 to 64, 66 to 69, 71 to 73, 75 to 78, 80 to 82, 84 to 86, 88 to 89, 91 to 92 and the funding impact statements in relation to each group of activities of the District Council on pages 169 to 188; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 165 to 167.

In addition, the Auditor-General has appointed me to report on whether the District Council and group's annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
 - council-controlled organisations on pages 158 to 164;
 - reserve funds on pages 134 to 136;
 - each group of activities carried out by the District Council on pages 22 to 23, 25 to 27, 29 to 30, 32 to 34, 36 to 38, 40 to 42, 44 to 46, 48 to 50,



- 52 to 54, 56 to 59, 61 to 64, 66 to 69, 71 to 73, 75 to 78, 80 to 82, 84 to 86, 88 to 89, and 91 to 92;
 - remuneration paid to the elected members and certain employees of the District Council on pages 142 to 143;
 - employee staffing levels and remuneration on page 144;
 - severance payments on page 144;
 - rating base units on page 112; and
 - insurance of assets on pages 156 to 157;
- a report on the activities undertaken by the District Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 8; and
 - a statement of compliance signed by the mayor of the Council, and by the District Council and group's chief executive on page 94.

Opinion

Audited information

In our opinion:

- the financial statements of the District Council and group on pages 95 to 97:
 - present fairly, in all material respects:
 - the District Council and group's financial position as at 30 June 2015;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand;
- the funding impact statement of the District Council on page 168, present fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 169 to 188, present fairly, in all material respects, by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan;
- the statement of service performance of the District Council on pages 22 to 23, 25 to 27, 29 to 30, 32 to 34, 36 to 38, 40 to 42, 44 to 46, 48 to 50, 52 to 54, 56 to 59, 61 to 64, 66 to 69, 71 to 73, 75 to 78, 80 to 82, 84 to 86, 88 to 89, and 91 to 92:



- presents fairly, in all material respects, the District Council's levels of service for the year ended 30 June 2015, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term plan;
 - the reasons for any significant variances between the actual service and the expected service; and
- complies with generally accepted accounting practice in New Zealand;
- the funding impact statements in relation to each group of activities of the District Council on pages 169 to 188, present fairly, in all material respects, by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan; and
- the disclosures on pages 165 to 167 represent a complete list of required disclosures and accurately reflects the information drawn from District Council's audited information.

Compliance with the other requirements of schedule 10

The District Council and group's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual report.

Our audit was completed on 29 October 2015. This 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 our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the statement of service. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council and group's preparation of the information we audited in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council and group's internal control.



An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of the disclosures in the information we audited;
- determining the appropriateness of the reported the statement of service within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

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

When reporting on whether the annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements. As a result we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and statement of service performance that:
 - comply with generally accepted accounting practice in New Zealand;
 - present fairly the District Council and group's financial position, financial performance and cash flows;
 - present fairly its service performance, including achievements compared to forecast; and
 - a funding impact statement that presents fairly the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- funding impact statements in relation to each group of activities that presents fairly by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;



- statements about budgeted and actual capital expenditure in relation to each group of activities that presents fairly by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan;
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council's responsibilities arise under the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the information we are required to audit, and whether the Council has complied with the Other Requirements of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001.

Independence

When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to this audit, which includes our report on the Other Requirements, we have carried out assignments in the areas of audit of the debenture trust deed, summary annual report, long term plan amendment, consultation document and long term plan, which are compatible with those independence requirements. Other than these assignments we have no relationship with or interests in the District Council or any of its subsidiaries.



Clarence Susan
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand



ROTORUA LAKES COUNCIL

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