

Annual Report Summary

2014/15



ROTORUA
LAKES COUNCIL
Te kaunihera o ngā roto o Rotorua

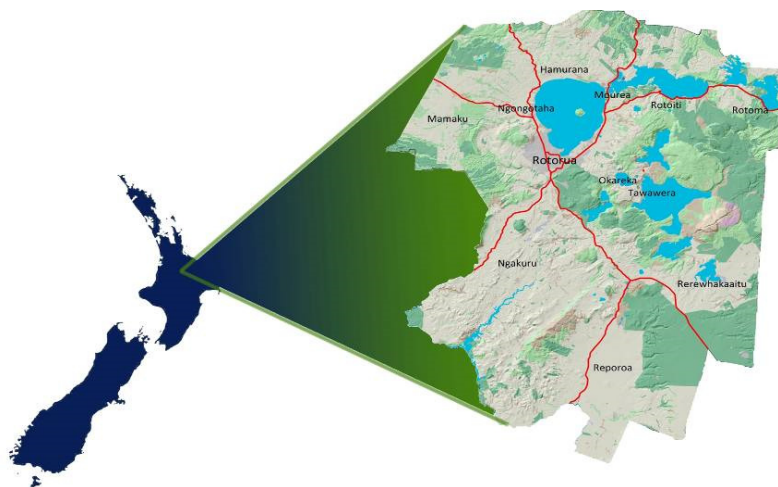


Rotorua District

Te Rohe o Rotorua

Rotorua District lies within the Bay of Plenty Regional Council and Waikato Regional Council areas. According to oral history, many of Rotorua's Māori residents trace their ancestry to Tamatekapua, the captain of the Arawa canoe that arrived in New Zealand from the fabled homeland of *Hawaiki* more than six centuries ago. The Arawa canoe was beached at Maketu on the Bay of Plenty coast where the new arrivals settled down to live.

They had been at Maketu for some time when an ancestor called Kahumatamomoe journeyed inland to explore. He discovered what is now known as Lake Rotorua, and settled at what is now Kawaha Point.



The total size of the Rotorua district is 261,906 hectares. This consists of 41% forest, 43% agriculture and 8% lakes.

Rotorua's central business district (CBD) is located on the southern shore of Lake Rotorua. The city is nestled in a huge, ancient caldera 20km across at its widest point and 16km at the narrowest, with Lake Rotorua nearly 300 metres above sea level.

The region includes:

- 18 lakes
- 800 hectares of parks, gardens and reserves free for public use
- 3 major rivers
- 7 geothermal fields with hot pools and spectacular steam eruptions
- 100,000 hectares of native and exotic forests - with the largest commercial plantation forest in the Southern Hemisphere
- 100,000 hectares of farmland
- 120 wetlands
- Stunning volcanic landscapes with Mt Tarawera, Rainbow Mountain, Mt Ngongotaha and Mokoia Island as local icons
- Hundreds of kilometres of walking, cycling and mountain biking tracks.

The forests, coupled with extensive trees and gardens in the city, suburbs and parks, support a rich and varied bird life, both native and introduced. Some of New Zealand's rarer birds, such as the formerly endangered kokako and the spectacular native falcon, karearea, thrive in the district.

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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



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:



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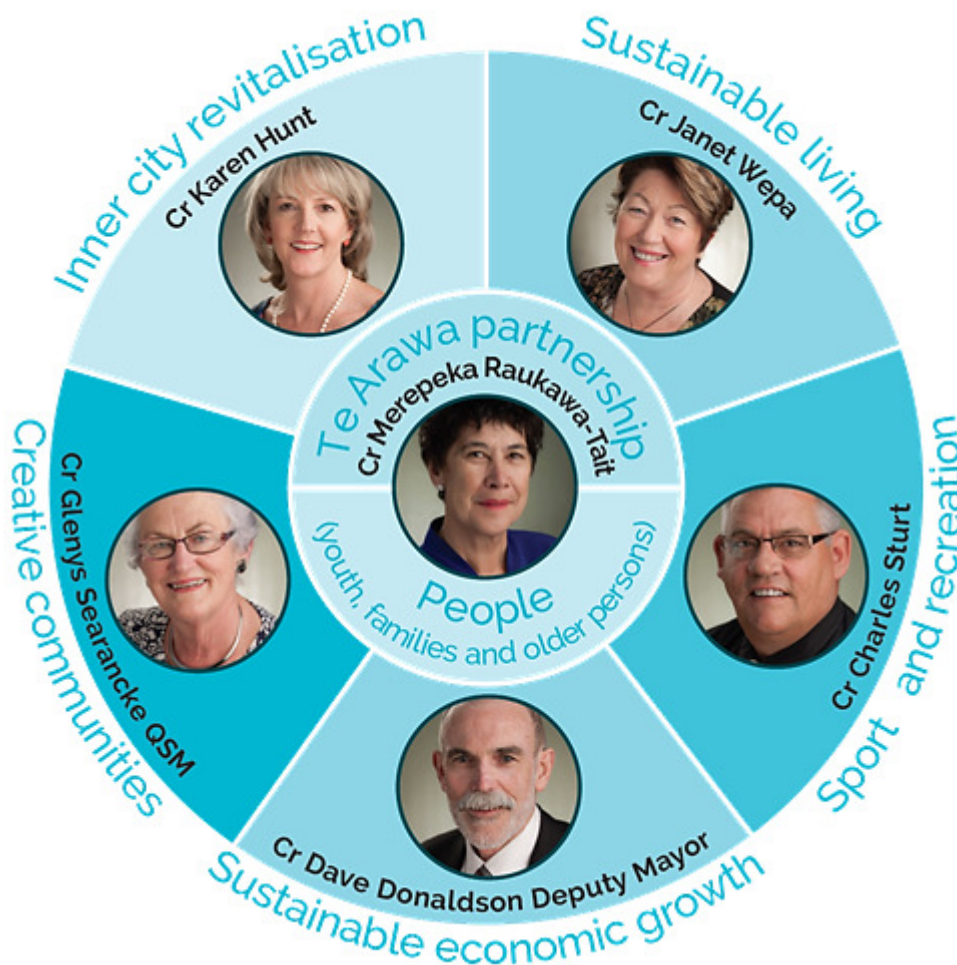
- Engaging with the community to develop a unified accord for a clear new future
- Supporting community leadership of our new strategies
- Developing a new partnership model with Te Arawa
- Working innovatively, outside traditional delivery mechanisms, to drive more cost-effective and more efficient 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

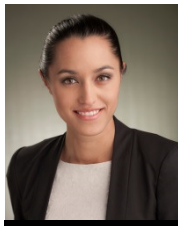
To support our commitment and Tatau Tatau – we together, seven portfolio areas have been identified to support the 2030 goals.

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:





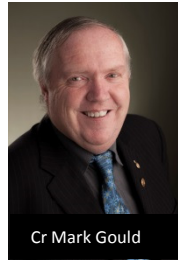
People - Councillor Merepeka Raukawa-Tait



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.

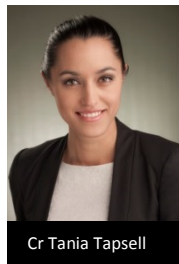
- Council adopted a Wood First Policy aimed at showcasing and promoting wood as a construction material.
- District Plan appeals are progressing well. It is expected Council will have a fully operative plan in early 2016. This enabling plan will provide a high level of certainty to local developers looking 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.

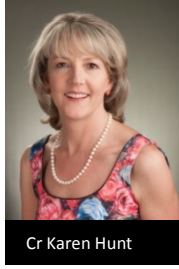
- Cr Karen Hunt





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>\$75,000 was spent - \$50,000 towards the Green Corridor, \$7,000 on the Business Leaders Forum, \$10,000 on a city tourism benchmarking study (Terry Stevens) and \$7,000 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>
<p>In addition :</p> <ul style="list-style-type: none"> ▪ 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 Utuhi 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</p>



3. Support reinvigorated neighbourhoods and the creation of healthy homes

	<p>social outcomes for our community.</p> <p>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.</p>
<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. 	<p>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.</p>

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. 	<p>This project was deferred to the next financial year.</p>
<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. 	<p>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.</p>
<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. 	<p>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.</p>
<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. 	<p>Efficiency savings achieved and council reduced debt by \$1.2m.</p>
<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. 	<p>Rotorua Contracting Limited was established in August 2015. A decision on Destination Rotorua Marketing has been deferred to the next financial year.</p>



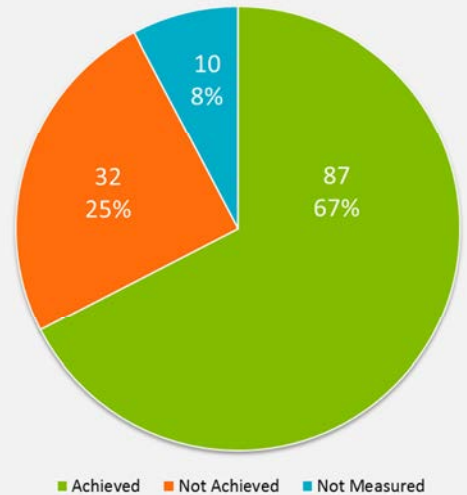
Report on Performance Measures and Resident Satisfaction

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.

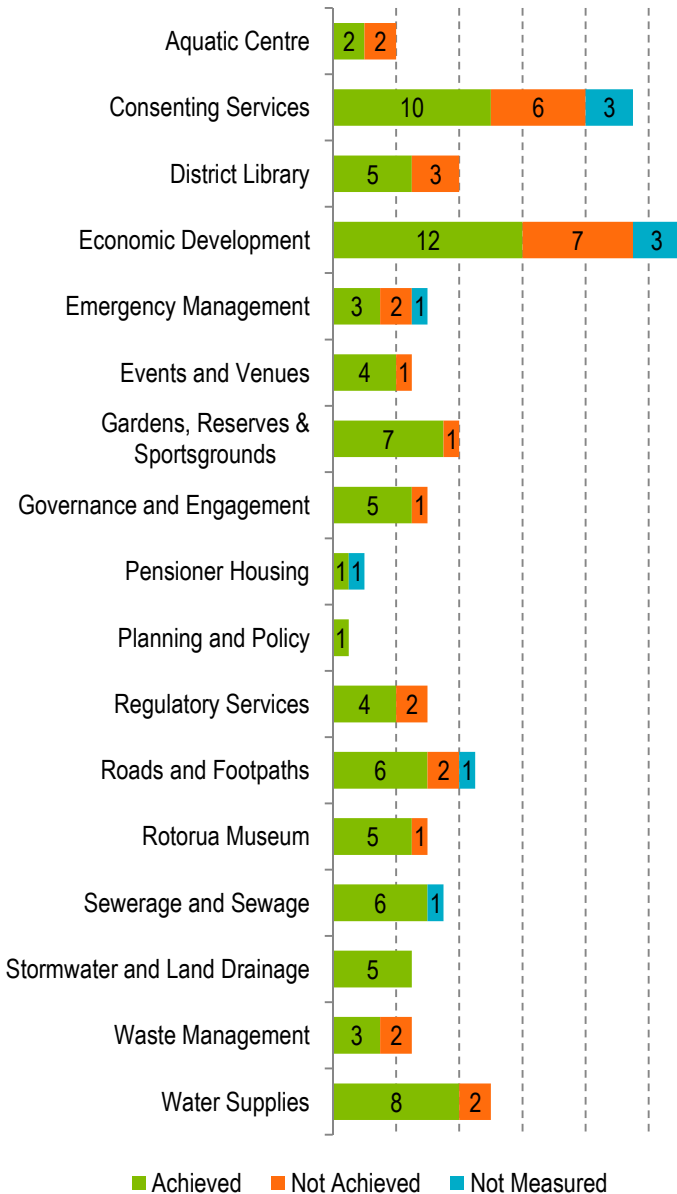
This year's performance is relatively similar to the previous financial year with 67% of the performance targets achieved. In addition to the 67% of targets achieved, there were a further five targets (4% of the performance measures) missed by only 1% of which four were from the community survey (within 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.

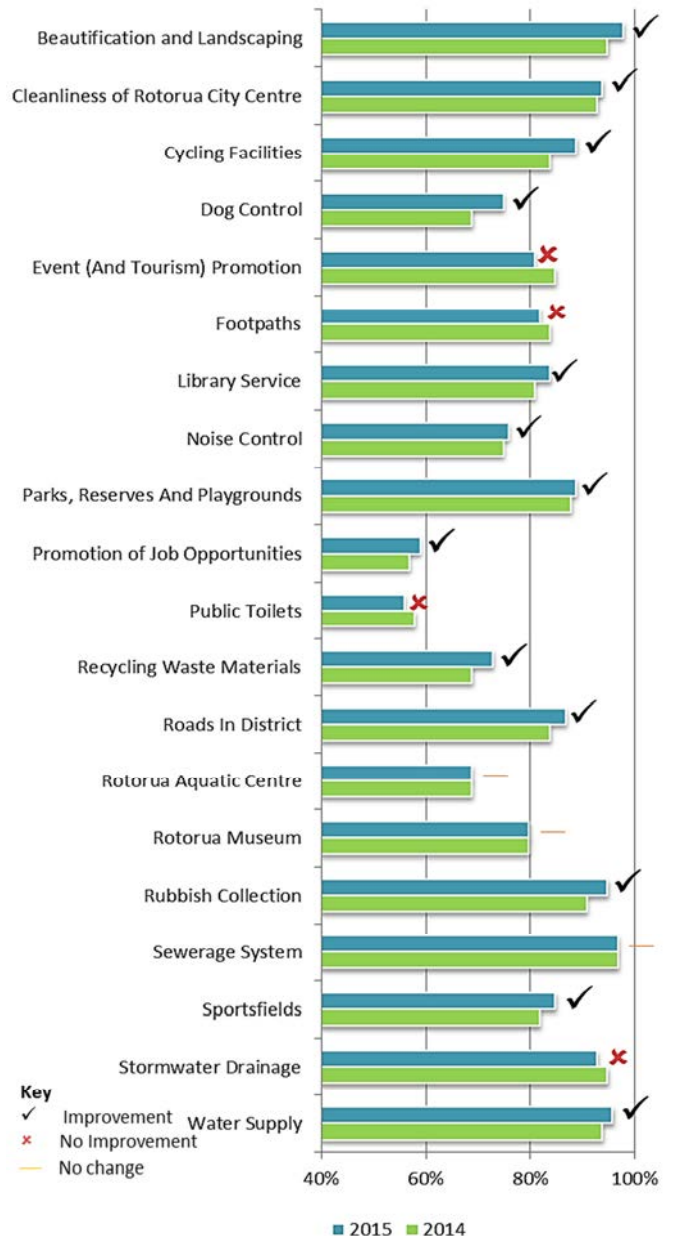
Performance Targets Summary



Key Performance Targets by Activity Area

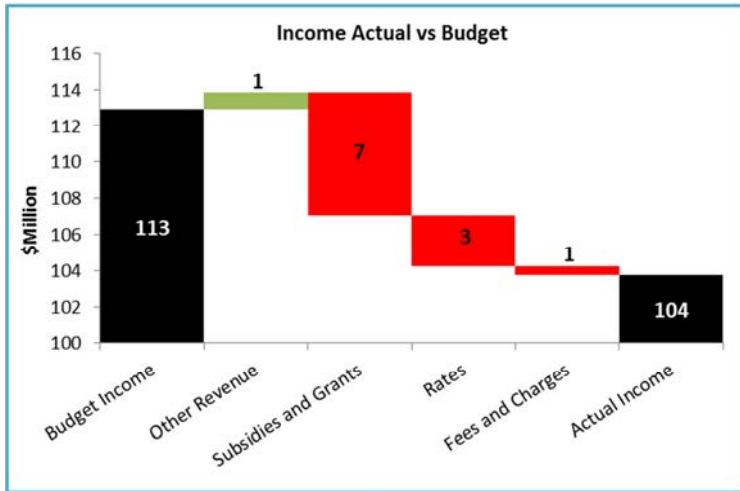


Residents' Satisfaction Survey



Financial summary

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.

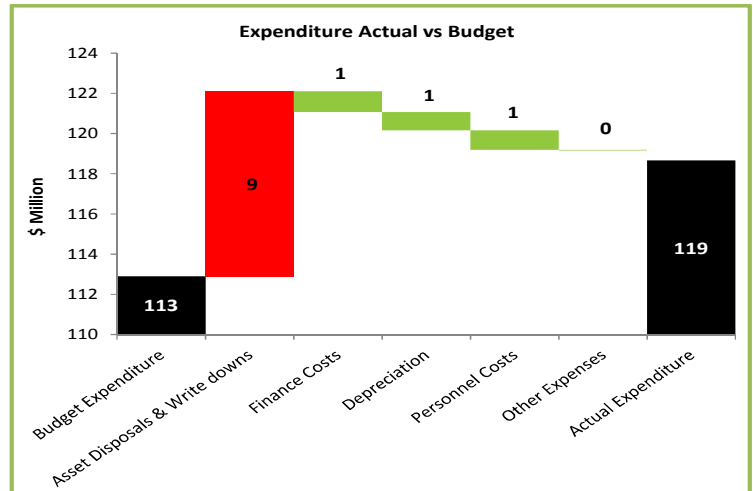
Income significant variances to budget:

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.

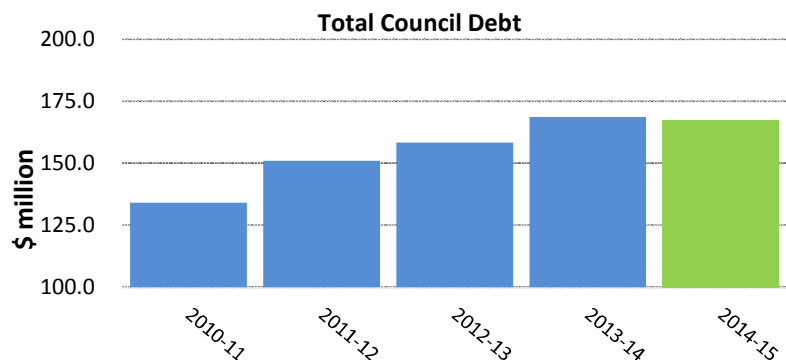
Personnel costs (\$1.0m) - favourable to budget due to lower staff costs and lower ACC expense.

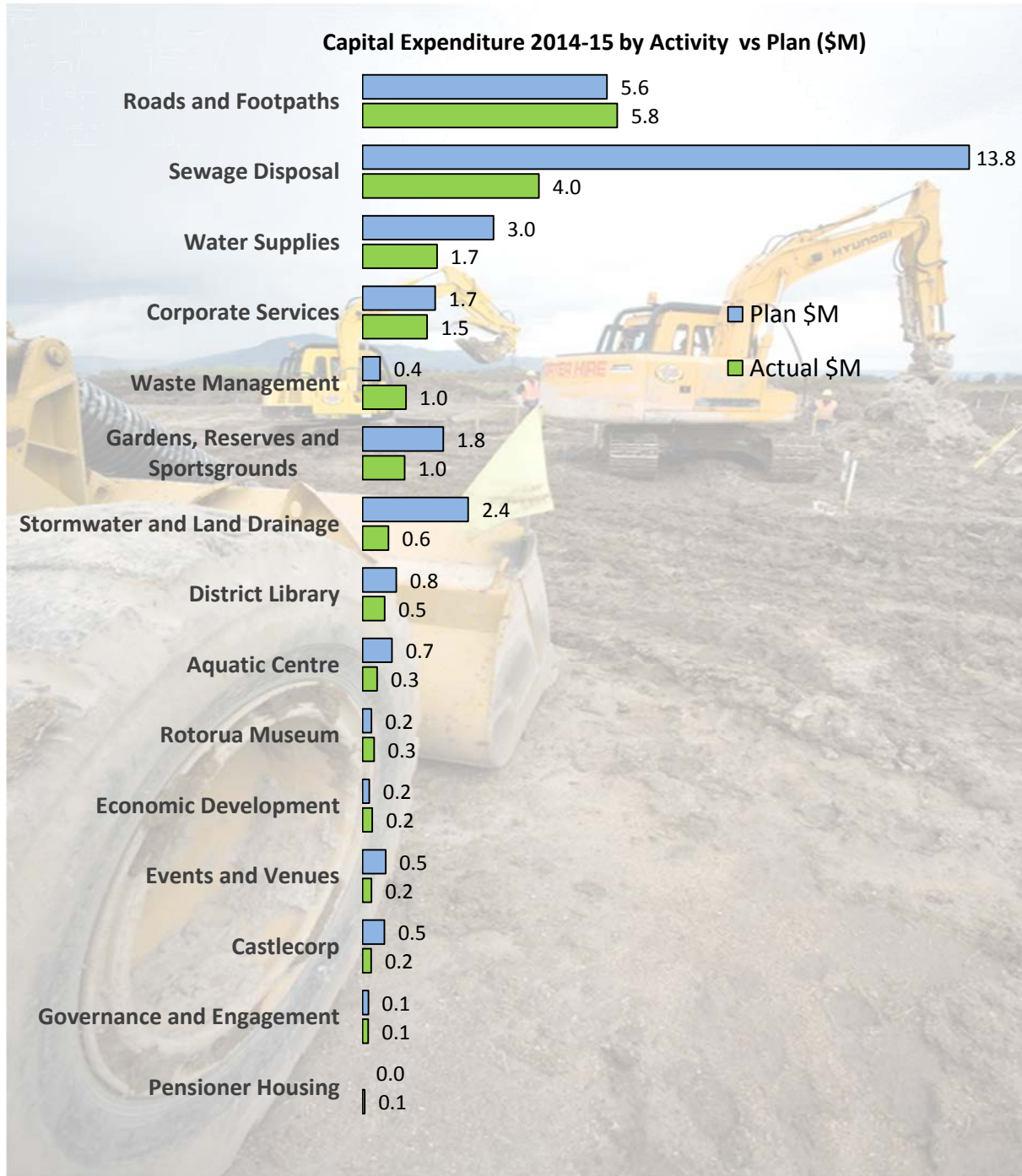
Depreciation (\$0.9m) - favourable to budget due to the transfer of airport infrastructure assets from non-current assets to assets held for sale.

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.

Notes to the financial statements

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.

The full financial statements have been prepared in accordance with Tier 1 PBE accounting standards. The full 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.

Rotorua District Council's summary annual report is in compliance with Financial Report Standards 43 (FRS 43) Summary Financial Statements.

Presentation currency and rounding

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



Summary financial statements

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2015

	Council			Group	
	2015 actual \$000	2015 budget \$000	2014 actual \$000	2015 actual \$000	2014 actual \$000
Revenue					
Rates, excluding targeted water supply rates	70,031	73,236	68,228	69,959	68,150
Targeted rates for water supply	3,411	3,035	3,237	3,404	3,237
Development and financial contributions	364	355	311	364	311
Subsidies and grants	6,140	12,937	8,691	6,236	8,691
Interest revenue	135	-	76	140	101
Other revenue	21,793	22,300	23,429	23,874	25,419
Gains	801	-	-	801	-
Total Revenue	102,675	111,862	103,972	104,778	105,909
Expenses					
Personnel costs	33,122	34,089	35,911	34,317	36,245
Depreciation and amortisation expense	26,448	27,404	27,431	26,653	27,622
Finance costs	8,826	9,878	8,231	8,826	8,231
Loss on disposal/impairment of plant, property & equipment	9,211	-	2,914	9,211	2,914
Other expenses	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	-	-	-	-	(5)
Surplus/(deficit) after tax	(15,986)	(1,040)	(13,651)	(15,951)	(13,924)
Other comprehensive revenue and expense					
Net change in fair value of hedges	(453)	-	294	(453)	294
Net change in fair value of investment	78	-	(315)	43	(42)
Revaluation on property, plant & equipment	17,404	-	29,268	17,404	29,268
Revaluation on Intangibles	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

	Council			Group	
	2015 actual \$000	2015 budget \$000	2014 actual \$000	2015 actual \$000	2014 actual \$000
Balance as at 1 July	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	978,750	951,432	977,537	978,750	977,537



STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Council			Group	
	2015 actual	2015 budget	2014 actual	2015 actual	2014 actual
	\$000	\$000	\$000	\$000	\$000
Current assets	62,969	25,714	15,840	17,845	16,731
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
Current liabilities	70,055	61,300	58,244	71,036	58,306
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
Total equity	978,750	951,432	977,537	978,750	977,537

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Council			Group	
	2015 actual	2015 budget	2014 actual	2015 actual	2014 actual
	\$000	\$000	\$000	\$000	\$000
Net cash from operating activities	14,059	16,877	20,832	15,171	20,097
Net cash from investing activities	(12,312)	(21,108)	(26,491)	(12,509)	(26,682)
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	5,901	1,000	5,329	7,561	5,998

Capital commitments and contingent liabilities

Council has capital contract commitments of \$22.14 million (2014 \$15.99 million).

Contingent liabilities, which are dependent on other future events, are \$2.63 million (2014 \$2.79 million). The suspensory loan represents the majority of the contingent liability.

This is the first time the summary and full financial statements have been prepared under the PBE Standards.

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.



Disclaimer

The specific disclosures included in this summary annual report have been extracted from the full annual report and were authorised by the Chief Executive on 29 October 2015.

This summary can not be expected to provide as complete an understanding as provided by the full annual report of the financial and service performance, financial position and cash flows of Rotorua Lakes Council.

The summary has been examined for consistency with the full annual report and was audited by Audit New Zealand on behalf of the Office of the Auditor-General. The full annual report and summary received an unqualified audit opinion on 29 October 2015.

The full annual report can be obtained from the website www.rotorualakescouncil.nz or from Rotorua Lakes Council customer centre.



Independent Auditor's Report

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

The summary annual report was derived from the annual report of the Rotorua District Council (the District Council) and group for the year ended 30 June 2015. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 16 to 22:

- the summary statement of financial position as at 30 June 2015;
- the summaries of the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended 30 June 2015;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision (referred to as Report on Performance Measures and Resident Satisfaction) of the District Council and group.

We expressed an unmodified audit opinion on the District Council and group's full audited statements in our report dated 29 October 2015.

Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: *Summary Financial Statements*.

Basis of opinion

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.



The summary statements and the full audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 29 October 2015 on the full audited statements.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the District Council and group.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with PBE FRS 43: Summary Financial Statements. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

In addition to this audit, we have carried out assignments in the areas of audit of the annual report, debenture trust, 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
23 November 2015



ROTORUA LAKES COUNCIL

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