



Rotorua District Council
Te Kaunihera ā rohe o Rotorua

Annual Report 2011/2012

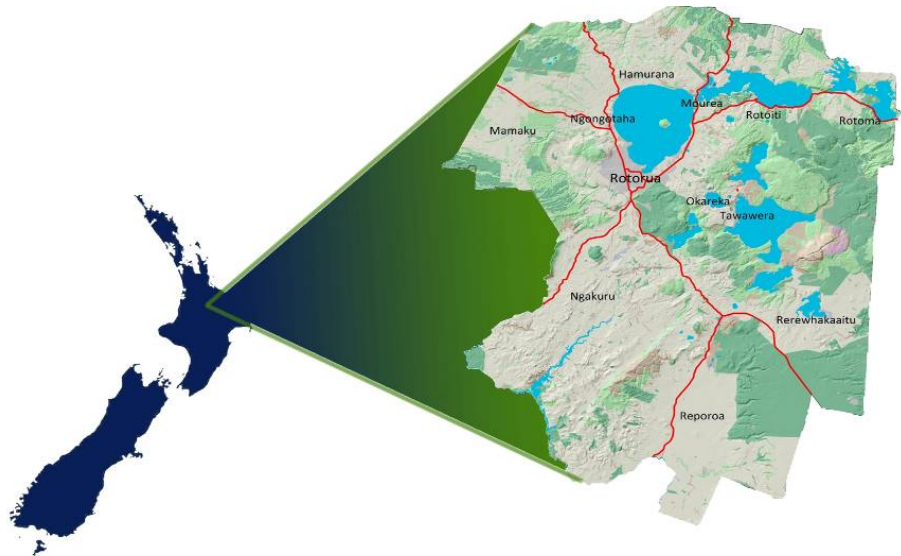


ROTORUA

THE ROTORUA DISTRICT

Te Rohe o Rotorua

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



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

The local environment encompasses 16 lakes, active geothermal areas, and a considerable amount of public open space. Land cover in the district is now dominated by pasture (48%) and planted forest (20%), as well as indigenous forest and lakes. There are 137 Protected Natural Areas in the district, covering more than 30,620 ha. More than half of this area comprises scenic reserves. Rotorua has an increasingly broad industry base that includes tourism, agriculture, forestry, retail, manufacturing, business services, social services and education.

District Facts

Area:	2,614.9km ²
Dwellings:	26,823 (2006 Census)
Gross Land Valuation:	\$6.6 billion
Gross Capital Valuation:	\$12.5 billion
Local Roads:	More than 1,000km - 82% sealed
Reserves:	800ha
Population:	65,901 (2006 Census)
	33,897 Female
	32,004 Male
	57% European
	34% Maori
	4% Pacific Islands
	5% Asian and others
Gross Domestic Product:	\$2.88 billion per annum

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Copies of this Annual Report are distributed widely amongst community groups such as ratepayer associations, service organisations etc, as well as being available to view at Council's District Library, City Focus, and Civic Centre, Haupapa Street. The Annual Report can also be viewed on the internet at www.rdc.govt.nz.



Aerial view of Rotorua

Message from the mayor and the chief executive



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

Tena koutu katoa

We are pleased to be able to introduce Rotorua District Council's Annual report for the 2011/12 year.

The council remains in very good shape having completed another challenging but successful year. Financial management has proved to be very sound with tight controls and effective reporting systems in place, and we have achieved our targets.

Our Statement of comprehensive income includes non-cash expenses due to downwards asset revaluations of \$12.2 million which were not budgeted for.

In line with our commitment to accountability and transparency, reporting on accounts, targets and activities for the year are set out in this annual report and have been independently audited by the Office of the Auditor-General, which has given the council a clean bill of health.

Maintaining Rotorua's high level of services while operating within very tight budgets has not been easy. However despite continuing economic constraints, we can report that the council has been substantially successful in achieving the ambitious programme we committed to for the 2011/12 year. Of 144 performance measures across council activities 113 were achieved in full.

In reaching these outcomes the council again resisted the temptation to slash services or cut quality levels but instead tightened belts, worked smarter and sought additional revenue opportunities whenever we could.

While it is never possible to "please all of the people, all of the time" it would appear that our community is generally satisfied with the services we provide them. This was evidenced in the NRB independent survey of residents which showed a very positive response to most council services, with many achieving approval ratings of 90% or higher. Our sewerage system, city appearance and cleanliness, beautification and landscaping, water supply, parks and reserves, and rubbish collection actually hit outstanding approval levels of between 90% and 97%.

The council welcomed community input into many plans and proposals while still at draft stage. We received numerous submissions on a wide variety of issues and in many cases were able to adjust proposals to take into account valuable community feedback. While this engagement with the community is a resource-intensive component of our strategic planning functions we regard it as vital for robust decision making.

We are therefore also pleased to report that in the NRB residents' perceptions survey 82% of residents said they had been able to have an influence on council decisions to some extent.

While information on the council's work this year is covered in more detail elsewhere in this report we also draw your attention to some significant highlights.

In 2011/12 we maintained a major focus on improving the water quality of Rotorua's iconic lakes through our very effective partnership with Te Arawa Lakes Trust, Bay of Plenty Regional Council and the Crown. We are very encouraged by some

of the water quality results coming through in recent times indicating water quality advancement in many areas where remediation programmes have been implemented.

The Rotorua community and the council received widespread plaudits for our role in successfully hosting three test matches and five international teams as part of New Zealand's Rugby World Cup 2011 event. It proved to be a spectacular festive event attracting many thousands of visitors to our city and giving a welcome boost to the local economy.



Rotorua mayor Kevin Winters shows off a miniature replica of the Webb Ellis Cup presented to the city. Mr Winters is pictured with Harry van der Merwe, ANZ Business Development Manager (left) and Crispian Stewart, Operations Manager-International Stadium
Photo courtesy Daily Post

Economic growth remains another focus of the council and during the year, in partnership with local business and iwi leaders, we finalised the ground-breaking Rotorua Sustainable Economic Growth Strategy which is to be driven by a new CCO (council controlled organisation), Grow Rotorua Ltd.

Facilities for our young citizens were also enhanced in 2011/12 with the completion of award winning Youth Spaces in Wrigley Road and Park Road for suburban communities.

Our draft District Plan received excellent feedback from stakeholders and we held back notification to allow full processing of all the valuable comments made in submissions during the consultation phase. Notification is now scheduled to be undertaken during 2012/13.

Council held a by-election on 17 November 2011 to replace former councillor Geoff Kenny. Six candidates were confirmed with Merepeka Raukawa-Tait being successful.

Development of our 2012-2022 Long-term Plan was another major project completed during the year. This key document sets our organisation's strategic direction for the next 10 years and focuses on the three key themes of economic prosperity, environmental improvement and continuous business improvement.

In 2011/12 we also introduced the international business efficiency and improvement concept known as 'Lean Thinking' into the operations of the council. Over time this will transform the way we do business at RDC providing a greater customer focus, elimination of waste and efficiency gains across the organisation. In short it is about doing things better, faster, easier and at less cost.

Finally we extend our sincere thanks to elected members for their continuing hard work and dedication to their council governance and community leadership roles, and to staff for their ongoing professionalism and commitment. Rotorua's community is clearly very well served by the people at RDC. We also acknowledge the tireless support provided by Mayoress Sue Winters throughout the year. Thank you all.

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

Kevin Winters JP
Mayor

Peter Guerin
Chief Executive

Our progress against 2011/2012 issues

As is the nature of local government, planning for the Long-term Plan 2012-2022 was underway virtually before the ink was dry on the adopted 2011/12 Annual Plan. The Long-term Plan provided the opportunity to test and redefine the direction of council, addressing major issues identified for the 2011/12 year.

Progression through the year ending 30 June 2012, including project development and confirmation of the council's future direction is updated in the following commentary.

Fresh vision for the district

The vision statement for the district is now well integrated into the Rotorua Sustainable Economic Growth Strategy developed in partnership with local business and other community leaders. The vision statement is:

ROTORUA: Living the dream
- *world class in every way!*

The key elements of the vision statement are:

- **Living the dream** - promotes lifestyle, prosperity, sustainability and vibrancy. This element encompasses a wide variety of ideas in a concise statement, describing aspirations for an ideal community, environment, economy and infrastructure.
- **World Class** - sets a benchmark for businesses and organisations to strive for. It builds on Rotorua's reputation for world class sectors such as tourism, geothermal, and forestry and wood processing, and challenges stakeholders to set similar standards.

Organisational structure

2011/12 was the first full financial year under a reorganised council management structure encompassing three key operational groups: Corporate and Customer Services Group, Economic and Regulatory Services Group and Infrastructure Services Group. The council is placing greater emphasis on growing and strengthening local economic opportunities and the realignment of some council activities is expected to help achieve this focus.

The Economic and Regulatory Services Group was developed to strengthen and support those activities that being focused on to drive Rotorua's economic recovery. Latest NRB survey results show activities of the Economic and Regulatory Services Group received their highest ratings in the past three years. All results are all above their national and peer group council comparison and in many cases substantially ahead:

2012 National Research Bureau Communitrak Survey

Activity	Very/fairly satisfied (Rotorua)	Council peer group average	National average
Appearance and cleanliness of CBD	97%	78%	79%
Parking in Rotorua city	70%	68%	66%
Dog control	77%	76%	77%
Noise control	83%	75%	77%
Museum	84%	63%	68%
Events promotion	86%	63%	68%
Marketing of Rotorua as a place to visit	89%	63%	68%
Marketing of Rotorua as a place to live, work and invest	67% (Highest ever and the largest increase in satisfaction)	63%	67%

April 2012 - NRB Public Perceptions of Council Services & Representation

Rotorua Sustainable Economic Growth Strategy

To focus on driving our economy upwards, a strategic direction and set of objectives have come together in the Rotorua Sustainable Economic Growth Strategy. Adopted in September 2011 the strategy has the very clear aim for Rotorua of:

- Lifting the district's reputation as a leader in the forestry and wood processing, tourism, geothermal and agricultural sectors;
- Being recognised as a preferred lifestyle destination;
- Being an attractive and easy place to invest and do business in; and
- Being a district with an enabling regulatory environment

This direction is designed to contribute to realisation of the district vision of 'ROTORUA: Living the dream – world class in every way.'

Rotorua Tourism Committee and strategy

The Tourism Committee is a formally appointed committee of Council that Destination Rotorua Marketing (DRM) reports to on a six-weekly basis. The committee and DRM are tasked with promoting innovation and fresh strategic thinking to assist Rotorua in retaining and building on its position as New Zealand's first and premiere tourism destination. Key areas of focus include changing tourism trends, strengthening the local market and brand positioning of the destination.

While the past few years have been difficult in tourism as a result of natural disasters, continuing uncertainty in global financial markets and noticeable declines in traditional markets of Europe, United Kingdom and the US, the Rotorua industry has remained resilient overall. The year has seen some strong domestic numbers return, which is pleasing given the visitation displacement during the 2011 Rugby World Cup and an unseasonably wet summer period. New investment and product has also come into the market, including Rainbow Springs' 'Big Splash' and live bird shows, Rail Cruising, Rotorua Canopy Tours and Treetops Day Spa.

Rotorua Tourism Committee members are:

- Tony Marks (Chairman)
- Maureen Waaka - Councillor
- Bruce Thomasen – General Manager, Skyline Rotorua
- Kiri Atkinson-Crean – General Manager - Sales and Marketing, Te Puia
- Brett Marvelly – owner Princes Gate Hotel Rotorua
- Fiona Suurenbroek – Chairperson, Rotorua Association of Motels and owner/operator of local motel Cedarwood Lakeside Holiday Resort.
- Tim Cossar – Chief Executive, Maori Cultural Centre Te Puia

Destination marketing plan

During the year a revised strategic direction was set by the Rotorua Tourism Committee to best reflect a three-year focus. The strategic priorities are reflected in the points below:

- 1 Increase the Auckland visitor market by 5% (50,000) visitor nights
- 2 Increase average room nights and spend, to at least equal the national average for domestic and international
- 3 Increase Rotorua's share of Australian visitor arrivals to NZ
- 4 Aggressively target and grow the Asian visitor market – specifically China
- 5 Take a leadership position in online marketing and travel search
- 6 Create value, and work in partnership with Rotorua region operators
- 7 Increase ease of access to Rotorua as a visitor destination.

The strategy is supported by an annual business plan. The plan has been adopted aligning with investment being made by DRM in the strategy and the council's Long-term Plan 2012-2022.

Grow Rotorua Ltd - new council controlled organisation

In November 2011 council agreed to consider establishment of a council controlled organisation (CCO) as the preferred structure to drive implementation of the Rotorua Sustainable Economic Growth Strategy. The CCO operating as Grow Rotorua Ltd is 100% owned by Rotorua District Council. In the development and adoption of the Long-term Plan 2012-2022 Council has allocated a budget of \$850,000 in the 2012/13 year to fund the establishment and operation of the CCO. Grow Rotorua Ltd will have an independent skills-based board of six members plus a chairperson, and will employ its own CEO and staff.

As at 30 June 2012 the CCO was not operational.

Lean Thinking



Rotorua District Council is implementing a bold programme aimed at increased efficiencies and continuous improvement based on the successful international business concept known as 'Lean Thinking.'

RDC started integrating Lean Thinking into the organisation's operations in 2011. In the short time this has been in place teams and individuals across the organisation have already developed new skills, improved a number of systems and processes, and brought better performance to several council activities.

Under Lean Thinking, staff members are encouraged to bring more flexibility to their work, to be innovative, and to find creative solutions to problems, so the expectations of customers are better met. In simple terms it is about doing things better, faster, easier, and at less cost.

The core objective is to lift service standards for customers while minimising waste. Lean Thinking means the creation of more value for the council's customers while using fewer resources. As a Lean Thinking organisation we understand customer expectations and we focus on key processes that continuously increase value for those customers.

The following characteristics are integral to RDC's Lean Thinking approach:

- We take a customer service perspective by seeking to optimise value for the general public, the regulated community, and other community stakeholders;
- We involve employees and external stakeholders in ongoing improvement and problem-solving activities;

- We deploy a continuous improvement framework that emphasises rapid implementation rather than prolonged planning;
- We aim to reduce the complexity of processes and variation in process outputs;
- We use performance metrics and visual controls to provide rapid communication and feedback in order to improve real-time decision-making and problem-solving.

Airport development funding

In the 2011/12 annual plan, council acknowledged that the impact of a combination of challenges to the airport's business and planning environment over years meant some rates funding had become necessary. An amount of \$4 million from general rates was therefore included in airport infrastructure activity last year. In developing the Long-term Plan council determined that it was prudent for rates-sourced funding to continue beyond the 2011/12 year. Therefore \$4 million has been allocated in each year of the Long-term Plan 2012-2022.

The airport needs to be considered the way other council infrastructural assets are considered. Like those assets it is community-owned, providing numerous benefits to residents and is of significant strategic importance to the district's economic future.

*Providing an airport comes at significant cost to ratepayers ...
but failure to provide an airport comes at an even greater cost -
to our community and to our future potential.*

Joint Venture marketing for trans-Tasman air services



Rotorua's trans-Tasman flights to Sydney continue to gain traction with Australian visitors and locals alike. Launched in December 2009 with two return flights a week, Air New Zealand will increase this schedule to three return flights a week during the peak summer period. This is a significant development for both Rotorua International Airport and the local community. The additional flight schedule is a result of the joint marketing efforts of Destination Rotorua Marketing, the airport

company and Air New Zealand promoting the Central North Island as a short stay holiday region for Australian visitors. The recent announcement that Virgin Australia will cease trans-Tasman flights from Hamilton to Brisbane also provides added potential.

During the year Air NZ also announced that it will recommence its daily jet services to Queenstown via Christchurch towards the end of 2012.

Parking changes

The 2011/12 year saw implementation of a new public parking policy, approved by council in September 2010. The policy is relatively straight forward. The effect is to manage demand better and to favour short-term occupation of parking spaces in high demand retail areas, ie favour retail and business customer parking over all day workers' parking.

The public parking policy has enabled the council to promptly make changes where targets were not being reached, for example Hinemoa, Haupapa and Eruera streets. Council continues to monitor occupancy of CBD parking spaces to ensure turnover of spaces is providing adequate parking availability for businesses and retail customers.



A target set at ensuring 15% average parking availability (1 in 7 spaces available between 10am and 3pm) was achieved throughout the year. Alongside this, a 70% satisfaction rate with parking in the CBD was recorded. Pricing is the only control and this continues to be developed by the Council. Pricing reviews are undertaken annually in areas where it is considered the occupancy levels are not being met. Council continues to roll out more 'pay and display' units replacing the traditional 'lollipop' parking meters as they become damaged or reach the end of their working life.

CBD revitalisation - Urban Design Framework

As part of the CBD revitalisation project an Urban Design Framework was developed in 2010. The framework has been useful for prompting discussion about the future form and development of the CBD and to traverse some of the problems currently being experienced with high levels of shop and upper floor vacancies, and continued business 'drift' out of the CBD.

As part of the Urban Design Framework Implementation Strategy several projects have been initiated including;

Eat Street design project - Work with APR Architects is well underway on the future design of Eat Street. A project reference group, including staff from across council departments, building owners and business owners has been meeting to oversee progress and provide feedback to the architects.

National Cycleway - significant progress was made on our part of the National Cycleway, 'Te Ara Ahi - go thermal by bike.' At the end of the financial year significant work had been completed along State Highway 5 with a concrete surface leading out from the southern side of Hemo Gorge to Highlands Loop Road.

Other sections were well underway with Te Ara Ahi expected to be fully open by October 2012. The trail will officially start from the Princes Gate at Government Gardens and will be a two day, 74km cycle trail from Rotorua to the Orakei Korako thermal area on the Waikato River.

CBD free public wifi - Investigations have been underway to examine opportunities and options for providing a CBD-wide free public WiFi service to enhance our destination for visitors, and provide additional tools for RDC to communicate with local residents.

Walkable city project - In a bid to influence the way visitors use the city centre and make it more walkable, a series of new colour-coded walking routes has been developed. When completed, highly visible signboards will be placed at strategic spots around the city centre and environs to encourage visitors to explore the CBD as a combination shopping, walking and discovery option. Colourful, double-sided and lit from within, the large 2.4m high perspex signs will glow softly, providing a directional beacon both day and night.

A total of 17 information signboards will be erected during 2012/13.

Rotorua Museum development

September 2, 2011, marked the official opening of the completed Rotorua Museum Centennial Project. The third and final stage, the Don Stafford Wing was opened by patron Dame Catherine Tizard.

An intensive fundraising campaign resulted in more than 75% of the \$22 million dollar project coming from external funding sources.



Completed Rotorua Museum viewed from the Civic Centre

The Don Stafford Wing features a permanent Museum exhibition on the ground floor, called *Nga Pumanawa o Te Arawa – the Beating Hearts of Te Arawa*. Spanning eight galleries, this major exhibition follows the journey of Te Arawa people from their origins in Hawaiki to their descendants today. Upstairs are two new art galleries hosting a range of regularly changing exhibitions.

Admission remains free for Rotorua residents.

District Plan

During the 2011/12 financial year the council undertook a pre-draft consultation process which achieved exceptional engagement with the community. As a result, council decided to delay notification timing for the District Plan to provide the opportunity for inclusion of identified changes. The Proposed District Plan will now be notified early in the 2012/13 financial year.

Lakefront development plan

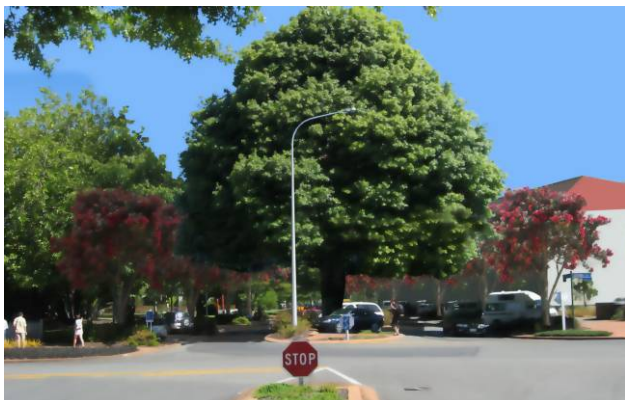
During the year discussions have continued with land owners and operators to ensure that the most appropriate development for the lakefront can proceed.

Pin Oak tree replacements near Civic Centre

The council has replaced six large Pin Oak trees growing on Hinemaru Street, adjacent to the council Civic Centre and near Government Gardens. The trees had become larger than was predicted when first planted and were adversely affecting existing more valuable tree specimens in Government Gardens. The Pin Oaks are being progressively replaced with Maples and under-planted with Azaleas that will grow to about 10 to 12 metres in height (rather than the 23 metre height and 20 metre width that the Pin Oaks reach). The further removal of the remaining nine Pin Oaks was scheduled to be undertaken in the first quarter of the 2012/13 year.



Visualisation of Hinemaru Street with mature street trees following replacement of Pin Oaks (looking north)



Visualisation of Hinemaru Street with mature street trees following replacement of pin Oaks (looking south)

Debt over ten year period

Council keeps a very close eye on its level of debt, particularly the level of debt in ten years time. This is to ensure that debt levels are always managed within council's prudent debt management policy and so there is 'head room' in the final years of a long-term plan so future generations can use that capacity for their aspirations. During the 2011/12 year council reviewed its Treasury Policy. Treasury Policy targets ensure borrowing limits are realistic in the forecast financial climate.

RDC debt at 30 June 2012 is \$151 million. Using forecasting undertaken in 2011/12 for the Long-term Plan preparation, debt is now expected to peak at \$208 million in the 2017/18 year and will progressively reduce down to \$183 million by the end of the Long-term Plan 2012-2022.

Asset revaluations

Our Statement of comprehensive income includes non-cash expenses due to downwards asset revaluations of \$12.2 million which were not budgeted for.

Development Contributions Policy

The Development Contributions Policy was reviewed again in this financial year as preparations were made for development of the Long-term Plan 2012-2022. The revised policy was adopted by council on 29 June 2012 at the same time as the Long-term Plan was adopted.

During the 2011/12 year a CBD incentive scheme was introduced along with the development and implementation of a development contributions management module within council's financial management system.

Removing rubbish bins from reserves

A two year litter bin-free trial was started on the 1st March 2011. The first year of the trial has consisted of inspections of the litter found at the nominated reserves. This has been completed by Castlecourt as part of their routine litter run operations. The findings from this investigation are still being analysed. Once this has been completed then a trial period in which bins will be removed will be started. Before and after rubbish bin removal comparisons will then be made and reported back to council.

The nominated reserves are:

- Centennial Park, Tihiotonga Domain (Tree Trust)
- Murray Linton Park
- Pullar Park (West)
- Elliott Park
- Ray Boord Park
- Sheaf Park
- Warwick Drive Reserve
- Lake Okaro Reserve

Rugby World Cup

Rugby World Cup fever came to Rotorua in 2011 when the district hosted three games and five international teams in the biggest sporting event ever hosted in New Zealand.

10 September	Fiji V Namibia (attendance 11,000)
14 September	Tonga V Namibia (attendance 13,000)
25 September	Ireland V Russia (attendance 26,000)



Birds eye view of Rotorua International Stadium, hosts of the Rugby World Cup 2011

Asset renewals in the asset management plan allowed Rotorua International Stadium to be presented in superb condition for Rugby World Cup 2011. Works included new floor coverings within the grandstand, resealing and improved field access, and the widely-acclaimed repainting of the terrace seating area as the Pink and White Terraces. In addition some stadium infrastructure supplied by Rugby World Cup has been retained for our future use.

In addition Rotorua had the opportunity to host all five of visiting teams for various periods during the tournament adding to the colour and excitement of the World Cup event.

Local residents' interest was highlighted by the attendance of more than 18,000 visitors to the 11 big screen Fan Zones successfully staged at the Energy Events Centre and the Rotorua Convention Centre. The city was appropriately decorated to celebrate hosting the Rugby World Cup and numerous activities and events promoted interest in the Cup and successfully met visitors' expectations.



Rugby World Cup 2011 Fanzones, hosted at the Energy Events Centre for families and friends to enjoy the games

With a concentration of games in the North Island, Rotorua also benefitted from visits by supporter groups from various nations as they moved from game to game, optimising Rotorua's economic impact from New Zealand's hosting of this very special event.

Sewerage schemes

Hamurana/Awahou sewerage scheme

The funding policy for this scheme has been adopted and it includes the option of making a lump sum contribution of \$10,154.10 (plus GST). It is estimated that the targeted rate (over 25 years) for being connected to the scheme would be \$805.53 (excluding GST) per annum. Central government continues to provide up to 50% subsidy towards the cost of sewerage schemes at four priority lakes. This community also receives a contribution to the sewerage scheme of nearly \$1.5 million from the Bay of Plenty Regional Council and \$1.02 million from the Rotorua District Council.

With external funding from Government and Regional Council, and subsidy from the District Council, the cost of connecting all properties in the defined area to the council's waste water treatment plant is considerably less than individual property owners would incur if installing complying septic tanks.

Okere Falls / Otaramarae / Whangamarino sewerage scheme

This scheme was completed in August 2011, ahead of the programmed completion date of September 2011. The final adopted funding policy for this scheme included the option of making a lump sum contribution of \$4,981.15 (plus GST). Under a targeted rate option covering a 25 year period the cost for those being connected to the scheme is \$423.37 (plus GST) per annum.

Central Government continues to provide up to 50% subsidy towards the cost of this sewerage schemes. The community also receives a contribution to the Okere / Otaramarae / Whangamarino sewerage scheme of nearly \$1.75 million from the Bay of Plenty Regional Council and \$0.61 million from the Rotorua District Council.

With external funding from Government and Regional Council, and subsidy from the District Council the cost of connecting all properties in the defined area to the council's waste water treatment plant is also considerably less than individual property owners would incur if installing complying septic tanks.

These projects continue this council's commitment to improving the water quality of Rotorua's iconic lakes.

Changes to rates framework

Rotorua District Council increased its overall rates requirements (from all rating sources) by 3.1% in the 2011/12 year, well under inflation forecasts at 4% to 5%. The increase followed sub-inflation increases of just 1.9% and 1% in the two previous two years - significantly lower than most councils in New Zealand over this period.

While developing the Long-term Plan 2012-2022, council made the decision to change the rating

system. This was prompted by major shifts in official property valuations across the district which resulted in distortions to the rating framework.

A summary of the valuation movements for each category of property for 2011 since 2008 is set out below:

Property category	Capital value change (2008-2011)	Land value change (2008-2011)
Residential	-8%	-6%
Commercial	-14%	-14%
Industrial	-5%	-9%
Lifestyle	-6%	-9%
Dairy Farms	-32%	-38%
Pastoral Farms	-37%	-38%

In examining options the council endeavoured to ensure the rating framework remains stable enough to minimise the need for adjustments every three years, to compensate for the impact of fluctuating valuations.

Council has made the following changes to its rating framework which came into effect from 1 July 2012.

- Change from a land value to capital value system.
- Remove all general rate differentials, with exceptions being to apply an:
 - 85% differential to Rural Residential properties.
 - 220% differential to business properties.
 NOTE: exceptions are envisaged to be temporary to assist with transition in the longer term to an undifferentiated rating system.
- Merge targeted rates for Roading, and Stormwater & Drainage, back into the general rate.
- Change the way the Business and Economic Development Targeted Rate is allocated across the three targeted sectors to 80% business, 10% industrial, 10% farming.
- Replace the Business and Economic Development variable targeted rate from the home-based short term accommodation (B&B) sector with a stepped fixed charge based on the number of rooms let.
- Remove rating apportionments (parts) for those properties where the minor part has not been created for the purposes of assessing rates for a higher rated use, eg motels, with a minor residential part.
- Clarified that holiday homes will be rated as residential so long as not let for more than 100 days per annum. Beyond this will be considered to be principally business use.
- Merge all rural water supplies with the urban supply in a single targeted rate (excluding the two predominantly farm supplies of Kaharoa and Reporoa).

Maori participation in decision making

Introduction

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

These mechanisms provide a broad range of services on matters to do with Te Arawa, to ensure Te Arawa are able to participate in decision-making processes. The LGA has a number of references to Maori and the Treaty of Waitangi (Section 4 Part 1), Parts 2, 6 and schedule 10 clause 5 and Schedule 11.

The Resource Management Act (RMA) 1991 and the LGA 2002 are both specific in how local authorities must consult and include Maori and tangata whenua in decision making processes.

The following Maori groups within council provide opportunities for greater involvement by Maori in council's decision-making processes.

Te Arawa Standing Committee (TASC)

In 1989 Te Arawa mooted the formation of a Maori advisory committee to meet the requirements of a number of statutes that were in the making at the time.

In January 1993 council resolved to adopt a strategy to visit marae in the district to ascertain the wishes of the Maori community, with respect to an appropriate structure to give tangata whenua the ability to contribute to the decisions of Council on issues affecting tangata whenua.

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

Following the review six representatives were elected to the Te Arawa committee on 29 May 2010 at Te Papaiouru Marae. The elections process was supported by Te Arawa Lakes Trust, Te Kotahitanga o Te Arawa Fisheries and Te Pumautanga o Te Arawa. Information about elected Te Arawa Standing committee members is on Rotorua District Council's website.

Te Pukenga Koeke o te Whare Taonga o Te Arawa

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

Te Pukenga Koeke have been working steadily towards the goals of repatriating Te Arawa taonga from other Museums. To date a number of repatriations from the Auckland Museum have been successful. These taonga feature predominately in the Don Stafford Wing of the Museum opened to the public on 2 September 2011. They were also involved in the relocation of Pukaki from the Civic Centre to Rotorua Museum.

Ngati Whakaue Gifted Reserves Protocol

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

Iwi Consultative Group

The Iwi Consultative Group holds two to three weekly meetings to assess resource consent applications and advise council on section 6(e) of the Resource Management Act 1991, and to provide relevant tangata whenua contacts for consent matters.

Kauae Cemetery Committee

Kauae Cemetery Committee trustees meet twice a year to work through operations, policies and procedures, including provisions for the burial of descendants of Ngati Whakaue and the general public. The Kauae Cemetery Committee consists of members from council and Ngati Whakaue. They are appointed by the Maori Land Court.

Pukaki ki Rotorua Charitable Trust

The Trust meets to ensure the safe-keeping, conservation and maintenance of Pukaki. In 2011 Pukaki was moved to Te Whare Taonga o Te Arawa – Rotorua Museum.

Waka Taua Trust

The main function of this trust is to ensure that Te Arawa Waka Taua and the shelter that houses the waka are both well maintained. The trust is administered by the Te Arawa Lakes Trust. The members of the trust are representatives of Te Arawa and the Rotorua District Council.

Council's Kaupapa Māori Department

This department maintains council relationships with Tangata Whenua and Maori as well as strengthening the organisation's ability to effectively engage with Maori through training in tikanga and te reo. The department provides whanau, hapu, iwi and marae contacts and consultation advice to various council departments. The department has also produced resources such as 'Whare Korero', a pocket booklet for staff, councillors and the public. The booklet is a guide to Maori protocol, rituals and basic Maori language and pronunciation. The aim of the booklet is to provide an easy-to-use guide for Maori rituals, structures (marae) practices and language that council and members of the public may encounter in Rotorua. The Kaupapa Maori department is involved in various projects including, MOU development with various Te Arawa iwi; District Plan Review, central business district revitalisation, Rotorua Eastern Arterial route, te reo training for staff and councillors, ongoing support to the Te Arawa Standing Committee. Another significant role of the Kaupapa Maori department is building relationships and sharing information with private and public agencies, iwi and other councils that work with iwi and Maori in their regions and/or districts.

Mana Whenua Funding Policy

In 2005/06 council reviewed its support of iwi management plans and developed a new Mana Whenua funding policy with objectives aimed at supporting the intent of section 81 of the Local Government Act 2002, and promoting resource management objectives. This policy was launched in October 2007. Since that time 14 Maori land trust projects have been supported. The projects have included papakainga feasibility studies, commercial feasibility studies, environmental enhancement projects, waahi tapu maintenance and enhancement, environmental rejuvenation project, replanting projects, kaumatua housing and marae study and restoration study.

The overall aim of the policy is to stimulate and encourage sustainable development of unoccupied Maori land in the district. The intent is to investigate viable strategies; build capacity of Maori land owners and develop joint projects that will benefit owners and the wider community. Recipients of the fund are Maori Ahu Whenua land trusts in the district, however Maori land

reservations or marae undertaking projects that will improve water quality may also be eligible.

Rotorua Te Arawa Lakes Strategy Group

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

Lakes Restoration and Rehabilitation Programme

This programme was established for both the strategic and operational delivery of action to enhance fresh water sustainability of Rotorua lakes and has iwi representatives. A number of action plans for specific lakes have been developed with contributions from a range of stakeholders including iwi.

Tuhourangi Memorandum of Understanding

In April 2005, council signed a memorandum of understanding (MOU) with Tuhourangi. The founding statements of the memorandum include: "Council also wishes to establish and maintain processes to provide the opportunity for Tuhourangi to contribute to the decision-making of the council".

Tuhourangi meetings with council have included the following projects: Tarawera and Okareka Landscape Assessment; proposed Crater Lake Park Development update; traffic and parking management plan for Punaromia, Tarawera Landing; Lake Tarawera boat trailer parking; Whakarewarewa Forest Vision and Tarawera Trail.

Te Arawa Lakes Trust and Rotorua District Council Memorandum of Understanding

On 18 December 2009 a protocol between the Rotorua District Council and the Te Arawa Lakes Trust was signed. The purpose is to ensure that engagement and communication between the organisations is effective, that respect for both organisation's roles and responsibilities is upheld, and that the cultural and spiritual relationship Te Arawa has with the 16 lakes and lake beds in Rotorua is recognised.

Ngati Rangiwewehi, Ngati Rangiteaorere, Tapuika (Nga Tokotoru) – MOU

2010 saw the development and completion of three new MOU between RDC and Nga Tokotoru. The purpose of these MOUs is to build relationships and to forge new partnerships with respective iwi and hapu.

Other Memoranda of Understanding

Other MOUs are being developed between Rotorua District Council and hapu of Te Arawa.

Community and Public Arts

Local Maori artists, writers, performers and composers work with RDC on activities and events which have included; the Matariki festival, Artists in Residence, implementation of public art concepts and mural design and development in Western Heights and Brooklands, modernisation of Lakefront public facilities with a locally made mural, collaborative partnership in the Magma Film Festival, kaitiaki sculptures in Ngongotaha, Children's Day and consultation with iwi for gateway designs for the Northern entry into Rotorua. These activities and events contribute to Rotorua District's community outcomes for a living Maori culture and a thriving community.

Whare Korero

This handbook guides staff in gaining a basic understanding of Maori rituals, protocol and etiquette. The pocket booklet includes Maori language and pronunciations, a guide to rituals or marae etiquette, names and contact addresses of marae, formal and informal greetings, waiata, chants and karakia.

Mayor and Councillors



His Worship the Mayor
Kevin Winters JP



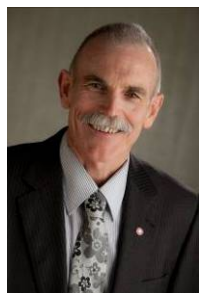
Cr Trevor Maxwell MNZM
Deputy Mayor



Cr Maggie Bentley



Cr Julie Calnan JP



Cr Dave Donaldson QSM



Cr Mark Gould JP



Cr Karen Hunt



Cr Mike McVicker



Cr Merepeka Raukawa-Tait



Cr Glenys Searancke QSM



Cr Charles Sturt

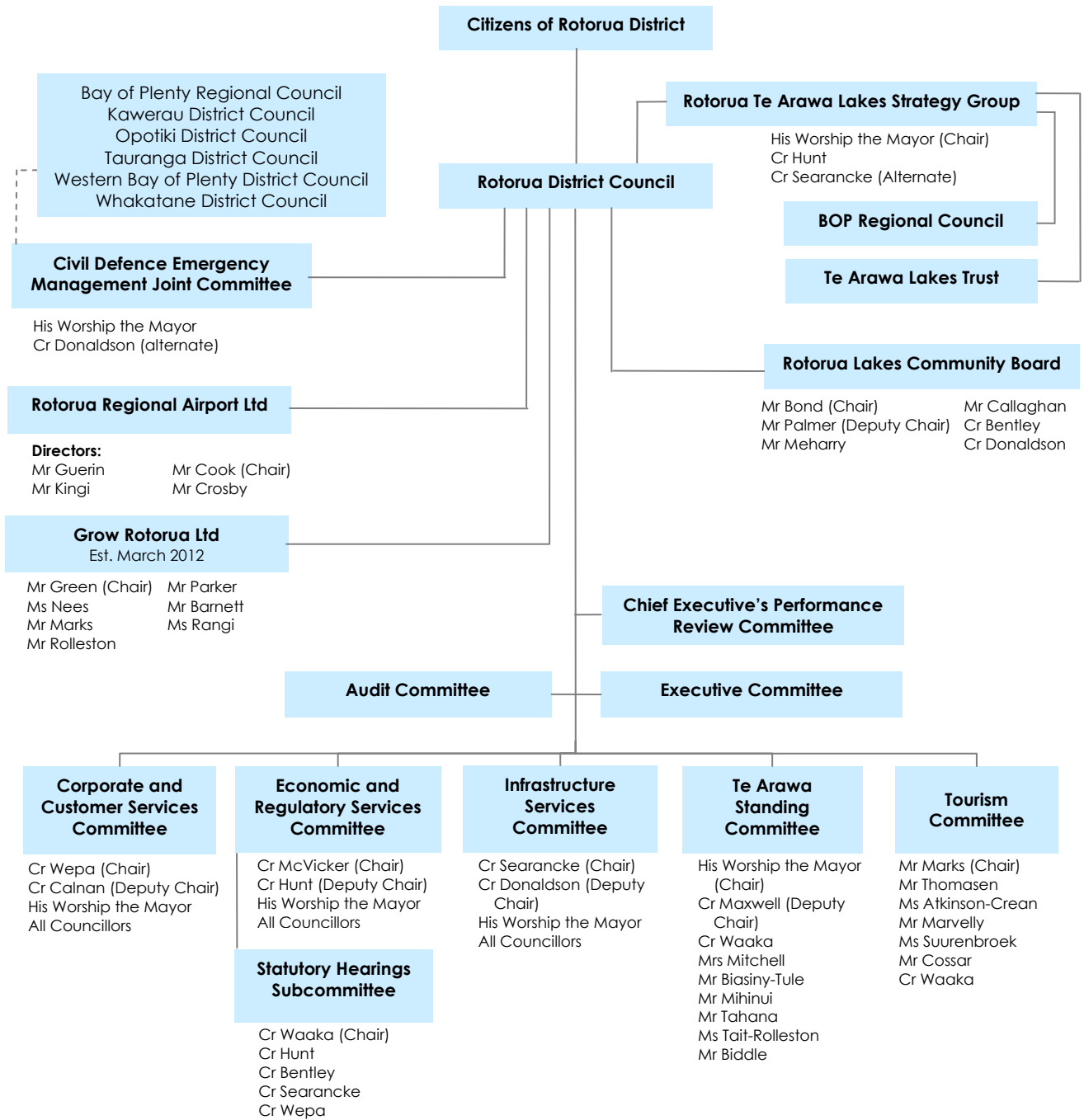


Cr Maureen Waaka, MNZM, JP

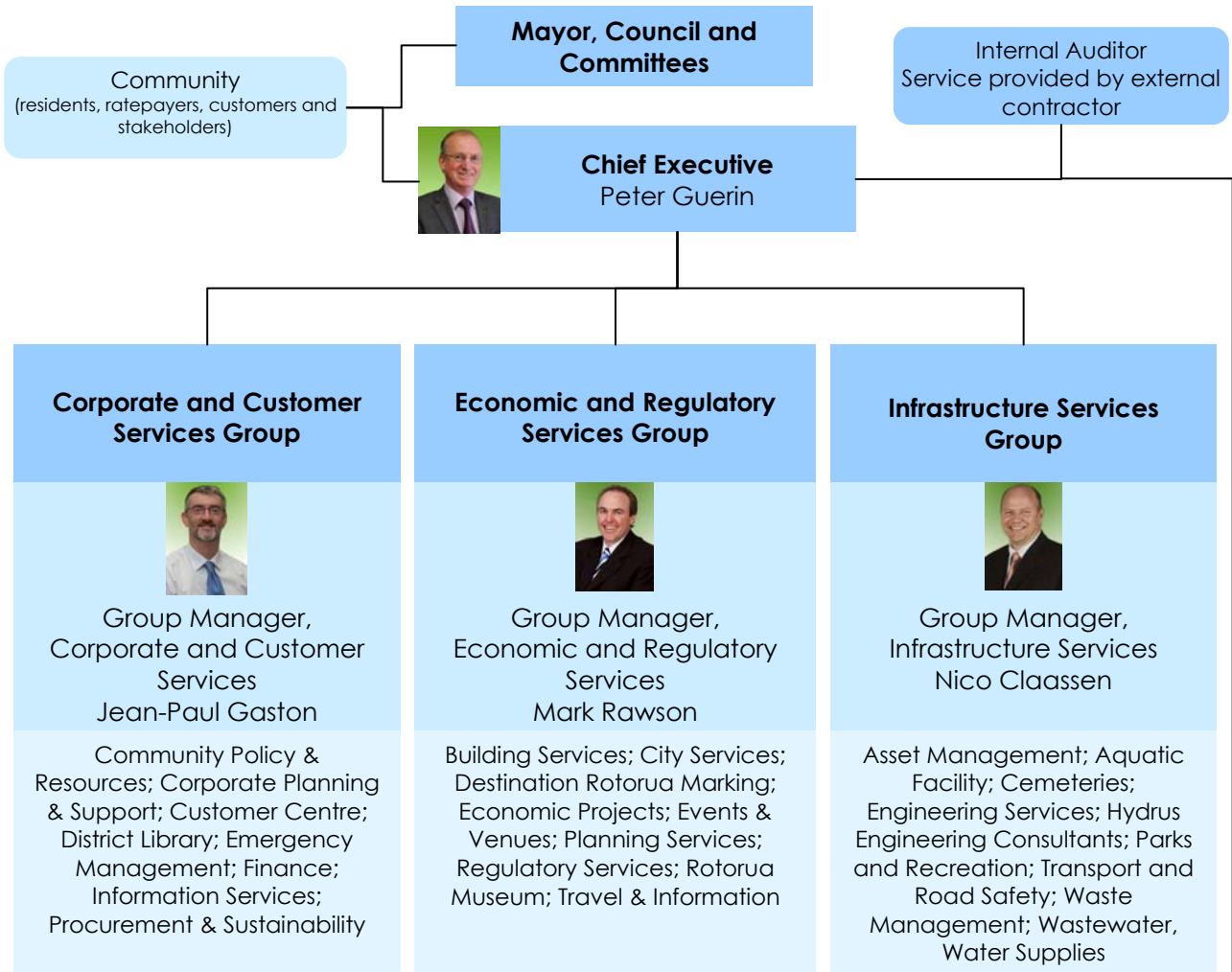


Cr Janet Wepa

Committee structure



Management



MANAGEMENT TEAM

Kaupapa Maori Department		Director, Kaupapa Maori Mauriora Kingi	Iwi liaison, iwi communication, protocol and advice
Communications Department		Manager, Strategic Communication Rex Moore	Internal and external communication support, website and branding
Human Resources Department		Manager, Human Resources Judy Holden	Human resources, payroll services and health & safety
Castlecorp Business Unit		General Manager, Castlecorp Mike Davies	Physical works for: land drainage, refuse collection, litter collection, mowing, water/wastewater, network maintenance, fleet management, janitorial services, specialist horticulture maintenance

Community Outcomes

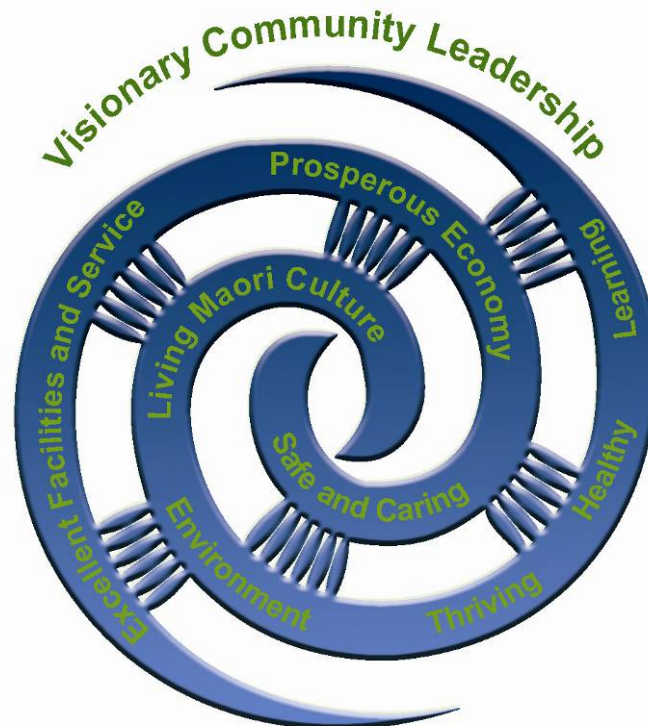
A strategic framework called the 'Bright Future Rotorua - Community Outcomes' originally provided an overarching set of strategic goals that council and other organisations used to guide service delivery and resource allocation. They were a focal point for promoting closer working relationships, to ensure resources are used effectively and in a coordinated manner.

Amendments made to the Local Government Act in 2010 have changed the focus of community outcomes. They are now seen as statements of what councils want to achieve – the council's high level objectives. Freedom has been given to councils to decide how best to structure these outcomes and how to monitor and report on them.

During the 2011/12 year while preparing for the Long-term Plan 2012-2022 council decided that

their objectives are well reflected in the existing community outcomes framework. This framework was developed with extensive community input and the key priorities of the community have been tested over the last six years. With this in mind council focused on re-defining its role, with minor changes, to better reflect more emphasis on aligning the goals of its services to the strategic long term goals of council.

Going forward the council's eight objectives are linked by 'visionary community leadership', with each considered of equal importance. Together these objectives provide the basis for what the council wants to achieve for a bright, successful Rotorua. The updated council objectives are shown in the diagram below.



Visionary Community Leadership

Overarching these community outcomes is a desire by council to exercise visionary, inclusive leadership, supported and fostered within Rotorua communities

Ko te tūāpapa e whakamaru ana i nga whāinga ā hāpori he ākina na te kaunihera ki te whakamahi i ana tirohanga whakamua, tōna rangatiratanga, mā nga hāpori o Rotorua e tautoko e kōkiri



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

Safe and Caring

A community in which our families and whanau feel safe, strong and supported

He hāpori e haumarua ana e tautoko nuitia ana i ngā whānau



- Safe homes and streets
- Fewer road accidents
- Organisations working together on agreed priorities
- Providing safe public spaces
- Families and whanau work, play and talk together
- Strong sense of community spirit
- Respect for cultural diversity/strengthening relationships between all cultures
- Support for new New Zealanders to become part of the Rotorua community
- Support for young people and older people`

Prosperous Economy

A district with a reputation as an attractive place to live, work and play, with desirable living and skills standards, and sustainable economic growth

He rohe e rongonuitia ana mo te noho mo te mahi me te tākaro, he pai kē atu nga āhuatanga e paana ki te ōranga, te noho me te toko ake i te taha whai hua



- Encouraging private enterprise
- Enhancing tourism as an iconic sector of Rotorua's economy
- Encouraging development of Māori land and resources
- Reducing unemployment rate
- More investment in our district
- More employment opportunities
- More new business
- Celebrating and promoting our district's unique qualities
- Encouraging growth
- An attractive and lively city centre
- Sustainable development

Excellent Facilities and Services

A well planned district that is easy to get around, has essential services available to everyone, and offers accessible quality facilities that promote vibrancy.

He mārama te haerere haere i roto i te rohe, he rātonga me nga rātonga whare e wātea ana ki te katoa



- Easy to get from place to place
- Good, safe, maintained services and facilities
- Provision of good quality event, conference and tourism facilities
- Good quality infrastructure for future
- Excellent reliable communication infrastructure
- A great trans-Tasman airport

Environment

A district where we value our environs, understand and respect our lakes, streams, forests and geothermal resources, and where the community is committed to protecting, monitoring and improving the natural environment.

He rohe e ngākau nuitia ana ki tōna taiao, te tiaki i nga roto, nga awa, nga ngāhere me nga puna ngāwha, ko tā te hāpori he whakahi i nga ahuatanga o tiaki i te taiao

- Looking after our air, land and water resources
- Improved lake water quality
- Beautiful, litter-free urban environments
- Waste reduction, re-use and recycling
- Kaitiakitanga (guardianship)
- People using and enjoying our natural environment
- Historical sites and buildings are protected and promoted
- Managing and protecting geothermal resources and our springs, trout, lakes, forests, geysers
- Encouraging sustainable modes of transport



Living Maori Culture

A district where the history of Te Arawa in the district and the value of Maori culture is recognised and fostered.

He rohe tēnei e whakanuia ana e tiaki ana e pupuri ana i nga kōrero o nehe rā e paana ki a Te Arawa

- Preservation and sustainable development of Maori resources
- Respecting Te Arawa as part of the unique heritage of Rotorua district
- Celebrating and nurturing traditional Maori culture
- Maori are respected as partners in decision-making and have a voice in issues affecting the District



Learning

A district offering opportunities to expand the minds of its community, to explore ideas and to form strong well supported opinions.

He hāpori e tuku ana i ētahi huarahi angitu hei whakarahi ake i te tirohanga o te hāpori me te rangahau i ētahi atu ara hou hei whaingā ma te katoa



- Learning activities accessible for everyone

Thriving

An exciting place offering a wide range of activities and events, where diversity is encouraged and creativity inspires.

He waahi e hihiko ana e tuku ana i ētahi matatinitanga me ētahi kaupapa nunui hei haerenga mā te hāpori me te iwi whānui



- Lots of events including sporting, cultural, festivals, arts
- Leading edge activities and events
- Foster artistic expression, art, music, dancing, public performances and exhibitions
- Great facilities to visit e.g. museum, arts village, aquatic centre

Healthy

A community that is healthy and active, where air and water is of the highest quality, and where parks, reserves, walkways, cycleways and programmes encourage participation in recreational activity at all levels.

He hāpori hauora, hāpori kakama he rawe katoa te hau me nga ara wai. E wātea ana nga papa rēhia, nga whenua rāhui, nga ara hiko, nga ara paihikara hei waahi tākaro mā te katoa



- Increasing recreational opportunities
- Safe drinking water
- Improved youth health
- Effective responses to developing health issues
- Warm, healthy homes

There is no longer a legislative requirement to monitor and report on the progress of council objectives. However legislation does dictate that where monitoring is undertaken on council objectives the results must be reported in the annual report. Council will continue to monitor the objectives and will produce a full monitoring report bringing together all of the stakeholders monitoring areas on a five yearly basis. This reporting will be aligned with the State of the Environment report. The next reporting on Community Outcomes will be published in 2016.

Financial summary

Statement of comprehensive income (Council)

For the year ended 30 June:

	2012 \$000	2011 \$000	2010 \$000	2009 \$000	2008 \$000
General rates	35,023	34,614	34,201	45,974	42,919
Targeted rates	36,751	33,935	31,725	18,487	16,805
Other revenue	49,774	43,848	39,469	38,856	35,332
Non operating adjustments	0	2,577	8,384	868	4,345
Total revenue	121,548	114,974	113,779	104,185	99,401
Operating expenditure	114,447	105,235	100,414	98,122	91,706
Non operating expenditure	10,504	2,083	4,775	0	0
Taxation	0	0	0	0	0
Total expenditure	124,951	107,318	105,189	98,122	91,706
Net surplus/(deficit)	-3,403	7,656	8,590	6,063	7,695

Statement of financial position (Council)

For the year ended 30 June:

	2012 \$000	2011 \$000	2010 \$000	2009 \$000	2008 \$000
Current assets	23,467	21,555	20,545	18,454	19,815
Current liabilities	28,902	32,442	30,652	28,556	25,111
Working capital	-5,435	-10,887	-10,107	-10,102	-5,296
Investments	2,147	2,220	2,063	2,440	2,500
Non current assets	1,032,807	1,044,415	961,905	912,430	860,016
	1,029,519	1,035,748	953,861	904,768	857,220
Financed by:					
Rate payers equity	853,102	848,433	821,812	805,484	781,994
Debt	151,756	135,110	115,632	100,751	82,860
Other term liabilities	3,147	2,661	2,516	2,237	2,172
Reserves	21,514	49,548	13,901	(3,704)	(9,806)
	1,029,519	1,035,752	953,861	904,768	857,220

Revenue

Rates revenue is higher than the previous year due to growth in the rating base and particularly the increased number of properties connected to the wastewater system as a result of the new sewerage schemes. Other revenue is higher than last year due to more capital revenue received for infrastructure from central government.

Expenditure

Expenditure is higher than last year due to non cash downwards asset valuation transactions totalling \$12.2 million. This has contributed to the deficit reported as the revaluation movements were not budgeted for.

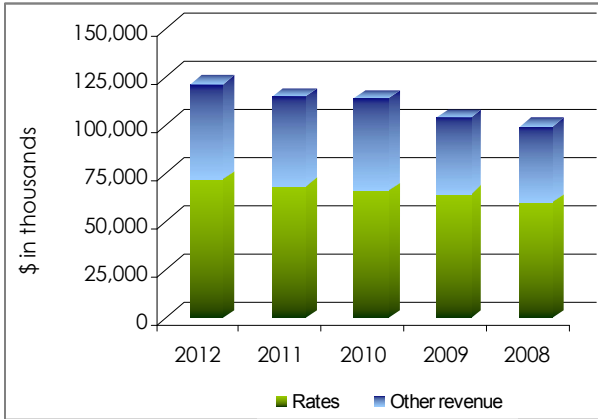
Non-current assets

Non current assets decreased by \$9.5 million due to asset valuation movements.

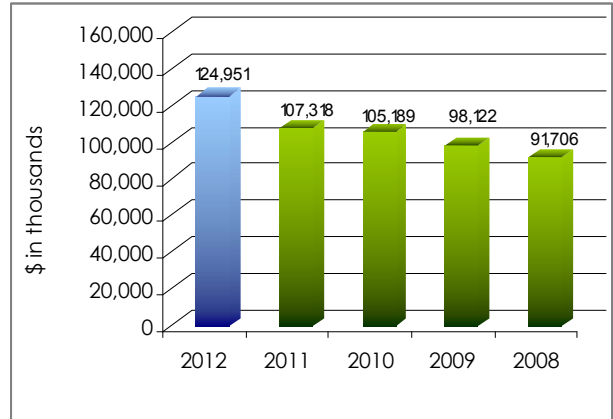
Public debt

Debt increased by \$16 million over the financial year to fund capital expenditure.

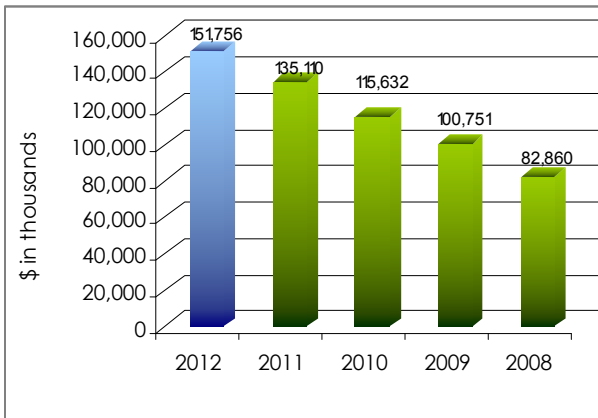
Revenue mix



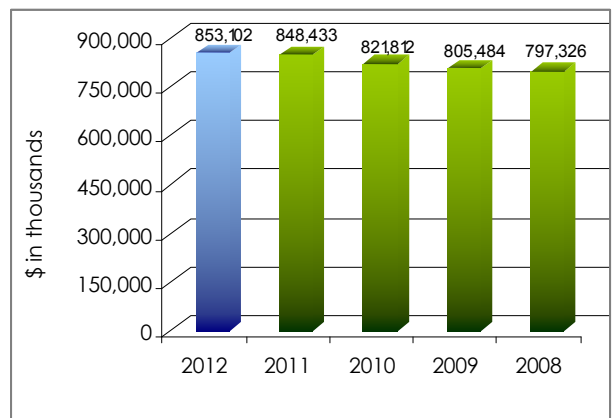
Operating expenditure



Total debt



Ratepayers' equity



Corporate and Customer Services Group

Contribution to outcomes

Contribution to outcomes		Community Outcomes								
		Visionary Community Leadership	Safe and caring	Prosperous economy	Environment	Excellent facilities and services	Living Maori culture	Thriving	Healthy	Learning
Page	Activities within this group									
25	Community Engagement and Support		✓	✓		✓				
29	District Library					✓	✓	✓		✓
33	Emergency Management/Rural Fire	✓								
36	Governance and Strategic Direction	✓					✓			

Overview of group

The Corporate and Customer Services Group underpins council's democratic processes and provides policy and priorities for strategic direction, advocacy, and delivery of services to best meet the community's needs.

Significant emphasis is being placed on a 'whole of council' approach to customer service and continuous improvement.

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

Procurement processes continue to be a key focus enabling council to hold rates over the previous three years to levels well below CPI. More gains are expected in this area based on greater use of 'Whole of Government' contracts that are being made available to Local Government.

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

- Community Engagement and Support, which includes:
 - Community Grants
 - Pensioner Housing
 - Halls and Community House

- Policy and Resources
 - Community arts
 - Community safety
 - Youth activities
- District Library
- Emergency Management/Rural Fire
- Governance and Strategic Direction, which includes:
 - Chief Executive Group
 - Corporate Planning and Support
 - Corporate Property
 - Customer Services
 - Democracy
 - Financial Services
 - Human Resources
 - Information Services
 - Kaupapa Maori
 - Land Information Services
 - Procurement and Sustainability
 - Records

Issues/risks/negative impacts

Potential negative effects associated with undertaking the activities within this group have been assessed and it is believed that there has been no impact to the social, cultural, environmental and economic well-being of the community/district during the year. potential effects were reviewed in preparing the Long-term Plan. these will be monitored and reported upon in future annual reports.



Performance targets

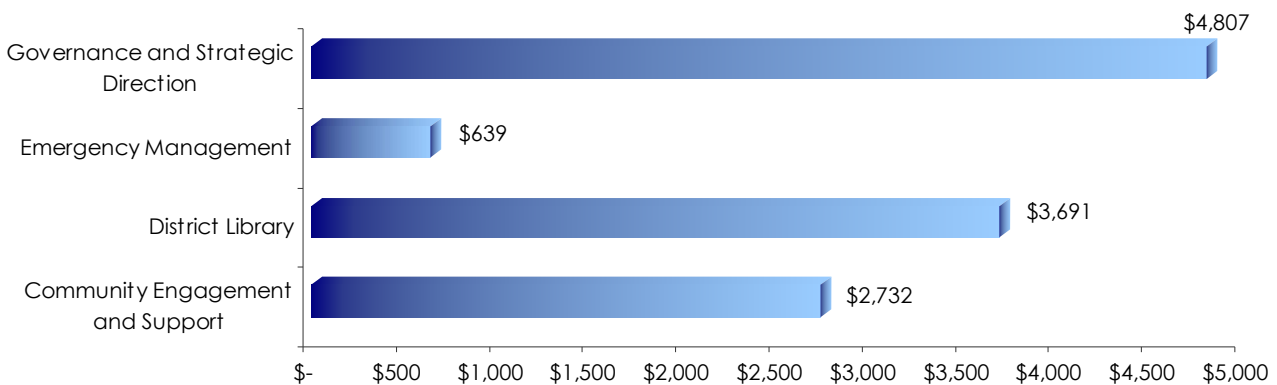
	Targets	Achieved	Not measured	Not achieved
Community Engagement and Support	9	9	-	-
District Library	11	9	-	2
Emergency Management	5	3	-	2
Governance and Strategic Direction	6	1	3	2
Total	31	22	3	6

Targets not measured were within the Governance and Strategic Direction activity and relate to targets that are only measured in a local body election year. Local elections will be held again in 2013.

Targets not achieved in the Library activity are the result of reduced membership numbers and the number of issues per capita. The biggest downturn is in rental fiction. In Emergency Management a full mobilisation exercise was not undertaken due to a delay in receiving national EMIS programme and a structure review at local and regional level. Also, not all plans/strategies were reviewed however, the existing ones remain current. The Governance and Strategic Direction targets not achieved were in relation to residents' satisfaction with council, information communicated to the public and Mana Whenua plans not being completed.

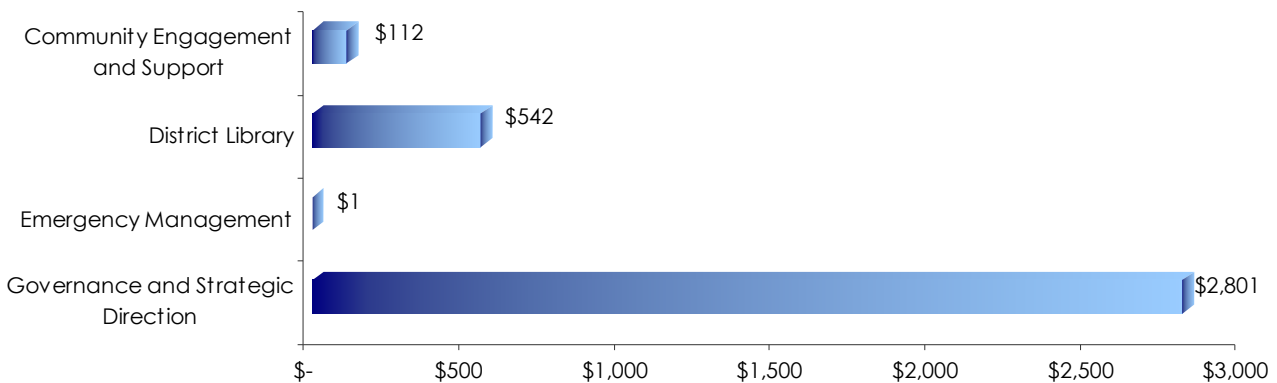
Net cost of service

\$ in thousands



Capital expenditure

\$ in thousands



Community Engagement and Support



What we do

This activity covers a range of specific functions, in particular roles that work towards social wellbeing outcomes. The focus areas are:

Engaging communities

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

Community Assistance

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

- **Community Asset Development Fund (CADF)**
\$50,000 per year is available in this fund.
- **Community Grants**
Designed to assist and support a wide range of 'not for profit' community organisations to continue their work around meeting the needs

of the community. Grants are usually up to \$1,500. The funds can be used for most purposes except for the purchase of equipment and buildings. An annual fund of \$28,000 per year is available, which will be allocated to organisations for a three year period.

- **Creative Communities**

Council acts as an agent for central government, with \$49,000 per year received from Creative New Zealand and distributed by the council's Rotorua Creative Communities Committee.

- **Community safety**

Designed to assist local not-for-profit groups and organisations undertaking projects with a crime prevention focus. Funding of \$25,000 per year is available.

- **Grants for services**

Council currently provides grants of over \$5,000 per annum to 10 local organisations for services – Te Papa Takaro O Te Arawa, Rotorua Arts Village Experience, Older Persons Community Centre Trust, Citizens Advice Bureau Rotorua, Rotorua Community Youth Centre, Rotorua Neighbourhood Support Trust, Sport Bay of Plenty, Rotorua Night Shelter Trust, Rotorua Christmas Parade Trust, Rotorua Branch of SPCA Inc. These grants operate in the form of three year contracts with agreed deliverables. Another level of grants for services of less than \$5,000 per annum also exists. Funding available for these grants for services is currently \$23,500.

Community halls

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

Pensioner housing

The council provides and maintains pensioner housing complexes in Ngongotaha, Westbrook, Glenholme and Fenton Park. There are 152 units.

Community House

Community House was purchased by Rotorua District Council in 1993. The house provides office accommodation for many of the district's not-for-profit groups which offer health and social services to the people of the Rotorua district.

Community House is a three-storey building in Haupapa Street, in the central business district. There are 23 social service organisations housed on the ground and first floor. Rental for these tenants is subsidised by RDC. The third floor is leased out at market rates.

Citizens Advice Bureau acts as lead tenant and manages day-to-day issues for the first two floors.

Why we do it

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

This year's highlights and achievements included:

- **Children's and Family Fun Day – held March 4** at the Redwoods.
- **Music at the Rotunda** - ran over 6 weeks on Sunday's through February and March.
- **Community Assistance**
 - **Creative Communities** - allocated \$29,660 to 23 organisations for arts and culture initiatives, including 2012 Stage Challenge, a short documentary film (Spirit of Rotorua), rural school musical, and a flaxmaking/craftmaking initiative in the Fordland's Community.
 - **Community Grants** - allocated \$38,475 to 26 organisations including Mokoia Community Association for their newsletter, Rotorua Parents Centre for operational costs, Growing through Grief to assist with grief counselling programme and Linton Park Community Trust to assist with heating costs.
 - **Creative Communities Rotorua** - made 10 grants totalling \$10,530 at their discretionary round allocation meeting in October. Projects included teaching people with intellectual disabilities how to work with clay, singing and instrumental workshops, and assisting with the production of a book about the history of Rotorua Jazz musicians.
 - **Community Safety Projects Fund** - a total of \$25,000 was awarded to six organisations to implement projects to improve safety in our community. The organisations that received grants are: New Zealand Red Cross for "Save a Mate"; Reporoa Lions Charitable Trust for "CACTUS" (Combined Adolescent Training Unit and Support); Youth Projects Trust for "Manaakitanga Youth Programme"; Empowered Learning Trust for "Irlens Screening Project"; Sexual Abuse Centre for "Smartsex Website"; Netball Rotorua for security cameras
- **Youth in Local Government** - three local young people attended the conference in April, in Invercargill, with RDC's Youth Projects Officer, and came home with the national Youth Spaces Award

- **Youth Spaces** - Western Height's and Fordlands' Youth Spaces opened in February.
- **FreeParking programming** - funded by a grant from Ministry of Youth Development the programme supports youth recreation programmes on the youth spaces, for young people aged 12 to 20 years.
- **Treasure Rotorua Alcohol Harm reduction** - external funding granted to RDC, to commence six month project.
- **Good Health 2012** - directory of local health and social service providers was updated - available on RDC website.
- **Safe City Guardians** - Central city safety programme, approved for a further 12 months.
- **Magma Short Film Festival** - held at the Civic Theatre April 26-29.
- **NZ Music Month** - Auckland based musician and music manager Jan Hellriegel, Wellington based guitarist and pedal developer Ben Fulton, local percussionist Michael Barker, drummer Mickey Ututaonga and bassist Rob Patterson ran workshops for budding musicians at Rotorua Lakes High School. 15 students under 24 years of age participated.

Community Outcomes

Safe and Caring

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

Prosperous Economy

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

Excellent Facilities and Services

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

What it cost us

	2012 actual \$000	Annual Plan \$000	2011 actual \$000
Operating expenses			
Direct costs	2,753	2,718	2,464
Financial costs	61	67	39
Depreciation	1,020	845	841
Other*	-4	0	0
Total costs	3,830	3,630	3,344
Revenue			
Capital revenue	10	0	0
General rates	0	0	0
Fees and charges	868	849	814
Investment income	1	1	1
Subsidies and grants	219	44	238
Targeted Rates	0	0	0
Other Income*	0	0	0
Total revenue	1,098	894	1,053
Net cost of service	2,732	2,736	2,291
Capital costs			
Renewals	112	118	46
Growth	0	0	0
Backlog	0	0	0
Level of service	0	0	124
Total capital	112	118	170
Operational funding			
Net cost of service of general rate activities	2,732	2,736	2,291
Plus capital revenue	13	0	0
Less depreciation	-1,033	-845	-841
Depreciation funded by general rates	0	18	13
Add back half share roading depreciation	0	0	0
Self funding/DC reserve movements	-76	4	143
Operations funded by general rates	1,636	1,913	1,606
Capital funding			
Funding from depreciation (rates)	0	18	13
Loans from/(to) corporate fund	0	0	62
Capital grants	0	0	62
Development contributions	0	0	0
Reserves net	112	100	33
Asset sales	0	0	0
Total capital	112	118	170

* Non cash adjustments due to revaluation

Capital expenditure

	2012 actual \$000
Lucas Place flats upgrade	110
Rawhiti flats upgrade	2
	112

Variance from budget

- Direct costs are higher than budget due to City Safe Guardian personnel costs which are recovered through Ministry of Justice grants.
- Fees and charges are favourable compared to budget due to additional rental income from Community House and Community Halls.
- Subsidies and grants is favourable compared to budget due to additional funding from Creative NZ, Ministry of Justice, SportNZ, and the Ministries for Social and Youth Development for various projects.

How we performed

Level of Service	Performance measures	Target for 2011/12	Achievement	Comments
Directly and indirectly provide assistance to community groups to build their capacity and help them achieve their objectives.	Implement and maintain proposed safety initiatives.	Maintain WHO Safe Community designation. Maintain Safe Families and Crime Prevention Action Plans.	Achieved	Treasure Rotorua committee members have met monthly during 2011/12 year to plan and implement activities to maintain designation as a Safe Community. The Crime Prevention Plan was implemented through a variety of projects in the period 01.07.11-30.06.12. RDC representatives attended Rotorua Safer Families monthly meetings during 2011/12, and contributed to action plan activities.
	All rural and urban halls have a building warrant of fitness.	100%	Achieved	All warrants of fitness were renewed by June 2012.
	Community grants rounds are completed each year.	4	Achieved	Community grants rounds were undertaken as follows: Community Safety Fund – 31.10.11. Creative Communities – main round 15.04.11. Discretionary round 15.10.11. Community Asset Development Fund 24.02.11. Community Grants 02.06.12.
	Grants for services contracts are in place with local not-for-profit groups and annual accountability reports are completed.	8	9 (achieved)	Deliverables for 9 not-for-profit groups were negotiated by 14. 08.11. One group received only 3 of 4 payments due as unable to meet deliverables. Supported The Homeless Shelter however not ready to uplift grant by 30.6.12, no contract prepared. Accountability reports were completed by year end and received by 31.01.12 and 27.07.12.
	% of tenancy level in Community House.	98%	99.24% (achieved)	One office was empty for 61 days when RNZFB moved out and the new tenant was unable to move in immediately. Also rented out a previously unused storage cupboard.
Management of pensioner housing tenancies so that the account is self funding.	Rental income covers 100% of operational costs.	No cost to ratepayer	Achieved	Total operational costs (excluding depreciation) was \$639k while revenue was \$746k.
	% of unit occupancy.	95%	98.6% (achieved)	Occupancy 2.5% higher than in 2010/11 year.
	% of tenants rate overall satisfaction with their units as good/very good in two-yearly satisfaction surveys.	85%	86.2% (achieved)	Survey undertaken in August 2011 to fit in with Pensioner Housing service level review.
Ensure quality information on the social and cultural composition and trends of the community are available and used in the direction setting of Rotorua district.	Update Good Health, Social Monitor and youth services information annually.	100%	Achieved	Good Health 2012 published 17.07.12. Social Monitor 2011 released 13.03.12. Social Sector survey report 2011 released 17.02.12. Youth Services Directory provides for services listed in it to update their own details as required.



What we do

Collections/lending services

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

Kete Rotorua

This web-based facility provides a 'kete' (basket) for collecting images and information about Rotorua and its inhabitants both past and present. It is managed by the library and enables individuals, community groups and associations to share information.

Website

A new website was launched in 2011. This easy-to-use website (www.rotorualibrary.govt.nz) provides free access to the library's catalogue and a range of government, education and research databases, as well as the library's facebook and twitter pages.

Mobile Library/House Bound service

The mobile library travels to outlying areas of the district, to rural schools, retirement homes and other areas where location and transport is an issue. The housebound service delivers books and resources to members of the community who are restricted to their homes due to illness or disability. The books are selected by staff and delivered fortnightly by volunteer drivers.

Programmes/displays and exhibitions

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

- Rhyme 'n' Rumpus (twice a week)
- School holiday programmes
- Teens' programmes
- Author evenings (at least six times a year)
- Reading Round for adults (monthly)

Toi Tangata is a special exhibition area provided for local artists to display their work. There are also display cases and notice boards throughout the library to showcase community and national events.

Library mascot

The Library's mascot, Fletcher Tuatara, visits schools with staff to inform students about the library and encourages them to become members/users. All new entrants in the district's primary schools are invited to special library events throughout the year where they can join the library and receive a free book.

Why we do it

- To provide education, information, cultural and recreational resources and to minimise economic, social and cultural barriers to information access.
- To provide a repository for local history reflecting the community's culture and diversity, including special collections of New Zealand, Maori and Polynesian history, for future generations, and information and books in European, Asian and Pacific languages.

This year's highlights and achievements included:

- **Library website** - a new look library website was launched in October. The new format has made searching for library products and services much easier and has provided the library with more opportunities for marketing those services and products.
- **NZ book month** - the library hosted two authors - Paul Thomas, and Dame Anne Salmond, and

a presentation by a local police photographer of the book 'Christchurch 22.2: Beyond the Cordon'.

- **Friends of the Library** – funded the new signage on the Mobile Library \$5,630; shelving for TeenZown \$14,300; children's holiday programme \$1,500; and sponsorship for author visits \$650.
- **E-audio books**- Infoshare libraries purchased a selection of e-audio books as a co-operative venture. These are available online.
- **National film archive** – Medianet - Friends of the Library have sponsored the setting up of this programme. The films go back to around 1906 and make fascinating viewing. The database also includes old film and television advertising, including party political broadcasts, and as film is rescued and archived it will become available on the database.
- **Discover your library day** - the Library opened on Sunday 31 July, the first Sunday opening since the 1920s. This one-off Sunday opening, 10am – 4pm, was an opportunity for individuals and families to explore the Library. The day was run like any other opening day, but included special presentations and activities for all ages throughout the day. The day was hugely successful with more than 1,500 people participating.
- **Rotorua Business Community Services Award** - was won by the Library in July 2011.
- **North Island Children's and Teens Librarians Conference 2011** - the first of its kind in the North Island, held in Rotorua.

Community Outcomes

Excellent Facilities and Services

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

Living Maori Culture

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

Learning

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

Thriving

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

What it cost us

	2012 actual \$000	Annual Plan \$000	2011 actual \$000
Operating expenses			
Direct costs	2,904	3,004	2,925
Financial costs	203	226	182
Depreciation	853	903	782
Other*	41	0	0
Total costs	4,001	4,133	3,889
Revenue			
Capital revenue	10	14	39
General rates	0	0	0
Fees and charges	297	341	329
Investment income	0	0	0
Subsidies and grants	3	0	0
Targeted rates	0	0	0
Other income*	0	0	0
Total revenue	310	355	368
Net cost of service	3,691	3,778	3,521
Capital costs			
Renewals	488	509	352
Growth	0	0	29
Backlog	54	54	37
Level of service	0	0	0
Total capital	542	563	418
Operational funding			
Net cost of service of general rate activities	3,691	3,778	3,521
Plus capital revenue	10	14	39
Less depreciation	-894	-903	-782
Depreciation funded by general rates	488	509	352
Add back half share roading depreciation	0	0	0
Self funding/DC reserve movements	0	0	0
Operations funded by general rates	3,295	3,398	3,130
Capital funding			
Funding from depreciation (rates)	488	509	352
Loans from/(to) corporate fund	54	54	37
Capital grants	0	0	29
Development contributions	0	0	0
Reserves net	0	0	0
Asset sales	0	0	0
Total capital	542	563	418

* Non cash adjustments due to revaluation

Capital expenditure

	2012 actual \$000
Library asset replacement	1
New books	541
	542

Variance from budget

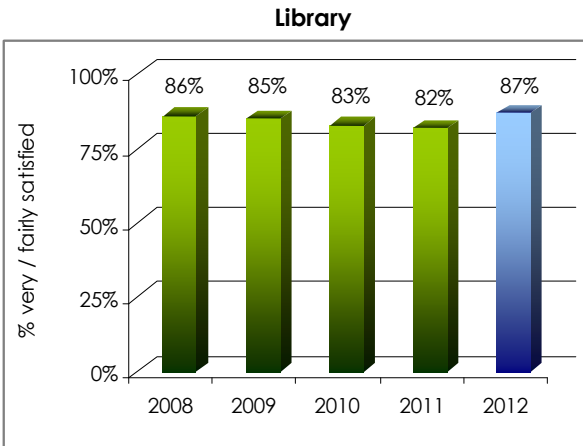
- Direct costs show savings in plant and building maintenance, cleaning, postage, freight charges and subscriptions.
- Fees and charges income is slightly lower than budget after an adjustment was made earlier in the year moving the income from rent for the third floor to internal recoveries.

How we performed

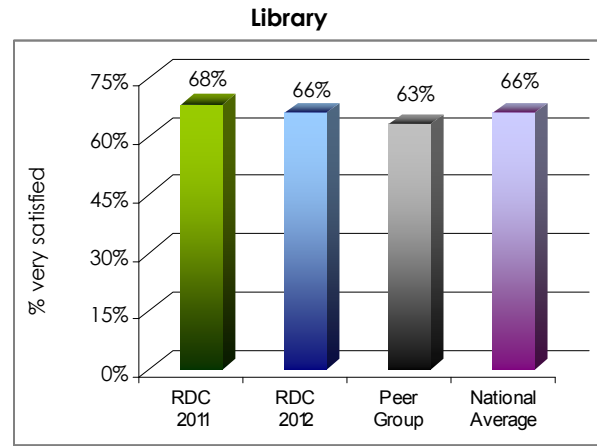
Level of service	Performance measures	Target for 2011/12	Achievement	Comments
Library readily accessible to residents and visitors and meets the needs of the community.	% of population are members of the library.	60%	59% (not achieved)	Memberships not used are regularly deleted and there were twice the number deleted this financial year – 2,279.
	% of households who have used the library in the last 12 months.	75%	76% (achieved)	
	Annual visits per capita.	5.5	5.58 per capita (achieved)	379,366 people visited the library and the mobile library. A further 97,289 visited the website.
	% of residents who are very/fairly satisfied with the level of service (as measured by community satisfaction survey).	86%	87% (achieved)	
Maintain a collection of local Maori and European print resources for reference and study.	% of published and unpublished print material reflecting Rotorua's heritage and culture purchased each year.	100%	Achieved	National Bibliography is regularly scanned to ensure these collections are maintained – all known sources of supply are checked for publications and any local material, self published or printed, is included.
Maintain collections of fiction and non fiction for information, education and recreation.	Average annual items issued per capita	11	10.37 (not achieved)	There were 705,726 items (10.37 per capita) issued for the year. Biggest downturn is in issues of rental fiction and could be reflection of the current economic climate.
	Number of items purchased p.a. per capita.	0.28	0.29 (achieved)	There was a total of 20,257 (0.29 per capita) purchased during 2011/12.
Provide events that reflect the art and cultural interest of the community with a specific focus on literacy.	Number of childrens programmes per year.	4 pa	Achieved	There were 4 childrens programmes held in July, September, December/ January and April.
	Number of teens' programmes per year.	3 pa	7 pa (achieved)	There were 7 teens' library programmes held during the year, including special ones for NZ Music Month and NZ Book Month.
	Number of 'toddler time' sessions per week during term time.	2 per week	Achieved	Rhyme 'n' Rumpus sessions were held 2 days each week throughout the year.
	Number of guest authors per year.	7 pa	Achieved	Dame Anne Salmond, Max Cryer, Paul Thomas, Paul Holmes, Stacy Gregg, Auntie Bea and Nick Voysey, police photographer involved with the creation of the book "22.2 Christchurch; Beyond the Cordon".

Community satisfaction survey

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



This graph shows the percentage of survey respondents very or fairly satisfied with this service over the last five years.



This graph shows the percentage of survey respondents "very" satisfied with this service over the last two years and compares it with our peer group and the national average for 2012.



Emergency Management



What we do

This activity covers Civil Defence and Rural Fire.

Civil Defence

The Civil Defence Emergency Management (CDEM) Act 2002 requires Rotorua District Council to be responsible for civil defence emergency management within its boundaries. Rotorua is a member of the Bay of Plenty (BOP) CDEM Group and is involved in strategic and operational planning for the region. A new BOP CDEM Group Plan has been prepared.

The local Rotorua District Council plan meets the obligations of the CDEM Act and is consistent with the BOP CDEM Group Plan. New Zealand has an integrated approach to CDEM, known as the '4Rs' i.e:

1. **Reduction** - Identifying and analysing long-term risks to human life and property from hazards; taking steps to eliminate these risks if practical, and, if not, reducing the magnitude of their impact and the likelihood of occurrence.
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** - Actions taken immediately before, during or directly after a civil defence emergency to save lives and protect property, and to help communities recover.
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 proposal for an Enlarged Rural Fire District for the Central North Island. The proposal was 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 the 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 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.

A proposal submitted for consultation recommended a hybrid structure. Submissions have been heard by the steering committee. More work is required on the details before a revised proposal referenced back to the New Zealand Fire Service for gazetting.

Why we do it

To support community wellbeing at a local, regional or national level through effective planning, training and education.

This year's highlights and achievements included:

- **Minister for Civil Defence Emergency Management** – Chris Tremaine visited Rotorua and made comment on us having some best practice initiatives as identified in the National Capability Assessment Report.
- **Promotion of civil defence** – a number of events attended to promote civil defence including the Tipu Ora Whanau Day at the Village Green and the Home & Garden Show. The Bay Trust Helicopter open day proved very popular and was the source of 10 new recruits to the Rotorua Emergency Response Team.
- **Local community response plans** – being developed by committees at Rotoma, Kaharoa, Hamurana, Rerewhakaaitu and Reporoa.

Community Outcomes

Safe and Caring - CDEM

- CDEM awareness is promoted throughout the community by talks/presentations to schools, early learning centres, community groups, businesses and other organisations
- Effective liaison is maintained with local emergency service personnel, including joint search and rescue activities. CDEM is a member of the Emergency Services Coordinating Committee
- CDEM is a member of the RDC Community Safety Forum, Treasure Rotorua Steering Committee, Emergency Services Coordinating Committee and Lakes DHB key stakeholder forum

Safe and Caring - Rural Fire

- By providing bylaws that protect people, property and the environment from fire
- By providing education around lighting fires in rural areas
- By communicating with the community on reporting of fires and the control of fire

What it cost us

	2012 actual \$000	Annual Plan \$000	2011 actual \$000
Operating expenses			
Direct costs	529	542	470
Financial costs	8	6	3
Depreciation	101	44	39
Other*	19	0	0
Total costs	657	592	512
Revenue			
Capital revenue	0	60	0
General rates	0	0	0
Fees and charges	2	0	1
Investment income	0	0	0
Subsidies and grants	16	6	7
Targeted rates	0	0	0
Other income*	0	0	0
Total revenue	18	66	8
Net cost of service	639	526	504
Capital costs			
Renewals	1	152	2
Growth	0	0	0
Backlog	0	0	0
Level of service	0	0	0
Total capital	1	152	2
Operational funding			
Net cost of service of general rate activities	639	526	504
Plus capital revenue	0	0	0
Less depreciation	-119	-44	-39
Depreciation funded by general rates	1	152	2
Add back half share roading depreciation	0	0	0
Self funding/DC reserve movements	0	0	0
Operations funded by general rates	521	634	467
Capital funding			
Funding from depreciation (rates)	1	74	2
Loans from/(to) corporate fund	0	0	0
Capital grants	0	78	0
Development contributions	0	0	0
Reserves net	0	0	0
Asset sales	0	0	0
Total capital	1	152	2

* Non cash adjustments due to revaluation

Capital expenditure

	2012 actual \$000
Printers	1
	1

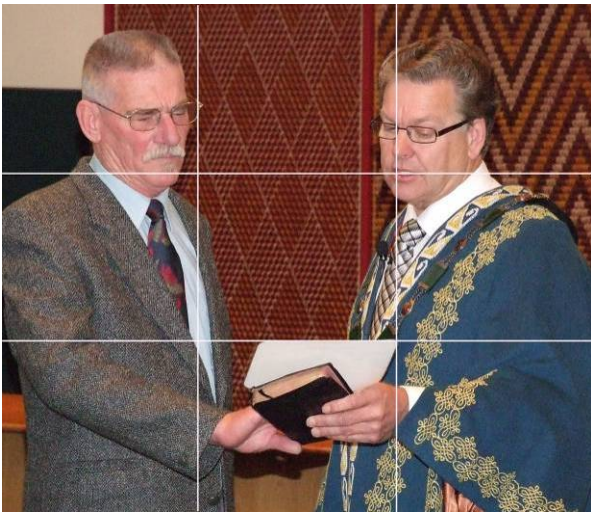
Variance from budget

- Direct costs are lower than budget due to consultation fees and travel not being required. This is associated with a lower level of regional activities.
- Subsidies and grants are favourable compared to budget due to a higher level of subsidy received.

How we performed

Level of Service	Performance measures	Target for 2011/12	Achievement	Comments
Reduction Reduce the long-term risk to human life or property arising from all hazards.	% of hazard maps reviewed, and changes to the hazardscape recorded and updated annually.	100%	Achieved with review of District Plan	All hazard maps reviewed by GNS and published in District Plan.
Readiness Training and resources in place (plans, training exercises, standard operating procedures (SOPs) and equipment or access to them).	Number of locally run exercises each year (desk top and full mobilisation of local EOC).	1 desk top exercise 1 exercise involving the full mobilisation of local emergency operations centre	Not achieved in entirety	Desk top exercises have taken place including an exercise with the full Incident Management Team. Full mobilisation has not occurred due to the delay in receiving the national EMIS programme and structure review both at local and regional level. A date has been set (26 Sept) for a full mobilisation.
Response Action immediately before, during or directly after an emergency that can save lives, minimise property damage, or improve recovery.	Availability of Emergency Management Coordinator or acting EMC.	100%	Achieved	EMC and alternate available to cover 24/7.
	Current database of trained personnel.	100%	Achieved	Trained staff recorded through HR and volunteers through the Emergency Management office.
Recovery Training and resources/contacts in place (plans, training exercises, SOPs) to recover.	% of plans/strategies are current and approved by Bay of Plenty CDEM Group.	100%	Not achieved	All plans are to be consistent with Group Plans and there have been notable delays in the review of these documents. However existing RDC plans are still accepted as current until reviewed with any necessary amendments made.
Rural Fire Protection of people, property and the environment from the hazards of fire by prevention, suppression and control in rural areas.	Rural Fire forces trained and equipped.	100%	Achieved	Forced trained to minimum standard.
	Database of current fire permits kept up to date.	100%	Achieved	Database kept up to date – 352 permits issued since start of fire season.
	Fire plan updated and certified annually.	By 1 October each year	Achieved	Fire plan updated.

Governance and Strategic Direction



What we do

This activity covers a range of specific functions and is also the home of corporate leadership, planning and the technical and administrative support for Council's many services. The focus areas include:

- Chief Executive Group
- Corporate Planning and Support
- Corporate Property
- Customer Centre
- Democracy
- Financial Services
- Human Resources
- Information Services
- Kaupapa Maori
- Land Information Services
- Procurement and Sustainability
- Records

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 Maori and promote awareness and understanding of Maori culture and protocols.
- Facilitate communication with Maori 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 Maori.
- 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 and with adequate probity.

Why we do it

To provide the organisation and community with inspiring, competent leadership and direction; to ensure public awareness of and engagement in the council's decision making processes; and to provide high quality governance, technical and administrative advice and support to elected members and staff.

This year's highlights and achievements included:

- **Overseas delegations** – hosted 75 delegations, up from 33 the year prior.
- **Long-term Plan** – council adopted its Long-term Plan 2012-2022. 443 written submissions were received of which 86 submitters were heard. Following changes made to Draft Long-term Plan the final still maintained a 2.9% average rate increase. The Long-term Plan received a clear audit report from Audit New Zealand.
- **By-election** – following a Councillor resignation a by-election to elect incoming Councillor Merepeka Raukawa Tait was successfully undertaken.
- **Iwi Partners MOUs** – following signing of these co-ordination and facilitation of the MOUs by way of hui to continue dialogue between the groups and RDC and to honour the intent of the MOUs.
- **Kaupapa Maori representation** – actively involved/represented or facilitated in a number of events representing Council and the Rotorua District including: opening of Don Stafford Wing of the Rotorua Museum, opening of No 1 Queen Street, Auckland, opening of Rugby World Cup in Rotorua, the relocation of Pukaki to the Rotorua Museum to name but a few.

- **Lean Thinking** – adopted a model of Lean Thinking to improve upon customer services and for obtaining and recognize savings by way of identifying and eliminating waste within processes.
- **All of Government procurement contracts** - council is actively procuring products and services under this arrangement since central government opened up this opportunity to local government earlier last year. Savings are being achieved under the contracts for vehicles; office supplies; computers, air travel and multi function devices and printers. This has equated to \$270,000 in net savings this year.

Community Outcomes

Visionary Community Leadership

- By informing the community via Annual Plan, Long-term Plan, District News etc on developments and ideas that may lead to the district's future
- By going out to community groups, ratepayer associations etc to inform and engage with the community on topical issues.

Living Maori Culture

- By making decisions that respond to or plan for current and future community needs.
- By increasing the organisation's capacity to consult, inform and respond to concerns raised by Maori.
- By undertaking the role of caretaker for many of the district's resources, for today's and future generations.

What it cost us

	2012 actual \$000	Annual Plan \$000	2011 actual \$000
Operating expenses			
Direct costs	2,597	2,688	2,562
Financial costs	224	19	466
Depreciation	2,073	2,167	2,483
Other*	1,022	0	-63
Total costs	5,916	4,874	5,448
Revenue			
Capital revenue	0	0	0
General rates	0	0	0
Fees and charges	968	905	1,021
Investment income	71	0	78
Subsidies and grants	23	100	4
Targeted rates	47	50	42
Other income*	0	6	1
Total revenue	1,109	1,061	1,146
Net cost of service	4,807	3,813	4,302
Capital costs			
Renewals	1,021	1,182	422
Growth	20	11	641
Backlog	0	0	0
Level of service	1,757	1,015	1,704
Total capital	2,798	2,208	2,767
Operational funding			
Net cost of service of general rate activities	4,807	3,813	4,302
Plus capital revenue	0	0	0
Less depreciation	-2,611	-2,167	-2,559
Depreciation funded by general rates	1,021	1,182	422
Add back half share roading depreciation	0	0	0
Self funding/DC reserve movements	0	0	0
Operations funded by general rates	3,217	2,828	2,165
Capital funding			
Funding from depreciation (rates)	1,021	1,182	422
Loans from/(to) corporate fund	1,757	1,015	2,346
Capital grants	20	11	0
Development contributions	0	0	0
Reserves net	0	0	0
Asset sales	0	0	0
Total capital	2,798	2,208	2,768

* Non cash adjustments due to revaluation

Capital expenditure

	2012 actual \$000
Photocopier	3
Contract management	53
e-services	80
Hansen 8	33
HR system	13
Library website redevelopment	2
New system	18
RDC website	130
Software development Ozone	14
Imaging	106
Orthophotography	85
Core hardware replacements	395
Desktop replacement	23
Hardware new	59
Hardware replacement	29
Network new	3
Network replacement	3
Server replacement	7
Services new	1
Software replacement	1
Storage new	22
Civic building renewal	21
Electrical	33
Floor coverings	12
Land purchases	1,626
Mechanical plant	26
	2,798

Variance from budget

- Direct costs are favourable to budget due to the disestablishment of the Business Partnerships Manager role but overspent in services received as a result of holding a by-election; costs related to the Pressure on the Lakes survey, audit fees for the Long-term Plan 2012-2022, software maintenance costs and unexpected building maintenance.
- Fees and charges are favourable to budget. The Increase in revenue is due to a higher than budgeted recovery from Land Information NZ and related legal costs, rent reviews on a number of commercial leases and new rental income from the acquisition of new properties.
- The increase in Investment income relates to unbudgeted finance income.
- Other income relates to non cash asset adjustment entries.

How we performed

Level of service	Performance measures	Target for 2011/12	Achievement	Comments
Governance, Leadership and Decision making.	% of residents satisfied with Council's decisions and actions ¹ .	73%	66% (not achieved)	
	% of residents rate level of council information to be sufficient ¹ .	65%	64% (not achieved)	
	Triennial election held without successful appeal.	N/A	N/A	
	Review options for local government in Rotorua district.	N/A	N/A	
Encourage the preservation and sustainable development of Maori resources.	Provide funding and assistance for the preparation of Mana Whenua plans.	1 Mana Whenua plan is produced for the year	Not achieved	6 applications received. Plans still in progress.
Foster partnership between Council and Maori on matters of mutual interest.	Hold a workshop between Maori and Council to discuss matters of mutual interest.	1 workshop per year	Achieved	2 workshops held.

¹ As measured by annual community satisfaction survey

Economic and Regulatory Services Group

Contribution to outcomes		Community Outcomes								
		Visionary Community Leadership	Safe and caring	Prosperous economy	Environment	Excellent facilities and services	Living Maori culture	Thriving	Healthy	Learning
Page	Activities within this group									
42	Animal Control		✓	✓		✓			✓	
45	Building Services		✓			✓				
48	City Services Operations		✓	✓	✓	✓		✓		
52	Economic Development		✓	✓	✓	✓		✓		
54	Environmental Planning Implementation			✓	✓		✓			
57	Environmental Planning Policy			✓	✓		✓			
59	Events and Venues			✓		✓				
62	Inspection		✓			✓			✓	
66	Parking Enforcement		✓			✓				
68	Rotorua Museum			✓		✓	✓	✓		✓
73	Tourism		✓	✓	✓	✓		✓		

Overview of group

The Economic and Regulatory Services Group underpins Council's refreshed focus on a 'whole of council' approach to sustainable economic growth positioning itself in the best position possible to fulfil its critical role as one of the major influencers of Rotorua's sustainable economic growth environment.

Significant emphasis, through the economic and regulatory activities is being placed on Rotorua District Council contributing to the roles identified in the Rotorua Sustainable Economic Growth Strategy.

At a high level, Rotorua District Council's role is focussed in four main areas:

1. Setting a clear sustainable economic growth strategic direction;
2. Creating an enabling regulatory policy environment that takes a sustainable approach to the management of the district's physical and natural environment while supporting the strategic direction;
3. Investing in Infrastructure and services that support the development of the strategic direction;

4. Backing this approach with a customer friendly, can-do approach to delivery of services related to the strategic direction.

The Economic and Regulatory Services Group contributes to Rotorua District Council's role through the following key areas:

- Alignment of regulatory and land-use planning policy with the sustainable growth strategy of the district.
- Creation of an enabling regulatory function with a focus on an effective, efficient and customer-friendly can-do approach to doing business.
- Promotion of the destination as a great place to visit, live, work, invest and do business.
- Committing resources to sustainable economic growth initiatives in areas where Rotorua has a sustainable competitive advantage and where Rotorua District Council can genuinely influence outcomes in a manner that will complement and/or stimulate private sector investment opportunities.
- A set of integrated CBD focussed actions and investments designed to contribute to the vision of "creating a public space where residents and visitors can enjoy recreation, outdoor

dining, retailing and entertainment activities within a safe and attractive setting."

- Provision of high quality conference and event facilities and management services for the Rotorua community which support endeavours to attract large, high-yield local, regional, national and international events and conferences.
- Provision of a world class museum experience.
- Reducing the net cost to the ratepayer of those functions that can operate on a more commercially sustainable basis.
- Leading in aligning local sustainable economic growth plans and initiatives with key players at the regional and national level.
- Supporting the efforts of external sector focussed entities charged with assisting in the creation of a sustainable economic growth environment including the Rotorua Tourism Committee and the economic development council controlled organisation (CCO.)

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

- Building Services
- Economic Development (Economic Projects, City Services, Destination Marketing, Travel Office)
- Planning Services
- Regulatory Services; (Parking Enforcement, Health Inspection including noise, liquor licensing and Animal Control)
- Events & Venues
- Rotorua Museum - Te Whare Taonga o Te Arawa

Issues/risks/negative impacts

Potential negative effects associated with undertaking the activities within this group have been assessed and it is believed that there has been no impact to the social, cultural, environmental and economic well-being of the community/district during the year. potential effects were reviewed in preparing the Long-term Plan. these will be monitored and reported upon in future annual reports.

Performance targets

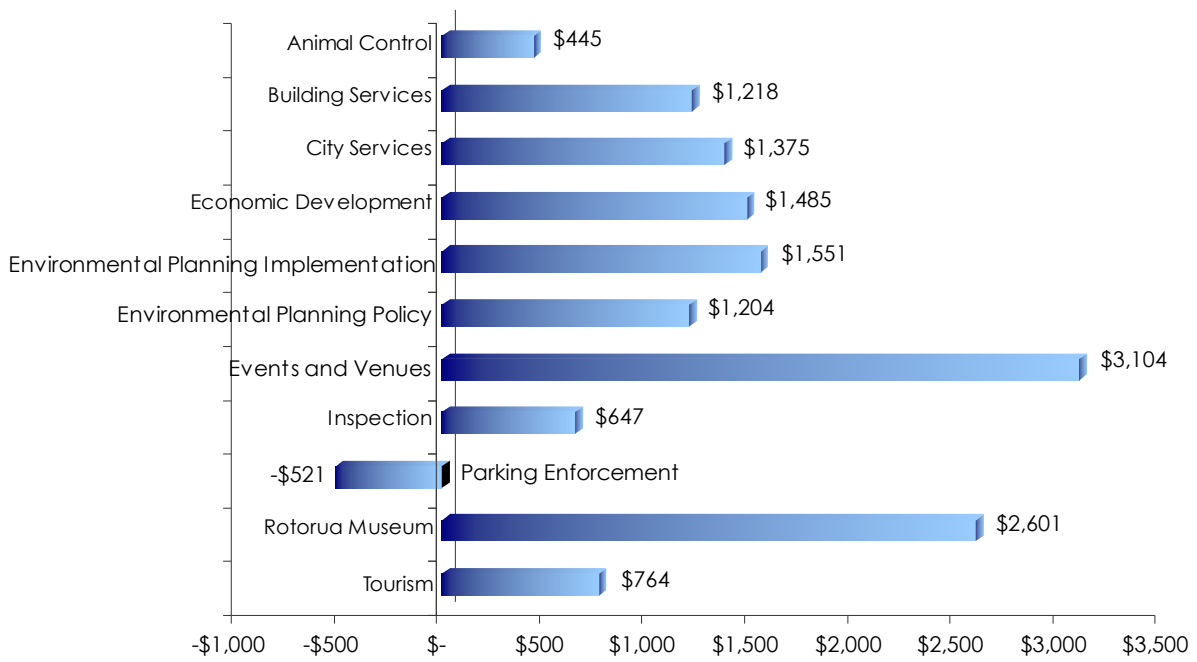
	Targets	Achieved	Not measured	Not achieved
Animal Control	3	3	-	-
Building Services	5	4	-	1
City Services Operations	4	4	-	-
Economic Development	6	2	3	1
Environmental Planning Implementation	9	8	-	1
Environmental Planning Policy	6	5	-	1
Events and Venues	7	7	-	-
Inspection	8	6	-	2
Parking Enforcement	2	2	-	-
Rotorua Museum	9	9	-	-
Tourism	9	5	2	2
Total	68	55	5	8

Targets not measured in the Economic Development activity are due to the projects/programmes being discontinued. In Tourism two targets are no longer measured due to Tourism New Zealand no longer reporting some statistics and the disestablishment of the Tourism Advisory Board.

Targets not achieved in Inspection are a result of complaints that were not responded to within one working day. Economic Development and Tourism targets not achieved are attributed to a decline in international visitor activity as a result of the Christchurch earthquake and the continued economic downturn.

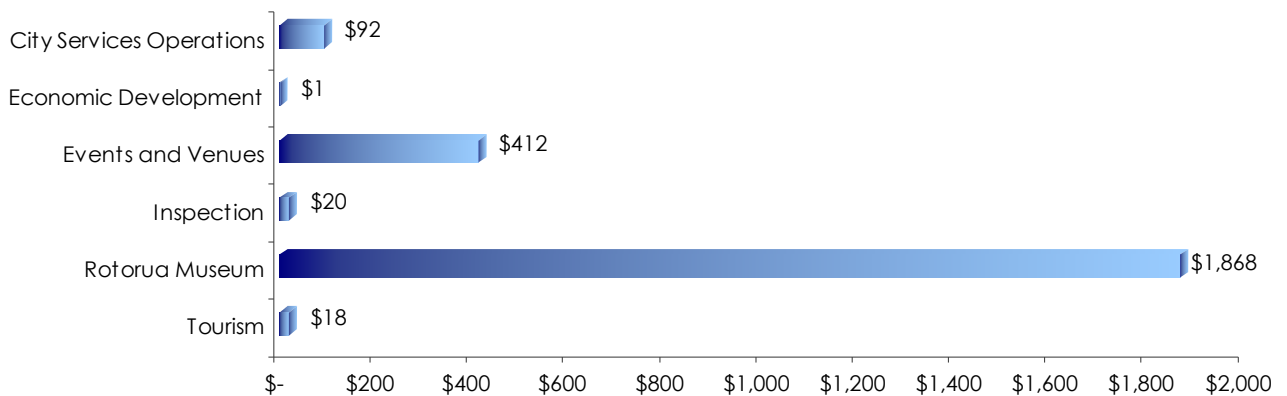
Net cost of service

\$ in thousands



Capital expenditure

\$ in thousands



Animal Control



What we do

- Register dogs in the district.
- 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 (1,900 dogs impounded each year; 800 dogs euthanised each year).
- 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.

Control function

This involves registration of dogs, investigation and resolution of nuisance complaints, inspection of kennelling standards and the development and implementation of a council policy on dogs.

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

Pound keeping function

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

Stray stock are impounded so they do not continue to be a nuisance or a public safety risk on roads and other public places. They are kept and fed until returned to owners, or disposed of by public auction.

Why we do it

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

This year's highlights and achievements included:

- **Dogs on-line** – successfully launched on 1 June. Dogs on-line will mean a more user friendly and accessible way to register dogs, saving dog owners time and the inconvenience of having to come into council. With microchipping of dogs, dog owners will be reunited with their dogs quicker should they go missing.
- **Microchipped dogs** - 411 dogs were microchipped at the pound during the period.
- **Registered dogs** - 10,833 dogs were registered to the end of the reporting period. This figure represents an increase of 439 registered dogs compared with the previous year.

Community Outcomes

Safe and Caring

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

Environment

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

What it cost us

	2012 actual \$000	Annual Plan \$000	2011 actual \$000
Operating expenses			
Direct costs	1,084	1,035	858
Financial costs	1	1	0
Depreciation	4	4	6
Other*	0	0	2
Total costs	1,089	1,040	866
Revenue			
Capital revenue	0	0	0
General rates	0	0	0
Fees and charges	644	633	560
Investment income	0	0	0
Subsidies and grants	0	0	0
Targeted rates	0	0	0
Other income*	0	0	0
Total revenue	644	633	560
Net cost of service	445	407	306
Operational funding			
Net cost of service of general rate activities	445	407	306
Plus capital revenue	0	0	0
Less depreciation	-4	-4	-7
Depreciation funded by general rates	0	0	0
Add back half share roading depreciation	0	0	0
Self funding/DC reserve movements	0	0	0
Operations funded by general rates	441	403	299

* Non cash adjustments due to revaluation

How we performed

Level of Service	Performance measures	Target for 2011/12	Achievement	Comments
Provide a dog registration service.	% of known dogs registered by 30 June (measured by monitoring and auditing of registration data).	> 97.5%	99% (achieved)	10,833 out of 10,983 dogs registered. Significant promotion was undertaken about registering dogs. This promotional work will be continued in following years.
Ensure dog complaints are actioned.	% of complaints responded to within 1½ working days (measured by monitoring and auditing of complaints register).	100%	100% (achieved)	4443 / 4443 complaints responded to within 1½ working days.
Ensure stock complaints are actioned.	% of complaints about wandering stock responded to immediately (measured by monitoring and auditing of complaints register).	100%	100% (achieved)	257 / 257 complaints responded to immediately.

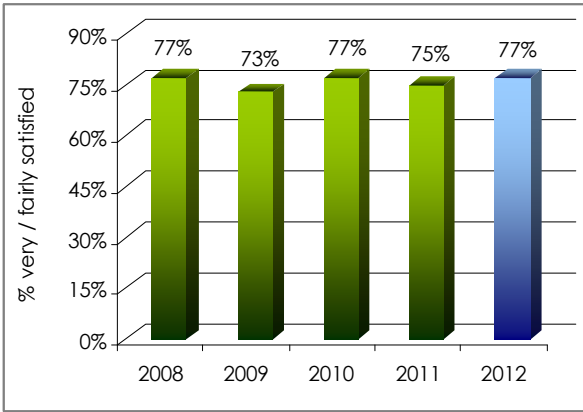
Variance from budget

- Direct costs are higher than budget due to increased costs for collars and tags, levies and Court filing fees.
- Fees and charges are favourable to budget due to more dog registrations and microchip fees.

Community satisfaction survey

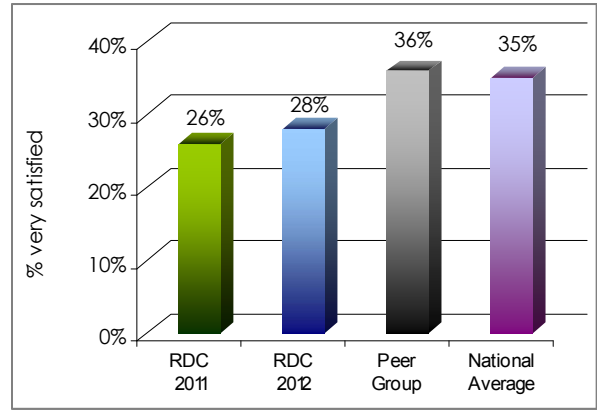
The graphs below have been prepared from the annual Community Satisfaction Survey.

Dog control



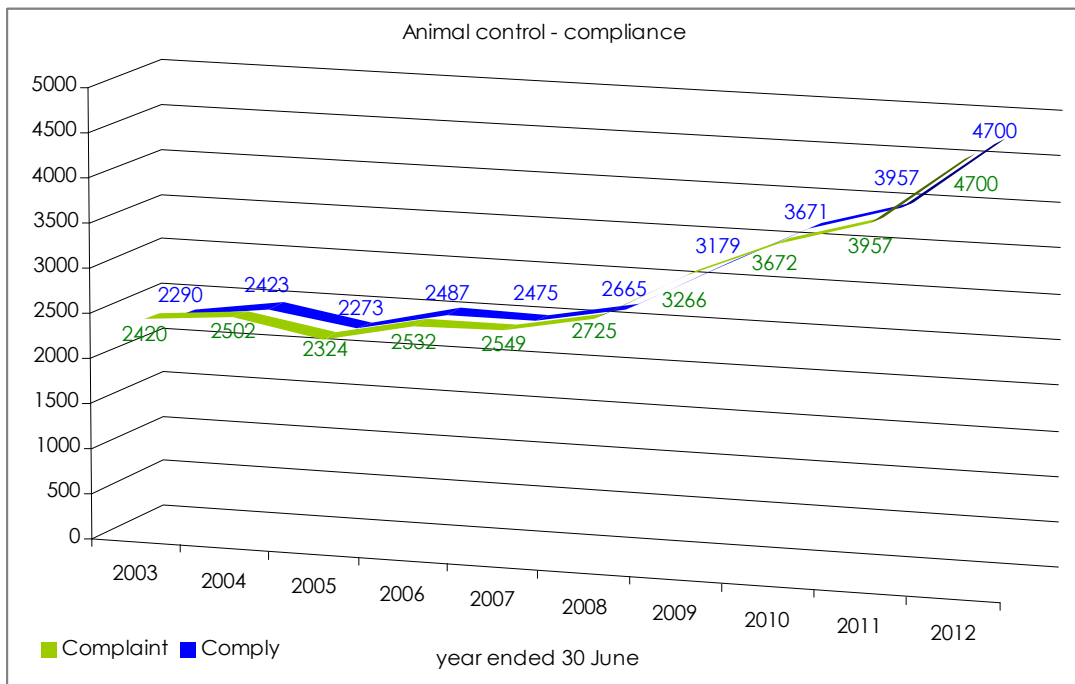
This graph shows the percentage of survey respondents very or fairly satisfied with this service over the last five years.

Dog control



This graph shows the percentage of survey respondents "very" satisfied with this service over the last two years and compares it with our peer group and the national average for 2012.

Other indicators





What we do

This activity administers the Building Act and Fencing of Swimming Pools Act. The activity includes:

- Processing Project Information Memoranda (PIMs).
- Processing building consent applications, assessing against the Building Code.
- 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.

Why we do it

To promote community safety in and around buildings and to provide information to people planning to build on or purchase a property.

This year's highlights and achievements included:

- **Building consents** – There were 1691 building consents issued and 111 amendments to consents in the 12 month period. Approval of building consents were achieved in a timely manner with;
 - 66% of building consents were issued within 5 days compared to 63% the previous year.
 - 77% of building consents were issued within 10 days compared to 72% the previous year.
 - 92% of building consents were issued within 15 days compared to 88% the previous year.
- **Code compliance certificates** - There were 1945 code compliance certificates issued for the same 12 month period. Approval of code compliance certificates were achieved in a timely manner with;
 - 86% of code compliance certificates were issued within 5 days.
 - 95% of code compliance certificates were issued within 10 days.
 - 98% of code compliance certificates were issued within 15 days.
- **Historical building consent reduction project** - In the three month period this project has been running the number of historical building consents without code compliance certificates pre July 2007 has reduced by 108 (9%) in number to a total of 1094. This in turn has reduced the risk profile associated with these older building consents and has provided closure for building owners who may have been disadvantaged without final sign off by Council.

Community Outcomes

Safe and Caring

- By undertaking routine inspections to ensure that construction of buildings is meeting all aspects of the building code
- By staying up to date of changing legislation and best practise within the building industry
- Able to respond and adapt quickly to changes in building code legislation and best practice

What it cost us

	2012 actual \$000	Annual Plan \$000	2011 actual \$000
Operating expenses			
Direct costs	2,711	2,102	2,096
Financial costs	0	1	0
Depreciation	0	7	9
Other*	13	0	0
Total costs	2,724	2,110	2,105
Revenue			
Capital revenue	0	0	0
General rates	0	0	0
Fees and charges	1,506	1,891	1,790
Investment income	0	0	0
Subsidies and grants	0	0	0
Targeted rates	0	0	0
Other income*	0	0	0
Total revenue	1,506	1,891	1,790
Net cost of service	1,218	219	315
Operational funding			
Net cost of service of general rate activities	1,218	219	315
Plus capital revenue	0	0	0
Less depreciation	-13	-7	-9
Depreciation funded by general rates	0	0	0
Add back half share roading depreciation	0	0	0
Self funding/DC reserve movements	0	0	0
Operations funded by general rates	1,205	212	306

* Non cash adjustments due to revaluation

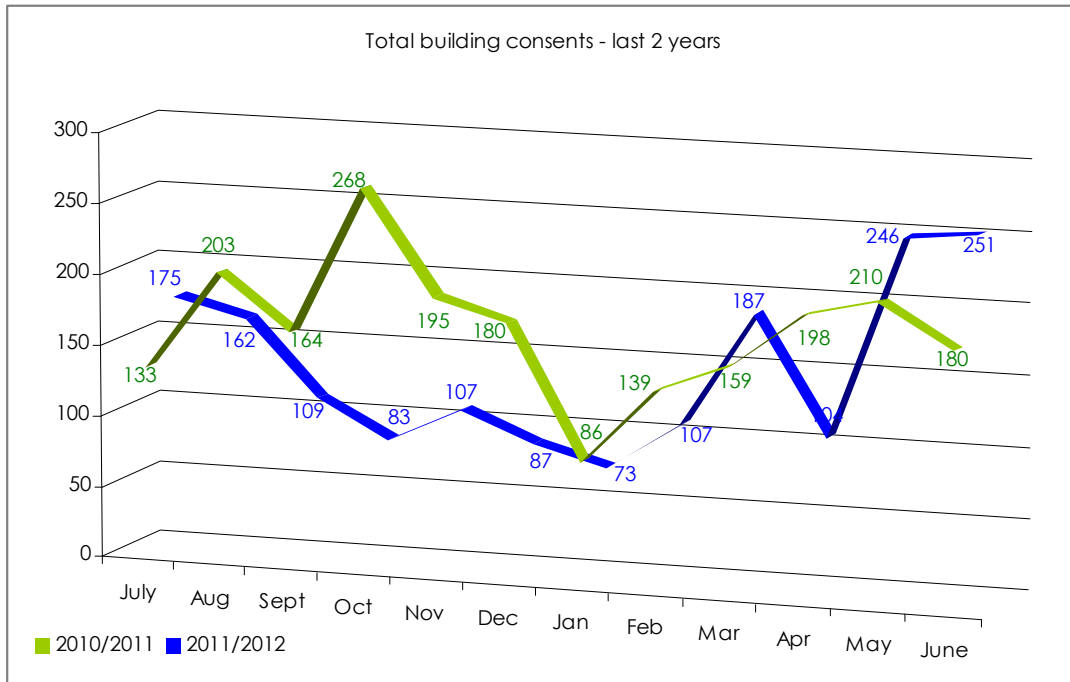
Variance from budget

- Direct costs are unfavourable compared to budget due to an increase in consultant costs to review building consents and provide advice on leaky building claims.
- Other costs refer to non cash asset adjustment entries.
- Fees and charges are unfavourable to budget due to building consents and inspection fees down due to the current economic situation.

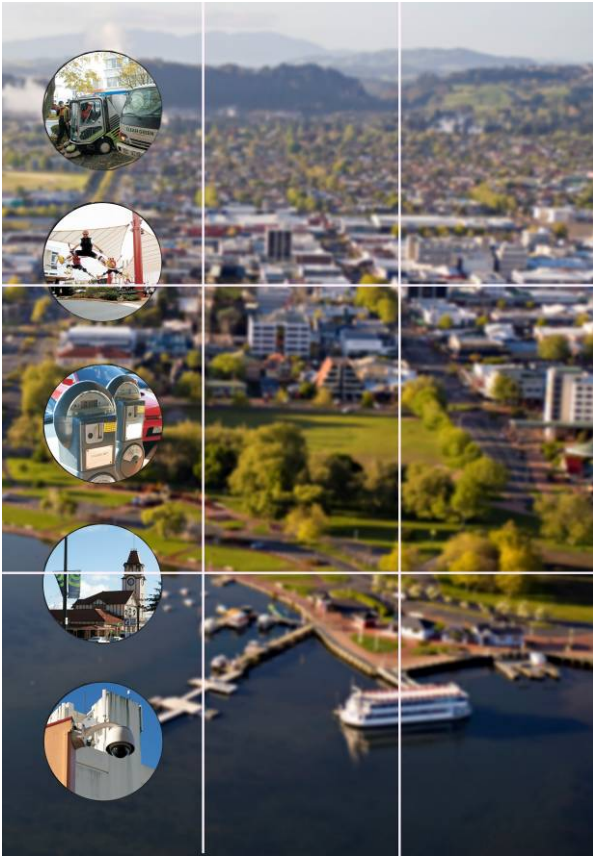
How we performed

Level of Service	Performance measures	Target for 2011/12	Achievement	Comments
Buildings are constructed and maintained so people can use them safely.	% of PIMs, building consents processed within 19 working days.	96%	98.2% issued (achieved)	Achieved with a reduction in resources.
	% of inspections undertaken within 72 hours.	100%	99.99% (not achieved)	Resource reduction beyond control in a one week period.
	Accredited system under the Building Act 2004 is maintained after bi-annual audits.	100%	100% (achieved)	Accreditation renewed May 2011.
	% of buildings with Building Warrants of Fitness audited annually.	> 25%	25.2% (achieved)	Premises audited under risk based policy.
	% of complaints investigated within 72 hours.	100%	100% (achieved)	12.89 hours average with a maximum of 48 hours.

Building consent levels



City Services Operations



What we do

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

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

Locations and properties managed or maintained include:

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

Activities and services provided or supported include:

- Issue of permits for busking, street entertaining, sausage sizzles and cake/food stalls in the city centre
- Review of art in public places
- Review and comment on street openings in city centre
- Review and comment on road closures in city centre
- Crime prevention camera network
- Community policing and information centre
- Organising juvenile offenders' community work for Child, Youth and Family, and Department of Corrections
- Resident and visitor assistance and direction
- Facilitation and promotion of city events
- Street banners, flags, and decorative lighting features
- Promotion of city and district
- Review and comment on all city centre resource consent applications
- Membership of Keep Rotorua Beautiful Committee
- Giant chess game
- Rotary time capsule (25 year uplift in 2028)
- Management and co-ordination of volunteer workers
- Spirit of Rotorua suggestions
- Advice on application of legislation

It also involves management of a range of:

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

Why we do it

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

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

This year's highlights and achievements included:

- **City centre events** – a total of 385 this year due in part to the extra events staged around the Rugby World Cup.
- **Resident satisfaction** – 97% of residents are satisfied with the appearance and cleanliness of the CDB.

Community Outcomes

Safe and Caring

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

Environment

- By removing tagging by 7.30 am daily.
- By ensuring the central city area is always clean and tidy.

Excellent Facilities and Services

- By ensuring ease of getting from place to place.
- By providing a good quality infrastructure for now and the future.
- By maintaining public conveniences to a very high standard of upkeep and cleanliness.

Thriving

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

Variance from budget

- Direct costs are favourable due to savings on street cleaning. Over runs in property maintenance for public conveniences has been offset by cost savings in other areas such as property maintenance for the car park building.
- Fees and charges for off street parking where less than anticipated due to a decrease in visitors to the city centre, relocation of retail to the central mall and more people using public transport.

Capital expenditure

	2012 actual \$000
Parking meter acquisition	35
Security CCTV cameras	57
	92

What it cost us

	2012 actual \$000	Annual Plan \$000	2011 actual \$000
Operating expenses			
Direct costs	2,463	2,741	2,690
Financial costs	66	66	63
Depreciation	289	268	237
Other*	5	0	0
Total costs	2,823	3,075	2,990
Revenue			
Capital revenue	0	0	0
General rates	0	0	0
Fees and charges	1,448	1,545	1,335
Investment income	0	0	0
Subsidies and grants	0	0	0
Targeted rates	0	0	0
Other income*	0	0	0
Total revenue	1,448	1,545	1,335
Net cost of service	1,375	1,530	1,655
Capital costs			
Renewals	92	116	55
Growth	0	0	0
Backlog	0	0	0
Level of service	0	0	0
Total capital	92	116	55
Operational funding			
Net cost of service of general rate activities	1,375	1,530	1,655
Plus capital revenue	0	0	0
Less depreciation	-295	-268	-237
Depreciation funded by general rates	92	116	54
Add back half share roading depreciation	0	0	0
Self funding/DC reserve movements	0	0	0
Operations funded by general rates	1,172	1,378	1,472
Capital funding			
Funding from depreciation (rates)	92	116	55
Loans from/(to) corporate fund	0	0	0
Capital grants	0	0	0
Development contributions	0	0	0
Reserves net	0	0	0
Asset sales	0	0	0
Total capital	92	116	55

* Non cash adjustments due to revaluation

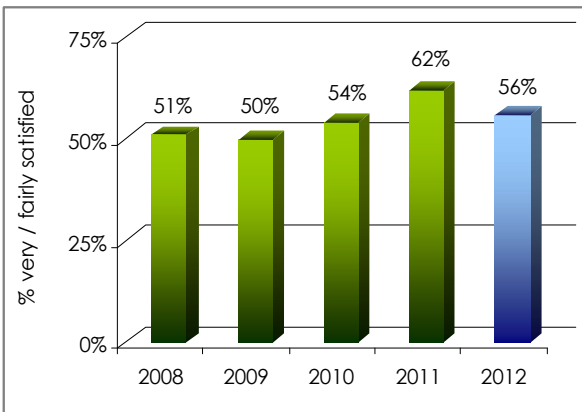
How we performed

Level of Service	Performance measures	Target for 2011/12	Achievement	Comments
Provide a high standard of CBD cleaning and maintenance.	% of residents that are satisfied with appearance and cleanliness of CBD (as measured by periodic survey).	95%	97% (achieved)	Level of service review for new contract 2012/13.
Car parking availability in CBD is managed to the satisfaction of users.	% satisfied with parking in the CBD (as measured by periodic survey).	70%	70% (achieved)	Introduction of performance based parking management in July 2011.
Provision of public toilets in the CBD that meets the expectation of users.	% satisfied with public toilets (as measured by periodic survey).	60%	56% (not achieved)	Review of public toilet facilities underway for 2012/13.
Facilitating events at the city centre which contribute to the vibrancy of the city.	Number of events held in the city centre annually.	> 350 events .	385 events (achieved)	Major increase in events in the City Centre entirely due to Rugby World Cup in August/September/ October 2011.

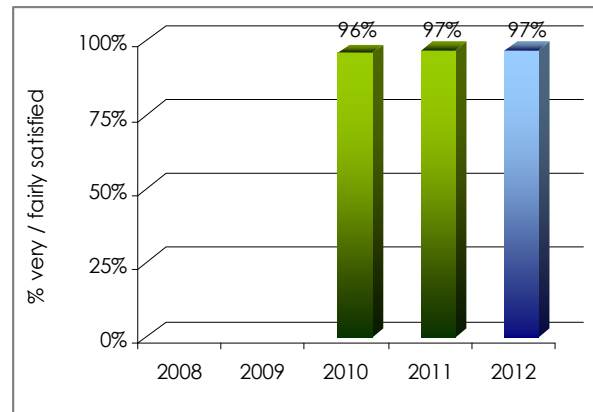
Community satisfaction survey

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

Public toilets

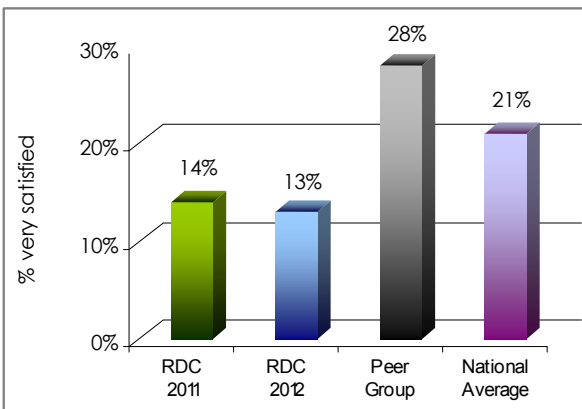


City centre cleanliness

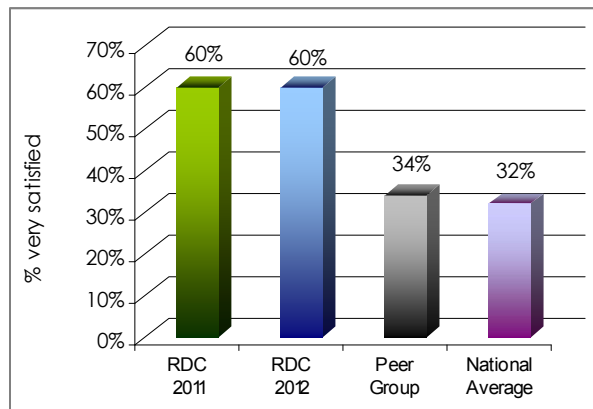


These graphs show the percentage of survey respondents very or fairly satisfied with these services.

Public toilets



City centre cleanliness



These graphs show the percentage of survey respondents "very" satisfied with these services over the last two years and compares it with our peer group and the national average for 2012.

Economic Development



What we do

Information Provision

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

Facilitation

- Facilitating private sector access to economic and business development initiatives, networks, funding programs and activity within Rotorua, such as NZTE.
- Working with the key economic sector groups to develop an environment that will stimulate growth.
- Building partnerships between key local, regional and central government agencies, Iwi and the Rotorua business community ensuring that the private sector has input into council business and economic development related issues.
- Partnering with local business to develop sustainable competitive advantage.
- Facilitating the attraction of residents, business and investors to Rotorua.
- Providing an integrated response across council to assist and enhance development opportunities.
- Implementation of the Urban Design Framework.

- Ensuring connectivity and partnerships with Iwi are strong.

Marketing

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

Project management

- Support implementation of the new economic strategy and the framework for growth.
- Young Enterprise Scheme.
- Lead agency for Settlement Support Programme.
- Marketing Rotorua's inherent benefits to both prospective migrants and industry through Destination Rotorua Marketing.
- Central film initiative/cluster programme. Promoting and facilitating Rotorua as a world class film destination through working closely with Film New Zealand and location scouts.
- Rotorua CBD Retail Strategy.
- Urban Design Framework Implementation Programme.
- Facilitating the opening up of strategically sustainable industrial land in Rotorua District.
- International relations and Sister City opportunities, including Nanjing Rotorua Town.
- Grow Rotorua Fund.
- National Cycle way and Cycling Centre of Excellence.

Why we do it

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

This year's highlights and achievements included:

- **New strategy** - adoption of the Rotorua Sustainable Economic Growth Strategy
- **CCO creation** - approval granted by Council to establish a Council Controlled Organisation to steer and implement the outcomes of the Rotorua Sustainable Economic Growth Strategy
- **Employment** - BERL revealed that in 2011 Rotorua had the second fastest employment growth in the country and had the fourth fastest

employment growth of all 66 local authority areas.

- **Economic performance** – Rotorua experienced the seventh biggest gain in overall economic performance out of all New Zealand local authorities, jumping 20 places to 37th in the country.
- **Eat Street design project** - Work with APR Architects is well underway with the future design of Eat Street. A Project Reference Group, including staff from across Council departments, building owners and business owners have been meeting to oversee progress and provide feedback to the architects.

Community Outcomes

Safe and Caring

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

Environment

- Promoting sustainable business practices.

Healthy

- Assisting agencies and Council in development of programmes/collateral to encourage healthy activities and community well-being.

Prosperous Economy

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

Excellent Facilities and Services

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

Learning

- By supporting the Chamber of Commerce's Regional Partners program and promoting and supporting the Business mentors program in our region.

Thriving

- By taking a lead role with Shop Rotorua and CBD revitalisation.
- By encouraging migrant community participation.
- By taking a lead role in the Forest Industries Expo.

- Partnerships (Heart of Tutanekai Street, Night Market, Eat Street)

What it cost us

	2012 actual \$000	Annual Plan \$000	2011 actual \$000
Operating expenses			
Direct costs	3,659	2,124	2,691
Financial costs	0	2	0
Depreciation	6	19	20
Other*	106	0	0
Total costs	3,771	2,145	2,711
Revenue			
Capital revenue	0	11	1
General rates	0	0	0
Fees and charges	551	306	167
Investment income	5	0	0
Subsidies and grants	211	177	153
Targeted rates	1,519	1,514	784
Other income*	0	0	0
Total revenue	2,286	2,008	1,105
Net cost of service	1,485	137	1,606
Capital costs			
Renewals	0	0	0
Growth	-1	1,800	0
Backlog	0	0	0
Level of service	2	0	0
Total capital	1	1,800	0
Operational funding			
Net cost of service of general rate activities	1,485	137	1,606
Plus capital revenue	78	11	1
Less depreciation	-112	-19	-20
Depreciation funded by general rates	0	0	0
Add back half share roading depreciation	0	0	0
Self funding/DC reserve movements	83	0	0
Operations funded by general rates	1,534	129	1,587
Capital funding			
Funding from depreciation (rates)	0	0	0
Loans from/(to) corporate fund	1	1,800	0
Capital grants	0	0	0
Development contributions	0	0	0
Reserves net	0	0	0
Asset sales	0	0	0
Total capital	1	1,800	0

* Non cash adjustments due to revaluation

Capital expenditure

	2012 actual \$000
Night market	1
	1

Variance from budget

- Direct costs are unfavourable compared to budget due to costs associated with delivering the National Forestry Expo, more than offset by the income from the Expo; the Hinemoa Street development; and the joint venture marketing of Rotorua and the international airport with Air New Zealand. Total expenditure on joint venture marketing was \$2 million, \$1 million above budget.
- Other costs relate to non cash asset adjustment entries.
- Fees and charges and subsidies and grants are favourable due to increased revenue received from the National Forestry Expo.

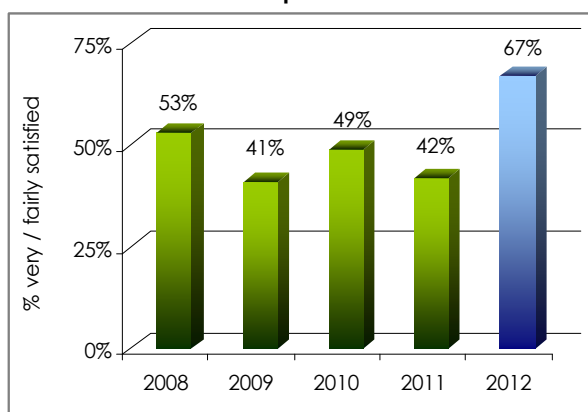
How we performed

Level of Service	Performance measures	Target for 2011/12	Achievement	Comments
Market Rotorua nationally and internationally as a great place to live, work, learn, invest and do business.	Number of website visits per month	Maintain at 20,000	N/A	Focus shifted when General Manager left and budgets were limited.
	% of business and relocation enquiries responded to within 3 working days	> 95%	100% (achieved)	All business enquiries responded to within 3 working days.
	Number of new Rotorua specific business enquiries; and film and commercial enquiries generated pa	100 30	Not achieved	Minimum resource has been directed to this over the year. However 15 Film Enquiries and numerous business enquiries were dealt with.
	Amount of government and private sector funding attracted to assist in implementing the economic development strategy	\$50,000	N/A	N/A since 2008 funding change from government to regional projects.
	Number of businesses involved in the Rotorua Employment Skills Programme	250	N/A	The Rotorua Employment Skills Programme was terminated and is unlikely to recommence.
	Number of students involved in the YES (Young Enterprise Scheme)	50	Achieved	There were 57 students registered for Young Enterprise.

Community satisfaction survey

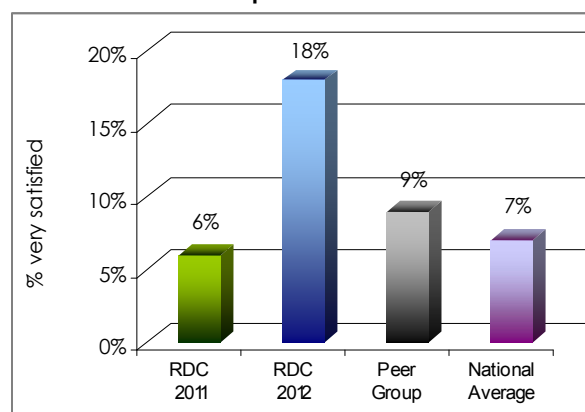
The graphs below have been prepared from the annual Community Satisfaction Survey.

Job promotion



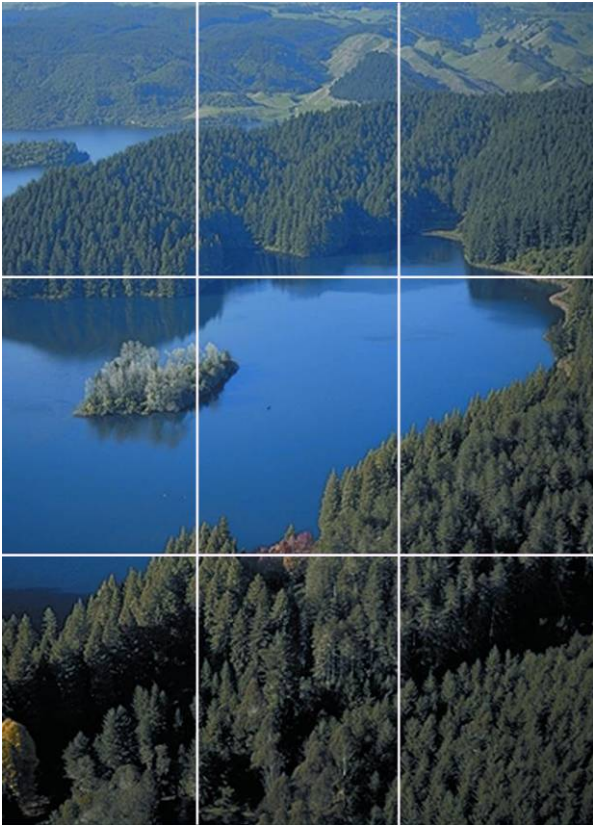
This graph shows the percentage of survey respondents very or fairly satisfied with this service over the last five years.

Job promotion



This graph shows the percentage of survey respondents "very" satisfied with this service over the last two years and compares it with our peer group and the national average for 2012.

Environmental Planning Implementation



What we do

- 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.

Why we do it

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

This year's highlights and achievements included:

- **Strategic focus** – development of a Quality Assurance Team to provide a higher level of strategic focus and structure to the reporting, monitoring and compliance functions. A new Monitoring and Compliance Officer was appointed midway through this period.
- **2012 State of the Environment report** web-based reporting – quarterly release of indicators has resulted in more regular engagement with stakeholders and the ability to release more current data.

- **Client Support Manager** – new position established to help trouble shoot problems and find solutions to issues both in-house and for clients. The role also proactively engages with groups and individuals seeking to undertake developments and projects.

Community Outcomes

Safe and Caring

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

Environment

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

Healthy

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

Prosperous Economy

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

Excellent Facilities and Services

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

Living Maori Culture

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

Learning

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

Thriving

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

What it cost us

	2012 actual \$000	Annual Plan \$000	2011 actual \$000
Operating expenses			
Direct costs	1,781	1,782	1,935
Financial costs	0	0	0
Depreciation	1	3	7
Other*	3	0	0
Total costs	1,785	1,785	1,942
Revenue			
Capital revenue	0	0	0
General rates	0	0	0
Fees and charges	234	344	250
Investment income	0	0	0
Subsidies and grants	0	0	0
Targeted rates	0	0	0
Other income*	0	0	0
Total revenue	234	344	250
Net cost of service	1,551	1,441	1,692
Operational funding			
Net cost of service of general rate activities	1,551	1,441	1,692
Plus capital revenue	0	0	0
Less depreciation	-4	-3	-7
Depreciation funded by general rates	0	0	0
Add back half share roading depreciation	0	0	0
Self funding/DC reserve movements	0	0	0
Operations funded by general rates	1,547	1,438	1,685

* Non cash adjustments due to revaluation

How we performed

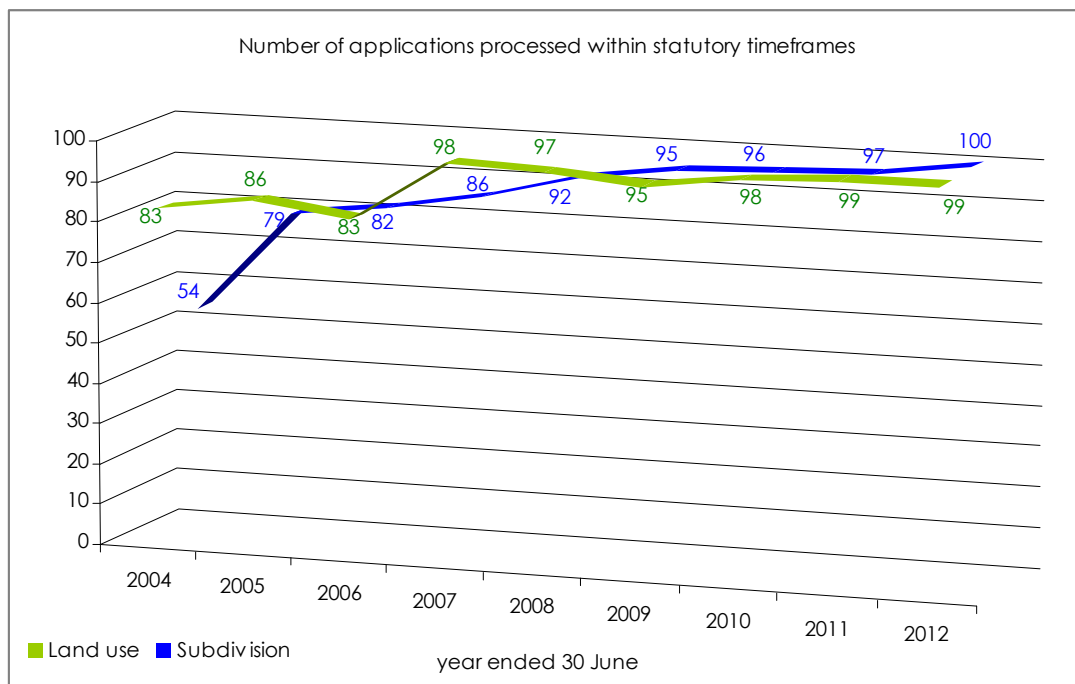
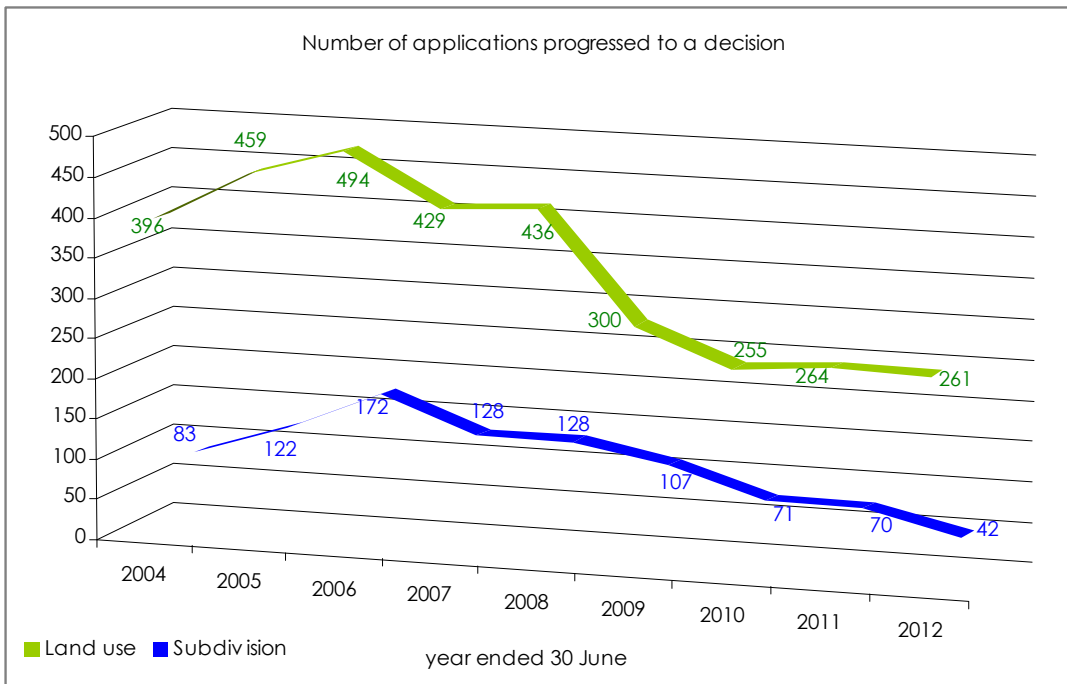
Level of Service	Performance measures	Target for 2011/12	Achievement	Comments
Timely and consistent processing of resource consent applications.	% of land use consents processed within statutory timeframes.	> 98%	99% (achieved)	259 out of 261 land use consents processed within statutory timeframes for the year
	% of subdivision consents processed within statutory timeframes.	> 98%	100% (achieved)	42 subdivision consents processed within statutory timeframes.
	% of 223/224 applications processed within statutory timeframes.	100%	95% (not achieved)	57 out of the 60 section 223 & 224 applications were processed within statutory timeframes.
	% of other applications processed within statutory timeframes.	> 90%	96% (achieved)	47 out of 49 other planning applications processed within statutory timeframes.
Appropriate community input sought for application with wide ranging environmental effects.	Monthly hearings matrix maintained and regular reporting to Planning and Bylaws committee.	100%	100% (achieved)	Reports provided
High degree of probity in resource consent decision making.	Six monthly report of Hearing Commissioner appointments.	100%	100% (achieved)	Reports provided

Variance from budget

The fees and charges budget was based on historic application numbers however the anticipated increase has not materialised.

Level of Service	Performance measures	Target for 2011/12	Achievement	Comments
Monitoring of compliance with consent conditions for all consents granted.	Six monthly report to Planning and Bylaws Committee on compliance monitoring.	100%	100% (achieved)	Reports provided
Prompt responses to complaints about planning and environmental issues.	All complaints responded to within 24 hours of receipt.	100%	100% (achieved)	44 complaints responded to within 24 hours of receipt (excluding noise complaints)
Facilitate Tangata Whenua input into decision making processes.	Maintenance of Iwi Consultative Committee Register.	100%	100% (achieved)	Applications received forwarded to Director Kaupapa Maori for consultation consideration

Other indicators



Environmental Planning Policy



What we do

- A core function is developing and maintaining the District Plan, one of the key documents Council has to manage and control land use and subdivision in the district.
- Advocacy on behalf of the community on local, regional and national environmental issues is another core function of this team. This generally translates to providing advice on draft national policy statements, national environmental standards, regional policy statements and regional plans.
- Responding to regional and central government policy proposals where these affect land use and resource management within the district.
- Provision of a duty planning service for the community to help understand how the district Plan may impact on activities on land.
- Provision of strategic policy advice in relation to the environment, land management and subdivision, to elected members of council.

Why we do it

- Administer the District Plan and process consent applications to ensure the quality of the environment is balanced with the need for sustainable economic growth to be enabled in

accordance with the aims of the Rotorua Sustainable Economic Growth Strategy.

- To ensure sustainable management of natural and physical resources and to manage adverse effects.
- To guide and enhance the quality of the natural and physical environment as the district develops.

This year's highlights and achievements included:

- **Draft District Plan** - commencement of meetings to clarify draft district plan feedback and chapters amended to reflect. Meetings have been held with community groups, industry groups, Regional Council, iwi groups, Chamber of Commerce, energy companies and government agencies. Feedback from these meetings has been considered in the preparation of the notified version of the District Plan.
- **Community feedback Draft District Plan** - closed with 360 comments received. The feedback was summarised and changes incorporated into the plan.

Community Outcomes

Safe and Caring

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

Environment

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

Healthy

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

Prosperous Economy

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

Excellent Facilities and Services

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

Living Maori Culture

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

Learning

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

Thriving

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

Variance from budget

- Direct costs are favourable due to less consultants' advice and legal costs.
- Fees and charges are unfavourable due to less activity as a result of the current economic situation.

What it cost us

	2012 actual \$000	Annual Plan \$000	2011 actual \$000
Operating expenses			
Direct costs	1,206	1,581	1,244
Financial costs	0	0	0
Depreciation	0	2	5
Other*	2	0	0
Total costs	1,208	1,583	1,249
Revenue			
Capital revenue	0	0	0
General rates	0	0	0
Fees and charges	4	11	1
Investment income	0	0	0
Subsidies and grants	0	0	0
Targeted rates	0	0	0
Other income*	0	0	0
Total revenue	4	11	1
Net cost of service	1,204	1,572	1,248
Operational funding			
Net cost of service of general rate activities	1,204	1,572	1,248
Plus capital revenue	0	0	0
Less depreciation	-2	-2	-5
Depreciation funded by general rates	0	0	0
Add back half share roading depreciation	0	0	0
Self funding/DC reserve movements	0	0	0
Operations funded by general rates	1,202	1,570	1,243

* Non cash adjustments due to revaluation

How we performed

Level of Service	Performance measures	Target for 2011/12	Achievement	Comments
Operative Rotorua district plan maintained and kept current.	Web based district plan kept current.	100%	100% (achieved)	
Status of district plan reported to Planning and Bylaws Committee.	Update report to Planning and Bylaws committee at each meeting.	100%	100% (achieved)	
Comprehensive review of operative district plan.	Notification of district plan review in 2009.	Environment Court appeals resolved no later than December 2012	Not achieved	Draft District Plan released for comment April 2012. Proposed District Plan notification date now October. The Plan will be at in its submissions phase rather than appeal stage by Dec 2012.
Council initiated plan changes undertaken in response to topical issues, and processed to statutory requirements.	Plan changes reported to Planning and Bylaws committee and progressed within statutory time.	100%	Achieved	No plan changes received apart from work on the District Plan Review.
Advocating on behalf of the community on regional and national environmental policy matters.	Private plan changes reported to Planning and Bylaws committee and progressed within statutory time.	100%	Achieved	No private plan changes received.
Monitor the state of the district's environment.	State of the Environment monitoring undertaken yearly.	100%	100% (achieved)	Online State of the Environment Reporting – first two releases made. Third and fourth on target for Sept and Dec 2012.

Events and Venues



What we do

This activity covers the operation of:

- Energy Events Centre (including the Sportsdrome)
- Rotorua Convention Centre (including the Civic Theatre and ticketing agency)
- Te Runanga Tea House
- The Soundshell
- Rotorua International Stadium (including Number 2 field).
- Equipment Shed – access to sporting, event management and facilitation equipment

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.
- Support local event organisers through provision of the equipment shed and recreation programmes
- Assist in the marketing of function space at the Rotorua Museum
- Manage on behalf of the Parks and Recreation department management of the booking

system for non-sports code bookings on Council's parks and reserves.

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 provide conference entertainment and sporting venues to meet the needs of local residents and visitors.
- To attract events that offer economic benefit and contribute to Rotorua's reputation as an attractive place to live and visit.

This year's highlights and achievements included:

- **Rugby World Cup-** Rotorua successfully hosted 5 teams and 3 matches in the 2011 Rugby World Cup with the Ireland V Russia match being the major highlight as it was played before a capacity crowd. Local community support for the RWC flowed from successful city theming and activities and the live broadcast Fan Zones hosted at the Energy Events Centre and Convention Centre were extremely well supported.
- **Raggamuffin festival-** In a difficult market that saw other music festivals fold or have significant reductions in attendance numbers the Raggamuffin Festival was further developed with the addition of the Friday night performances which also functioned as a second stage for the Saturday show. Attendances were 3000 above 2011 and Friday night led to an longer average stay from visitors.
- **C&I market-** Despite the depressed global market Events & Venues activity in the C&I market has led to a growth in both the number of conferences & delegate numbers. Forward bookings continue to be above past levels with strong interest for Australasian and International conferences. Rotorua is now ranked behind only Auckland for the hosting of large conferences. The importance of Events & Venues providing larger facilities than are available elsewhere in Rotorua is shown by our venues hosting 13% of Rotorua's conference business but 45% of visiting conference delegates.

- **Convention Centre and Theatre-** Civic Theatre use continues to exceed booking levels prior to the recent stagehouse redevelopment. In this year there were 64 performances in the theatre of which 29 exceeded 500 patrons. 2012/13 forward bookings indicate a further increase in bookings is likely. The highlight was hosting Dame Kiri Te Kanawa's only NZ performance. The Sound system for the Banquet Room, Concert Chamber and Foyer was upgraded in accordance with our asset management plans. The Theatre stage was launched as a function venue with emphasis on the venue's potential for dinners.
- **Sport and other events-** Rotorua continues to host a diverse range of events in Events & Venues facilities and elsewhere in the district although the attraction of major sporting events to the International Stadium remains a challenge. The Tough Guy and Gal continues year on years growth with over 6000 entrants and Rotorua hosted the Oceania MTB and BMX Nationals and secured a 4 year future commitment for MTB nationals and 2 Oceania Championships. Rhapsody Rotorua was the biggest yet and it is hoped that the 2012 Fire and Ice Festival will be expanded to a much bigger winter festival in 2013. The 2013 World Rafting Championships were secured for Rotorua and a new Major Events strategy was completed.

Community Outcomes

Excellent Facilities and Services

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

Prosperous Economy

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

What it cost us

	2012 actual \$000	Annual Plan \$000	2011 actual \$000
Operating expenses			
Direct costs	5,149	4,500	4,372
Financial costs	721	486	652
Depreciation	1,765	1,669	1,608
Other*	62	0	6
Total costs	7,697	6,655	6,638
Revenue			
Capital revenue	377	1,025	194
General rates	0	0	0
Fees and charges	2,476	2,220	2,092
Investment income	0	0	0
Subsidies and grants	116	0	37
Targeted rates	1,624	1,619	1,495
Other income*	0	30	29
Total revenue	4,593	4,894	3,847
Net cost of service	3,104	1,761	2,791
Capital costs			
Renewals	320	503	115
Growth	0	0	0
Backlog	1	0	0
Level of service	91	0	1,975
Total capital	412	503	2,090
Operational funding			
Net cost of service of general rate activities	3,104	1,761	2,791
Plus capital revenue	393	785	184
Less depreciation	-2,649	-1,669	-1,614
Depreciation funded by general rates	320	503	115
Add back half share roading depreciation	0	0	0
Self funding/DC reserve movements	-220	240	-41
Operations funded by general rates	948	1,620	1,435
Capital funding			
Funding from depreciation (rates)	320	503	115
Loans from/(to) corporate fund	62	0	1,428
Capital grants	30	0	547
Development contributions	0	0	0
Reserves net	0	0	0
Asset sales	0	0	0
Total capital	412	503	2,090

* Non cash adjustments due to revaluation

Capital expenditure

	2012 actual \$000
Convention Centre renewals	49
Stage house upgrade	91
Energy Event Centre assets replacement	110
Soundshell renewals	29
International Stadium asset replacement	20
Installation of optical fibre	112
New plant for events and community programmes	1
	412

Variance from budget

- Direct costs are unfavourable compared to budget due to expenditure incurred for preparation for the Rugby World Cup.
- Other costs are for non cash asset adjustment entries.
- Fees and charges are favourable due to Rugby World Cup ticketing income.

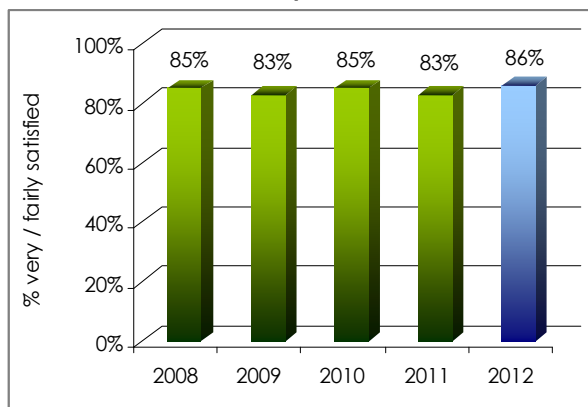
How we performed

Level of Service	Performance measures	Target for 2011/12	Achievement	Comments
Excellent well maintained and well used venues.	Number of Rotorua residents who use an Events and Venues facility during the year.	80%	86% (achieved)	Community satisfaction survey result.
	% of users satisfied with the level of service.	85%	87% (achieved)	Community satisfaction survey result.
	% of repeat bookings from commercial clients within a three year period.	50%	73% (achieved)	There were 142 repeat bookings from commercial clients for the year which represented 73%.
Encourage and promote a wide range of events and conferences with high levels of participation that add to the appeal of Rotorua for its citizens and visitors.	% of hirers are from community groups.	40%	69.5% (achieved)	1,142 community groups hired venues out of 1,643 for the year.
	% increase due to growth in relation to participation levels.	3%	19% (278,528) (achieved)	Increase in activity from 224,285 pax last year, due to three Rugby World Cup international fixtures and venue based Fan Zone activity.
	Number of conferences each year.	> 34	34 (achieved)	Excludes Destiny Church activity (3,200 pax) which has been classified as a 'meeting'.
	Number of delegates attending each year.	> 11,000	15,632 (achieved)	

Community satisfaction survey

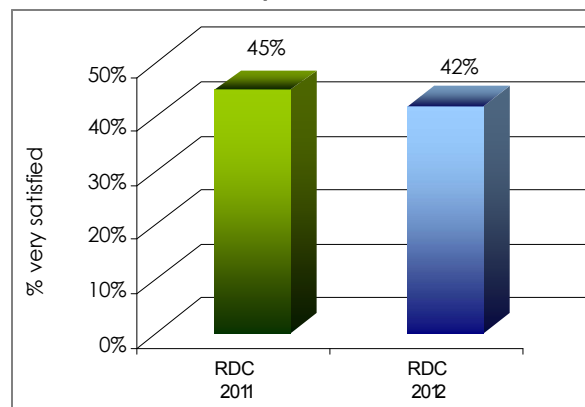
The graphs below have been prepared from the annual Community satisfaction survey.

Event promotion



This graph shows the percentage of survey respondents very or fairly satisfied with this service over the last five years.

Event promotion



This graph shows the percentage of survey respondents "very" satisfied with this service over the last two years.

Inspection



What we do

- 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.
- 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, and 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.

Why we do it

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

Community Outcomes

Healthy

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

What it cost us

	2012 actual \$000	Annual Plan \$000	2011 actual \$000
Operating expenses			
Direct costs	1,032	1,089	1,306
Financial costs	0	1	0
Depreciation	3	4	5
Other*	2	0	0
Total costs	1,037	1,094	1,311
Revenue			
Capital revenue	0	0	0
General rates	0	0	0
Fees and charges	390	403	342
Investment income	0	0	0
Subsidies and grants	0	0	0
Targeted rates	0	0	0
Other income*	0	0	0
Total revenue	390	403	342
Net cost of service	647	691	969
Capital costs			
Renewals	20	0	0
Growth	0	0	0
Backlog	0	0	0
Level of service	0	0	0
Total capital	20	0	0
Operational funding			
Net cost of service of general rate activities	647	691	969
Plus capital revenue	0	0	0
Less depreciation	-4	-4	-5
Depreciation funded by general rates	20	0	0
Add back half share roading depreciation	0	0	0
Self funding/DC reserve movements	0	0	0
Operations funded by general rates	663	687	964
Capital funding			
Funding from depreciation (rates)	20	0	0
Loans from/(to) corporate fund	0	0	0
Capital grants	0	0	0
Development contributions	0	0	0
Reserves net	0	0	0
Asset sales	0	0	0
Total capital	20	0	0

* Non cash adjustments due to revaluation

Capital expenditure

	2012 actual \$000
Sound level meter	20
	20

Variance from budget

- Direct costs are favourable compared to budget due to a staff vacancy and savings in advertising, legal advice, stationery and subscriptions.
- Fees and charges are unfavourable due to less liquor licenses, general regulatory and health licenses activity.

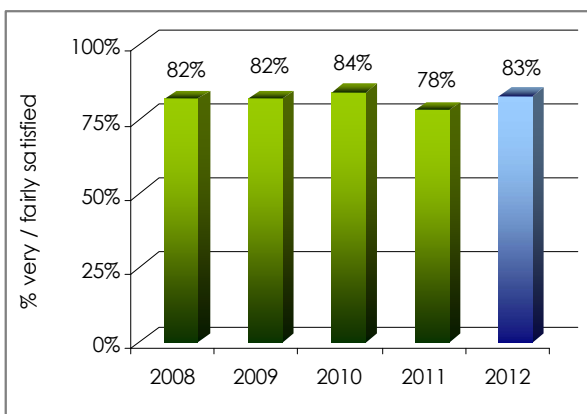
How we performed

Level of Service	Performance measures	Target for 2011/12	Achievement	Comments
Environmental Health – Promotion and conservation of public health by inspection and registration of food premises, hairdressers and camping grounds, investigation/resolution of noise and health nuisances/ complaints.	% of health complaints responded to within 1.5 working days.	100%	100% (achieved)	There were 237 health complaints for the year which were responded to within 1.5 working days.
	% of food premises registered.	100%	100% (achieved)	There were 703 food premises registered during the year.
	% of noise complaints responded to within 2 hours.	100%	100% (achieved)	There were 406 noise complaints, all of which were responded to within 2 hours by staff.
District Licensing Agency – Inspection of licensed premises to ensure compliance with licence conditions and Sale of Liquor Act.	% of licensed premises inspected under Sale of Liquor Act at least once every 12 months.	100%	100% (achieved)	294 premises were inspected. There are 294 registered licensed premises in total.
General – Investigation/resolution of complaints/nuisances.	% of general complaints responded to within 1 working day.	100%	94% (not achieved)	263 / 279 complaints responded to within 1 working day.
	% of litter complaints responded to within 1 working day.	100%	91% (not achieved)	42 / 46 litter complaints responded to within 1 working day.
Geothermal – Investigation/resolution of complaints about geothermal issues and provision of gas level testing service. Ensuring compliance with provisions of Geothermal Safety Bylaw.	% of geothermal gas complaints responded to within 1 working day.	100%	100% (achieved)	30 geothermal gas complaints received which were all responded to within 1 working day.
Hazardous Substances – Ensuring compliance with provisions of hazardous substances legislation and regulations in private dwellings and public places.	% of hazardous substance complaints responded to within 1 working day.	100%	100% (achieved)	2 complaints received which were both responded to within 1 working day.

Community satisfaction survey

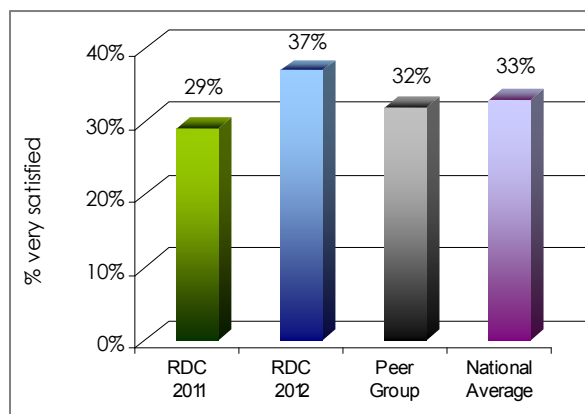
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Noise control



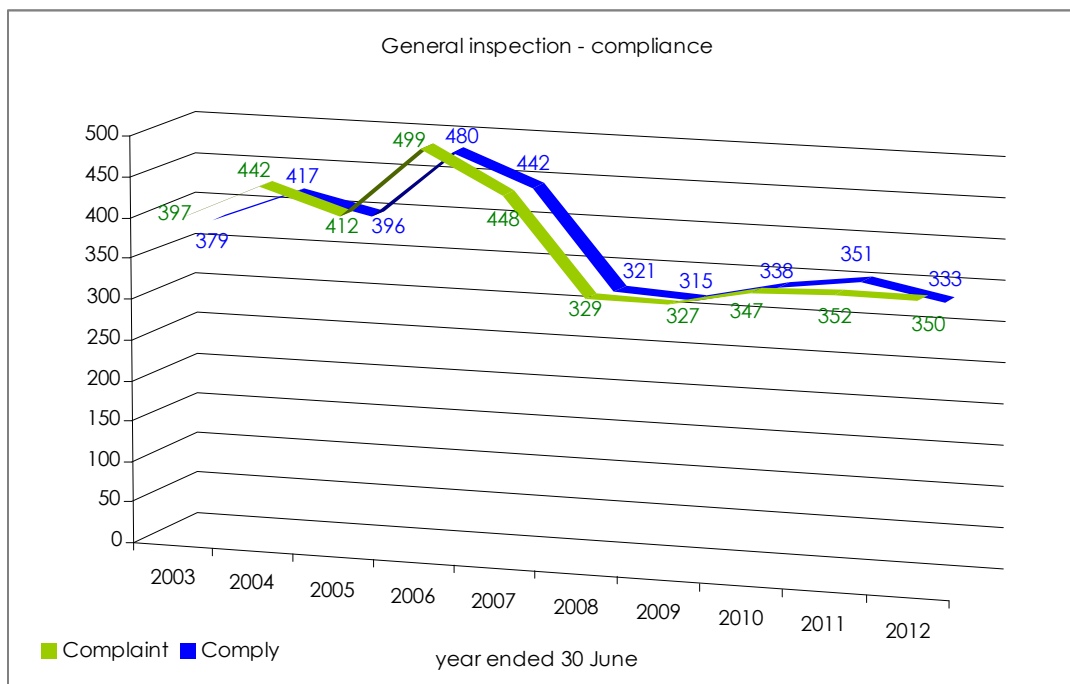
This graph shows the percentage of survey respondents very or fairly satisfied with this service over the last five years.

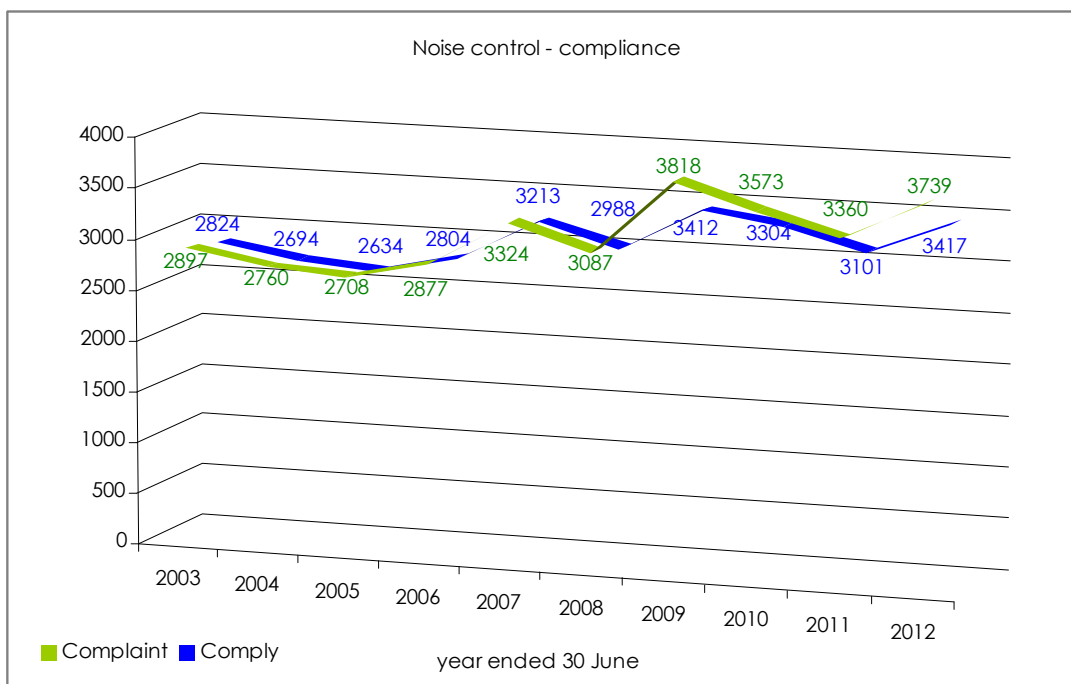
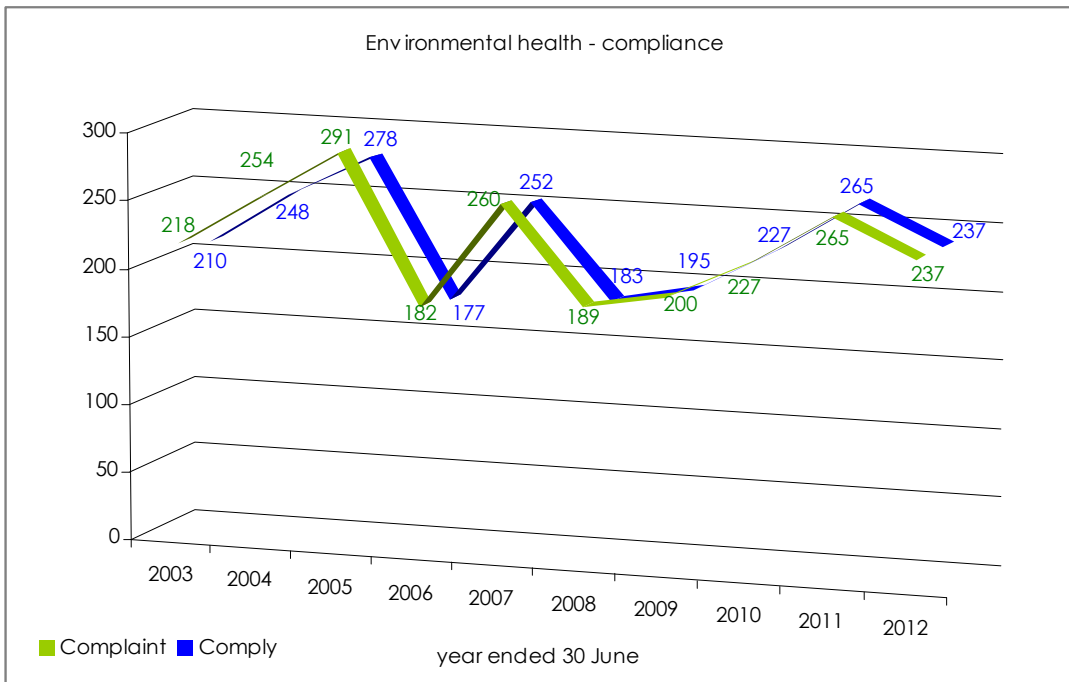
Noise control



This graph shows the percentage of survey respondents "very" satisfied with this service over the last two years and compares it with our peer group and the national average for 2012.

Other indicators





Parking Enforcement



What we do

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

Why we do it

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

Community Outcomes

Safe and Caring

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

Prosperous Economy

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

What it cost us

	2012 actual \$000	Annual Plan \$000	2011 actual \$000
Operating expenses			
Direct costs	965	1,026	867
Financial costs	1	1	1
Depreciation	15	6	14
Other*	1	0	0
Total costs	982	1,033	882
Revenue			
Capital revenue	0	0	0
General rates	0	0	0
Fees and charges	1,503	1,802	1,750
Investment income	0	0	0
Subsidies and grants	0	0	0
Targeted rates	0	0	0
Other income*	0	0	0
Total revenue	1,503	1,802	1,750
Net cost of service	-521	-769	-868
Capital costs			
Renewals	0	0	37
Growth	0	0	0
Backlog	0	0	0
Level of service	0	0	0
Total capital	0	0	37
Operational funding			
Net cost of service of general rate activities	-521	-769	-868
Plus capital revenue	0	0	0
Less depreciation	-17	-6	-14
Depreciation funded by general rates	0	0	37
Add back half share roadway depreciation	0	0	0
Self funding/DC reserve movements	0	0	0
Operations funded by general rates	-538	-775	-845
Capital funding			
Funding from depreciation (rates)	0	0	37
Loans from/(to) corporate fund	0	0	0
Capital grants	0	0	0
Development contributions	0	0	0
Reserves net	0	0	0
Asset sales	0	0	0
Total capital	0	0	37

* Non cash adjustments due to revaluation

Variance from budget

- Direct costs favourable due to savings on Court filing fees, motor registration enquiries and staff uniforms.
- Fees and charges are unfavourable due to less parking infringement fees and less prosecution income.

How we performed

Level of Service	Performance measures	Target for 2011/12	Achievement	Comments
Ensure CBD retailing is provided with a regular turnover of parking spaces for potential customers.	% average parking availability (1 in 7 spaces available between 10am and 3pm as measured by periodic survey*).	15%	Achieved	Surveys completed on demand within target range where measured.
Ensure parking restrictions are enforced.	Number of days enforcement is undertaken.	5.5 days/week	Achieved	Enforcement officers out on the streets Monday to Friday 9:00am to 5:00pm and Saturday from 9:00am to 12:00noon.

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

Rotorua Museum



What we do

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

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

The Centennial Project was completed in 2011 with the opening of the Don Stafford wing. A three stage project reinstating the viewing platform (2006), extension to the North Wing (2008) and construction of the south wing (2011) has completed the building to its original footprint proposed by Dr Arthur Wohlmann more than 100 years after the building first opened to the public. The \$22 million project was made possible by generous funding partnerships including Rotorua District Council, Rotorua Trust, Central Government, and the Museum Centennial Trust.

Reflecting the value added through the capital investment Council has increased its adult admission price to visitors to \$18.00. However this remains one of the most popular competitive Rotorua tourist destinations.

Exhibitions

- **Taking the Cure**
Tells the story of the Bathhouse building and the origins of tourism in Rotorua.
- **Maori Battalion**
B Company of 28 Maori Battalion was made up of volunteers from the Rotorua/Bay of Plenty/Thames-Coromandel areas and fought in some of the most famous campaigns of WWII. This exhibition is a tribute to those men, and the people they left behind.
- **Tarawera Eruption**
The 1886 eruption of Mount Tarawera changed the lives for all who lived in this area forever. The fabulous Pink and White Terraces were destroyed, along with many villages around the mountain. This exhibition tells the story of the fateful night and remembers the victims, both Maori and Pakeha.
- **Rotorua Stories cinema**
An interactive theatre experience telling the stories of Rotorua in a dramatic and entertaining way was added to the museum's attractions in 1998, and has been upgraded at regular intervals since. It remains a core part of the museum experience for locals and visitors alike.
- **Mudbath Basement**
The famous Mudbath Basement has recently been opened up again to visitors after 100 years. Visitors must go through the basement of the building to arrive at the mudbaths which have sat undisturbed 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 RDC.
- **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 Hawaiki 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 groundbreaking new exhibition.

Programmes

A dynamic and active programme of public lectures, films, tours, floor talks and children's activities is provided throughout the year. Some of the events are so popular that dozens of people are turned away.

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 12,000 school students per annum. Two teachers are employed to develop and deliver curriculum-linked programmes and school groups come from all over New Zealand to use the service. The current contract expires in 2013 after which the museum will seek a new contract.

A dynamic and active programme of public lectures, films, tours, floor talks and children's activities is provided throughout the year. Some events are so popular that people are turned away.

Why we do it

- To provide a world class museum for the community and visitors
- To collect, preserve and interpret local material cultural heritage for the benefit of future generations
- To maintain the integrity of the Bathhouse as an iconic Rotorua and New Zealand building.

This year's highlights and achievements included:

- **Centennial project** – construction of Stage III, the South Wing, was completed in September 2011 with the official opening of the Don Stafford Wing. The new wing now holds a world class exhibition of Te Arawa Taonga (Treasures) and two additional art galleries. The BathHouse has now been completed to its original footprint planned by Dr Arthur Stanley Wohlmann in 1902.
- **Education programme** – a total of 12,043 school students visited to participate in curriculum-linked learning opportunities delivered by the museum educators. The education programme, largely funded by the Ministry of Education, is now in its eleventh year. The

Programme is contract has been extended to 30 June 2014.

- **Museum bus** – funded by the Ngati Whakaue Education Endowment Trust, the Museum Bus provided transportation to Rotorua Museum for over 5,000 local students from decile one to five schools. Since its inception, 11,996 students have taken advantage of this initiative, with every eligible school in the district utilising this service.
- **Exhibitions and public programmes** – 31 exhibitions, and 77 public programmes were hosted during the year. Floor talks, and other public programmes – *Nightmare at the Museum*, *Museum by Torchlight*, *Great Easter Egg Hunt & Crack the Code* – prove to be very popular, in which there were 6426 active participants (not including accompanying family members to Rotorua). Newly created public programmes have attracted a younger audience, diversifying the museum's visitor cohort, such as *Nightmare at the Museum* of which hundreds were turned away.
- **Visitor numbers, and admission revenue** – a total of 108,721 visitors came during the year – 32% local, 27% domestic, 41% International – which has also resulted in an increase in the spend per visitor to the Museum.
- **Customer satisfaction** – quantitative information collated by *Museums Aotearoa* (through a nationwide survey of 33 museum), indicates 95% were 'satisfied' with their visitor experience at Rotorua Museum compared to 88% for all museum.

Community Outcomes

Thriving

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

Learning

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

Prosperous Economy

- By marketing the museum to encourage people to visit.
- By providing 'value added' products available for purchase.

What it cost us

	2012 actual \$000	Annual Plan \$000	2011 actual \$000
Operating expenses			
Direct costs	3,079	2,811	2,743
Financial costs	153	183	178
Depreciation	449	960	406
Other*	181	0	7
Total costs	3,862	3,954	3,334
Revenue			
Capital revenue	8	5,285	7,472
General rates	0	0	0
Fees and charges	1,237	1,526	1,075
Investment income	0	0	0
Subsidies and grants	16	0	10
Targeted rates	0	0	0
Other income*	0	0	0
Total revenue	1,261	6,811	8,557
Net cost of service	2,601	-2,857	-5,223
Capital costs			
Renewals	66	101	-35
Growth	0	8	417
Backlog	0	0	622
Level of service	1,802	1,400	8,825
Total capital	1,868	1,509	9,829
Operational funding			
Net cost of service of general rate activities	2,601	-2,857	-5,223
Plus capital revenue	8	5,285	7,472
Less depreciation	-662	-960	-413
Depreciation funded by general rates	66	101	-35
Add back half share roading depreciation	0	0	0
Self funding/DC reserve movements	0	0	0
Operations funded by general rates	2,013	1,569	1,801
Capital funding			
Funding from depreciation (rates)	64	101	-35
Loans from/(to) corporate fund	437	362	2,533
Capital grants	1,367	1,046	6,900
Development contributions	0	0	431
Reserves net	0	0	0
Asset sales	0	0	0
Total capital	1,868	1,509	9,829

* Non cash adjustments due to revaluation

Capital expenditure

	2012 actual \$000
Additional capital purchases	1
Air conditioning	19
Museum asset replacement	19
Audio visual	7
Centennial development	1,714
Equipment	1
Furniture	14
Off-site storage	4
Tarawera eruption exhibition	89
	1,868

Variance from budget

- Direct costs include additional expenditure related to the opening of the new Don Stafford Wing and include increased electricity consumption, plant maintenance, insurance and marketing costs.
- Other costs refer to non cash asset adjustment entries.
- Fees and charges are unfavourable due to lower admissions and less retail revenue than budgeted.
- Capital revenue refers to the external funding contributions towards the development of the Centennial Project. The budgeted amount was received in the previous financial year. further funding is to come to council in the 2013 and 2014 financial years as per funding agreements.
- Subsidies and grants relate to Ngati Whakaue grants and income for advertising.

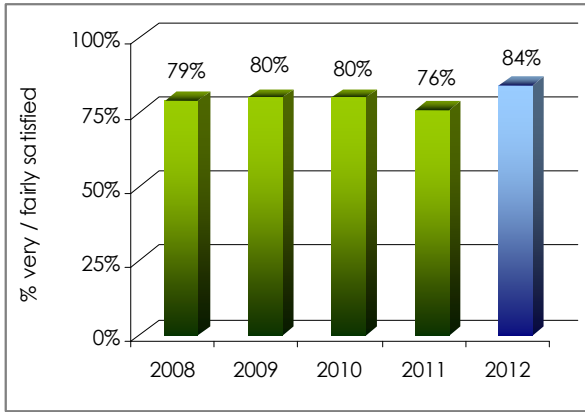
How we performed

Level of Service	Performance measures	Target for 2011/12	Achievement	Comments
An outstanding museum experience, open seven days a week and free to local residents of Rotorua.	% of households in Rotorua that visit the museum each year.	60%	66% (achieved)	66% of Rotorua households reporting having visited the museum each year
	% of local residents very/ fairly satisfied with the museum and its services	80% with an increasing trend corresponding with future capital development of the museum	84% (achieved)	84% of local residents are very/ fairly satisfied with the museum and its services
Collect, preserve, catalogue and conserve the community's cultural heritage.	Number of collections and items.	7	Achieved	The museum continues to maintain 7 permanent collections with 54,615 catalogued records.
Interpret and display the art, culture and stories of Rotorua and Te Arawa via a number of permanent exhibitions.	Number of permanent exhibition galleries.	7	Achieved	The museum continues to maintain 7 permanent collections.
Provide a range of educational levels including primary, secondary, tertiary and adult learning.	Number of public programmes (workshops/lectures) per year.	20	77 (achieved)	77 public programmes (workshops/lectures) were undertaken for the year, involving a total of 6,426 people.
	Number of students each year participating in the LEOTC programme (curriculum based learning).	12,000	12,071 (achieved)	12,071 students participated in the LEOTC programme for the year. (NB: New contract with MOE is set at 11,000 students).
Provide a range of unique exhibitions from other parts of New Zealand.	Number of touring exhibitions.	20	36 (achieved)	36 touring or changing exhibitions were hosted during the year.
	Number of language based navigational maps so museum visitors can self-guide around the museum.	14	14 (achieved)	At all times throughout the year there were at least 14 navigational maps available for visitors.
	Number of guided tours per day.	7	Achieved	There were 7 guided tours each day during winter and 8 guided tours during summer.

Community satisfaction survey

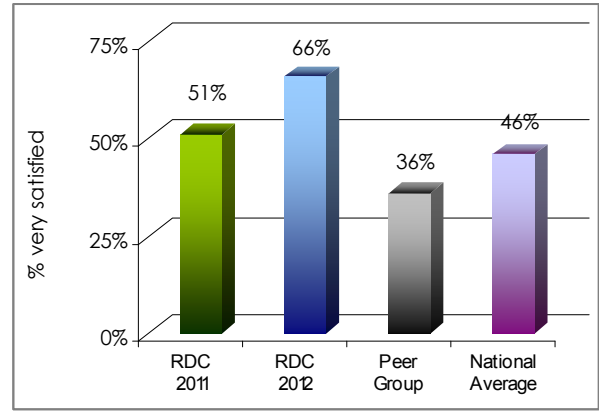
The graphs below have been prepared from the annual Community satisfaction survey.

Rotorua museum



This graph shows the percentage of survey respondents very or fairly satisfied with this service over the last five years.

Rotorua museum



This graph shows the percentage of survey respondents "very" satisfied with this service over the last two years and compares it with our peer group and the national average for 2012.



Tourism



What we do

Destination Rotorua Marketing

The goals of this service are driven by opportunities identified for growth, key areas of focus based on changing tourism trends, strengthening the local market and brand positioning. The key goals are to:

1. Aggressively target and grow the Asian visitor market – specifically China.
2. Grow and increase Rotorua's share of the Australian visitor market – especially off-peak.
3. Increase average room nights and spend, to be equal to the national average, for both international and domestic visitors to Rotorua.
4. Increase the Auckland visitor market by 5% to 50,000 visitor nights.
5. Work in partnership with wider-Rotorua regional operators and Tourism New Zealand.
6. Take a leadership position in online marketing and travel search.
7. Increase ease of access to Rotorua as a visitor destination by helping Rotorua International Airport gain additional services.

Travel and Information Office

Domestic travel bookings

Offers a comprehensive domestic travel reservation service for Rotorua and New Zealand products to local residents and visitors. Commercial returns are earned through commissions on sightseeing and travel sales. It is also contracted to the Rotorua Education Network

to provide quoting and booking services for school groups visiting Rotorua.

Information (i-SITE)

A full information service is provided for Rotorua and the rest of New Zealand through counter enquiries, email requests and phone calls.

'The Organiser'

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

Why we do it

The focus of Destination Rotorua Marketing has been broadened to encompass the marketing of Rotorua as a great place to live, play, work and invest. Underpinning our performance are three clear aims: To re-engage our industry; To lead and initiate in the marketing of Rotorua; and To build 'Brand Rotorua'.

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

This year's highlights and achievements included:

- **Mercurios Menu** - Rotorua was featured in a programme hosted by Paul Mercurio showing some of Rotorua's key attractions, sights and features including covering off some key messaging around local features such as the Kuirau markets, vibrant café offerings, luxury lodges and indigenous cuisine. Over 8 million people watched the initial screening and over 25 million were exposed to it through Yahoo!7.
- **Marketing and PR activities** - Rotorua as a region has experienced a +400% increase in destinational print and online features and write-ups, including a destinational story in a major NZ domestic weekly paper every 2.5 weeks, online media story every week and external influencer social media write-up every week.
- **No.1 Queen Street Café** - launched on 8 September and surrounded by over 200,000 people in the first week.
- **Urban PR plan** - launched to address misperceptions of Rotorua in the key domestic

market of Auckland. PR briefings to industry and stories were seeded with exceptional results.

- **Air New Zealand** - chose Rotorua as one of 2 destinations to film their new brand campaign for Hong Kong called "Experience You". Air New Zealand invited Chef Lam a famous singer in Hong Kong to get inspired on a trip to NZ. Through his interactive journey, facebook users will discover the uniqueness of NZ and at the same time, their desire of meeting their "NEW YOU" is awakened.

Community Outcomes

Prosperous Economy

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

What it cost us

	2012 actual \$000	Annual Plan \$000	2011 actual \$000
Operating expenses			
Direct costs	4,962	5,590	5,275
Financial costs	14	15	10
Depreciation	81	95	87
Other*	10	0	0
Total costs	5,067	5,700	5,372
Revenue			
Capital revenue	0	0	0
General rates	-1	0	0
Fees and charges	2,038	2,173	1,912
Investment income	32	60	36
Subsidies and grants	2	600	335
Targeted rates	2,232	2,225	2,415
Other income*	0	0	0
Total revenue	4,303	5,058	4,698
Net cost of service	764	642	674
Capital costs			
Renewals	5	9	0
Growth	0	0	0
Backlog	14	40	0
Level of service	0	0	0
Total capital	19	49	0
Operational funding			
Net cost of service of general rate activities	764	642	674
Plus capital revenue	0	0	0
Less depreciation	-91	-95	-87
Depreciation funded by general rates	5	9	0
Add back half share roading depreciation	0	0	0
Self funding/DC reserve movements	0	0	0
Operations funded by general rates	678	556	587
Capital funding			
Funding from depreciation (rates)	14	40	0
Loans from/(to) corporate fund	0	0	0
Capital grants	0	0	0
Development contributions	0	0	0
Reserves net	0	0	0
Asset sales			
Total capital	19	49	0

* Non cash adjustments due to revaluation

Capital expenditure

	2012 actual \$000
Building and plant replacements	3
Counter upgrade	14
Fax copier and printer replacement	2
	19

Variance from budget

- Direct costs are favourable due to reduced Australian marketing activity and reduced joint venture activities.
- Fees and charges are unfavourable due to reduced demand and lower than anticipated industry interest in joint ventures activity.
- Subsidies and grants are unfavourable to budget due to the Tourism New Zealand subsidy for joint ventures being discontinued.

How we performed

Level of Service	Performance measures	Target for 2011/12	Achievement	Comments
Destination Marketing				
Market Rotorua as a preferred destination for leisure, conference/ incentive and events visitors of both international and domestic origin.	Contribute to the number; the length of stay and the average spend of visitors to Rotorua.	1.7 million visitors*	1.45 million visitors (not achieved)	The Christchurch earthquakes resulted in a decline of international visitor activity in Rotorua. The reduced tourism capacity of Christchurch following the February 2011 earthquake resulted in fewer visitors travelling on the Christchurch-Rotorua flights. Given Christchurch is Rotorua's only direct air linkage with the South Island, some visitors that would have ordinarily used the Christchurch-Rotorua flights opted out of travelling to Rotorua by other means.
		> 2.3 average nights	2.4 average nights (achieved)	The Rugby World Cup including the Ireland/Russia game on (25 Sept), Waitangi Day (6 Feb) falling on a Monday and very good weather over the Easter/autumn school holiday period contributed to this successful outcome
		> \$120 spend per person/day**	Not measurable	Overnight expenditure data no longer provided in regional tourism statistics.
Encourage the Rotorua tourism industry to deliver on the promise of Manaakitanga (provision of exceptional hospitality) to the visitor experience.	Average visitor satisfaction rating of Rotorua experience as measured by the Rotorua Regional Visitor Monitor.	8 out of 10 score achieved	8 (achieved)	Rotorua Regional Visitor Monitor replaced by similar measure in Visitor Insights Programme.
Encourage the uptake of sustainability within the tourism industry.	% of businesses advertising in the Rotorua Visitor Guide that are associated with the Rotorua Sustainable Tourism Charter, Qualmark or Green Globe.	80%	80% (achieved)	

Level of Service	Performance measures	Target for 2011/12	Achievement	Comments
Rotorua Travel Office				
Booking services are provided to visitors to Rotorua to encourage extended length of stay and visitors spend.	Amount of commissions revenue generated by Travel Office.	\$1.8 million (Rugby World Cup year)	\$1.4 million (not achieved)	Due to economic downturn
	% of satisfaction of industry members of the Tourism Advisory Board with the booking services provided by the Travel Office.	Review against benchmark as set in 2008/09	N/A	Tourism Advisory Board disestablished during the year.
Provide an accessible, informative and friendly point of contact to visitors to Rotorua.	% of customers satisfied or very satisfied as per annual customer survey.	80%	98% (achieved)	200 customers were surveyed during the year and 195 stated they were satisfied or very satisfied with the service they received.
Provide Conference and Group services.	% of clients satisfied or very satisfied with levels of service.	80%	98% (achieved)	200 customers were surveyed during the year and 196 stated they were satisfied or very satisfied with the service they received.

* 1.7 million visitors should have been stated as 1.7 million "overnight" visitors. The achievement was used measuring "overnight" visitor numbers.

** Another measure that council does have available to them at this time is that an average of \$82 per person per night is spent in Rotorua. This figure includes both day and overnight figures therefore the average spend does appear lower as day visitors do not require accommodation.

Infrastructure Services Group

Contribution to outcomes

Page	Activities within this group	Community Outcomes								
		Visionary Community Leadership	Safe and caring	Prosperous economy	Environment	Excellent facilities and services	Living Maori culture	Thriving	Healthy	Learning
79	Aquatic Facilities		✓			✓		✓	✓	
84	Infrastructural Planning and Compliance				✓	✓				
87	Public Gardens and Open Spaces		✓		✓	✓			✓	
91	Rotorua Airport			✓		✓				
93	Stormwater and Land Drainage				✓	✓				
96	Transport		✓	✓	✓	✓				
100	Waste Management				✓	✓			✓	
105	Wastewater				✓	✓			✓	
109	Water Supplies		✓			✓			✓	

Overview of group

The Infrastructure Services Group covers a wide range of asset based services and facilities.

This group is important in enabling business development in the district – directly through provision of key infrastructure, and also in supporting planning and consenting processes.

Council spends a significant portion of its operating and capital expenditure budgets on these activities, which include:

- Aquatic Facilities
- Infrastructure Planning and Compliance
- Parks and Open Spaces

- Rotorua International Airport
- Stormwater and Land Drainage
- Transport
- Waste Management
- Water supplies

Infrastructure Services Group provides many of the key services traditionally associated with councils, such as water, sewerage, roads, parks and refuse collection. To provide these services council owns and manages many large and complex assets on behalf of the community.

Some of the services provided are recognised as very important to the community and would not be provided to the level expected without council's contribution and involvement.

Performance targets

	Targets	Achieved	Not measured	Not achieved
Aquatic Facilities	8	5	-	3
Infrastructural Planning and Compliance	5	4	-	1
Public Gardens and Open Spaces	7	7	-	-
Rotorua Airport	2	2	-	-
Stormwater and Land Drainage	4	4	-	-
Transport	5	4	-	1
Waste Management	5	3	-	2
Wastewater	5	2	-	3
Water Supplies	6	5	-	1
Total	47	36	-	11

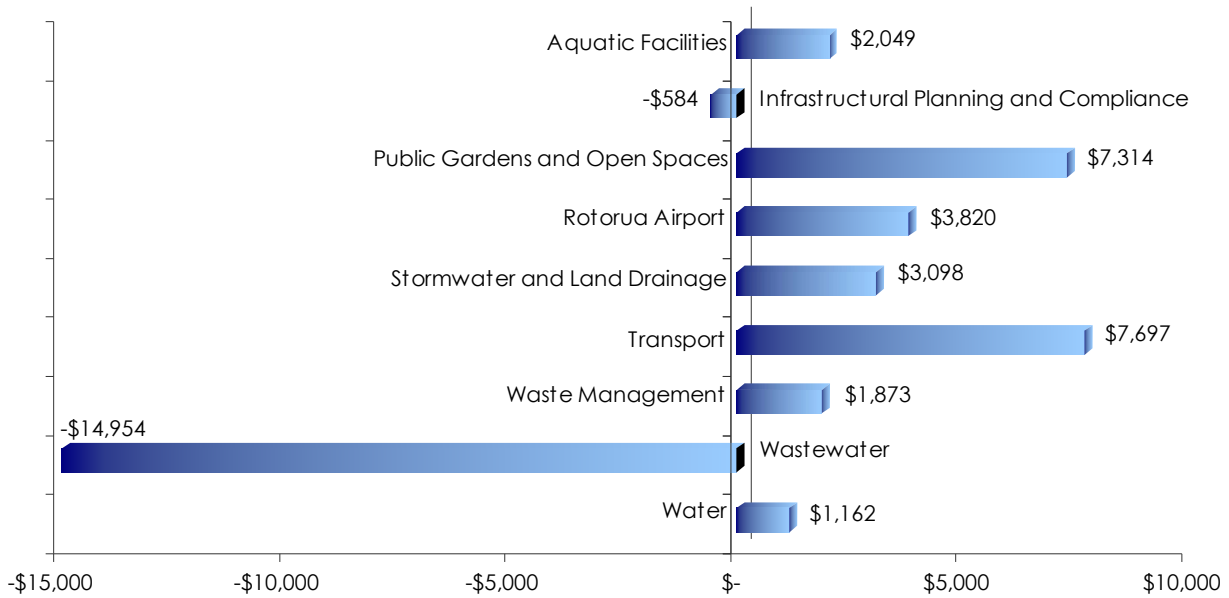
Targets not achieved for the Aquatic Facilities are based around the number of households using the facilities and the satisfaction levels. Satisfaction levels have been declining for the last five years. Measures not achieved in the Wastewater activity were attributed to compliance issues and events leading to a number of overflows. The overflows were the results of a fat blockage, a hail storm, a pump failure and a large piece of loose concrete blocking a pipe.

Issues/risks/negative impacts

Potential negative effects associated with undertaking the activities within this group have been assessed and it is believed that there has been no impact to the social, cultural, environmental and economic well-being of the community/district during the year. potential effects were reviewed in preparing the Long-term Plan. these will be monitored and reported upon in future annual reports.

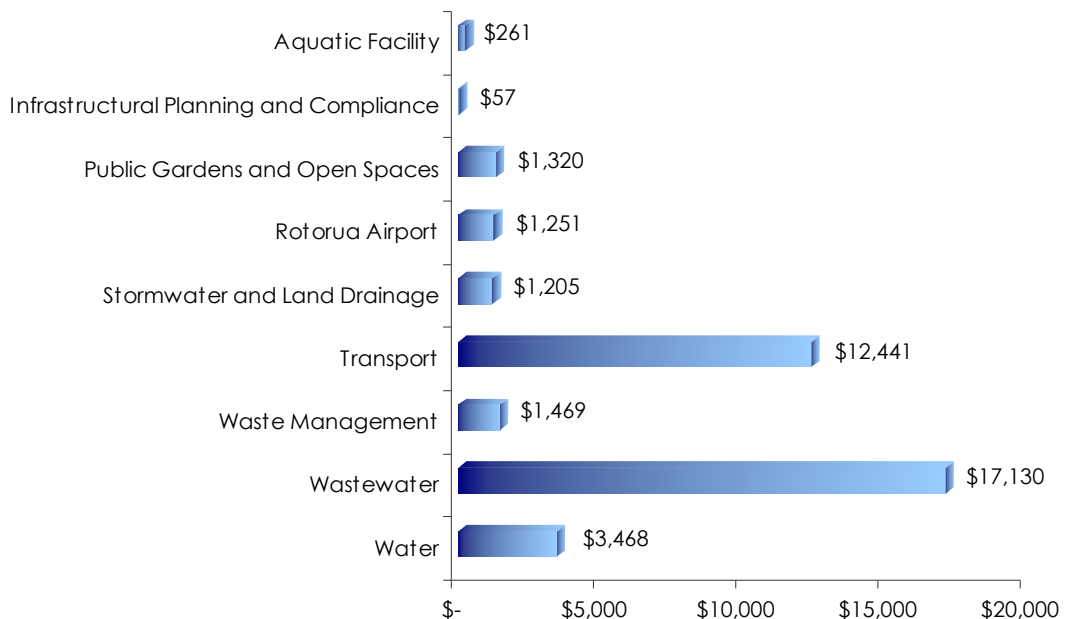
Net cost of service

\$ in thousands



Capital expenditure

\$ in thousands



Aquatic Facilities



What we do

Aquatic facilities

The Rotorua Aquatic Centre is open 7 days per week from 6am to 9pm and operates 364 days per year. It is a Pool Safe accredited facility.

The facility holds Enviro Gold accreditation and a five star Qualmark certification from Tourism New Zealand's official quality agency. The Aquatic Centre is also a member of the Rotorua Sustainable Charter Incorporated.

Recreational and sporting opportunities

The centre is one of many major aquatic facilities based in the central North Island and caters for local, regional and national aquatic sports and provides recreational, health, fitness and leisure programmes and services. Sporting and physical activity opportunities include recreational programmes such as aqua jogging and aerobic classes, aqua mums, Green Team holiday programme and flippa ball (mini water polo). Other activities include swimming, water polo, canoe polo, outrigger (waka ama), underwater hockey, 'Learn to Swim' programmes, playground and inflatable fun, volleyball and onsite cardio studio.

Water safety education

The centre offers Learn to Swim programmes targeting all age groups, Unison Lake Safety Programme (major sponsor Unison Networks Limited), Rangatahi Lifeguard Award, Go4it Schools Swimming Initiative in conjunction with Water Safety New Zealand, Outrigging (Waka Ama), Central North Island Lifeguard Competition, Boat Safety in conjunction with Rotorua Coastguard, Swim for Life Campaign, pre-entry Police swim testing, training and assessment.

Health and community wellbeing

The centre offers a variety of programmes and events throughout the year which cater for children, schools, teenagers, adults, parents and seniors. Programmes and events include children's holiday programmes, whanau days, 'heart stopper challenge', 'give it a go' day, ladies nights and a women's expo. The centre also supports a number of community initiatives including Salvation Army food bank appeal, SPCA, Bay Trust Rescue Helicopter, Keep Rotorua Beautiful, 'Learn to Swim' Scholarships (which include a partnership with Ngati Whakaue Education Endowment Trust Board) as well as assistance in many other community fund raising events. 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 promote a fun, safe, healthy and active lifestyle to the local community at an affordable cost through a range of aquatic leisure and recreational opportunities.
- To develop strategic community partnerships with swimming and sporting groups, recreation and health professionals, government agencies and private sector organisations.

This year's highlights and achievements included:

- **Helicopter Underwater Escape Training (HUET)** – hosted in Rotorua on 9 and 10 March in conjunction with the BayTrust Rescue Helicopter service.
- **Visitor admissions** - 333,250 total admissions which are 1,170 up on the previous year.
- **Learn to Swim** - 47,692 total Learn to Swim participation which is up 2.5% on the previous year.
- **Sustainability** - Total energy reduction consumption of just over 4% for the year. This is 2% better than the annual target and 2% favourable on the previous year.

- **Rugby World Cup** - hosted the rugby teams of Ireland, Russia, Samoa and Namibia in September as part of their Rugby World Cup pre and post match activities.

Community Outcomes

Safe and Caring

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

Healthy

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

Excellent Facilities and Services

- By providing a range of aquatic fitness programmes
- By providing well maintained facilities and pools

Thriving

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

What it cost us

	2012 actual \$000	Annual Plan \$000	2011 actual \$000
Operating expenses			
Direct costs	2,674	2,757	2,644
Financial costs	81	82	60
Depreciation	379	339	348
Other*	0	0	5
Total costs	3,134	3,178	3,057
Revenue			
Capital revenue	19	48	21
General rates	0	0	0
Fees and charges	1,038	1,135	1,103
Investment income	16	16	15
Subsidies and grants	12	6	14
Targeted rates	0	0	0
Other income*	0	0	0
Total revenue	1,085	1,205	1,153
Net cost of service	2,049	1,973	1,904
Capital costs			
Renewals	186	96	83
Growth	23	81	51
Backlog	52	184	26
Level of service	0	0	0
Total capital	261	361	160
Operational funding			
Net cost of service of general rate activities	2,049	1,973	1,904
Plus capital revenue	19	48	21
Less depreciation	-379	-339	-353
Depreciation funded by general rates	186	96	83
Add back half share roading depreciation	0	0	0
Self funding/DC reserve movements	0	0	0
Operations funded by general rates	1,875	1,778	1,655
Capital funding			
Funding from depreciation (rates)	186	96	83
Loans from/(to) corporate fund	52	184	26
Capital grants	0	0	0
Development contributions	23	81	51
Reserves net	0	0	0
Asset sales	0	0	0
Total capital	261	361	160

* Non cash adjustments due to revaluation

Capital expenditure

	2012 actual \$000
Aquatic centre replacements	186
Aquatic centre upgrade	75
	261

Variance from budget

- Direct costs are favourable with less spending on goods for sale, chemicals, the geothermal, set rate contract and trade waste costs. Insurance and plant maintenance were above budget.
- Capital revenue was unfavourable to budget due to lower than anticipated development contributions.
- Fees and charges were unfavourable due to lower admissions and lower Learn to Swim fees due to an unexpected learner pool closure.

How we performed

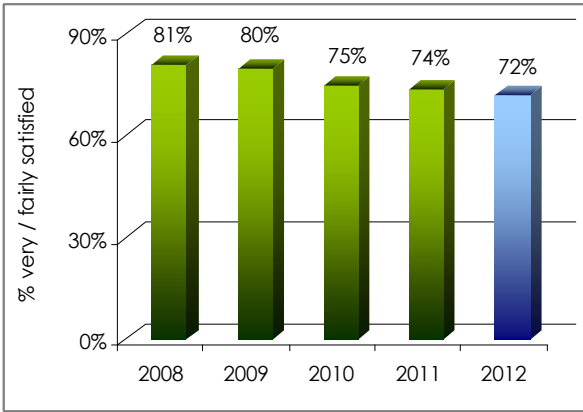
Level of Service	Performance measures	Target for 2011/12	Achievement	Comments
To provide fun, safe and affordable swimming pools for competitive sports, casual recreation and health and fitness training.	% of households used/visiting the Rotorua Aquatic Centre in a year.	68%	60% (not achieved)	\$3 million capital upgrade scheduled for 2009/10 deferred to 2012/13.
	Number of visits and net operating cost of providing the service.	330,000 visits at <\$4.85 per visit	333,250 visits at \$5.86 per visit (not achieved)	Number of visits target met but operating cost target not able to be met due to error in original KPI formula.
	% of users/visitors who are very/fairly satisfied with the level of service.	90% with an increasing trend corresponding with future capital development of the facilities	72% (not achieved)	Level of satisfaction has been declining over the last five years as the building and facilities dates.
	Pools are safe and well supervised and PoolSafe accreditation achieved.	100%	Achieved	PoolSafe accreditation valid until February 2013.
Provide innovative targeted programmes to raise activity levels.	% of children in Rotorua who have completed Unison Lake Safety Programmes by the time they reach high school ending 2016/2017.	40%	92% (achieved)	Commenced recording in 2003 with target on track to achieve over 90% by 2016 – currently 92%
	Number of people who are members of the Cardio gym.	350	364 (achieved)	364 people are members of the gym
	Number of people participating in recreation programmes.	1,600	5,234 (achieved)	5,234 people participated in recreation programmes
	Number of individuals participating in Learn to Swim School programmes.	40,000*	47,692 (achieved)	47,692 enrolments participated in Learn to Swim programmes

* The target set here calculates the number of enrolments into Learn to Swim programmes throughout the year. This means that an individual who is enrolled in a programme in each of the four school terms is calculated as four enrolments. This target has been corrected in the Long-term Plan to measure only the number of individuals.

Community satisfaction survey

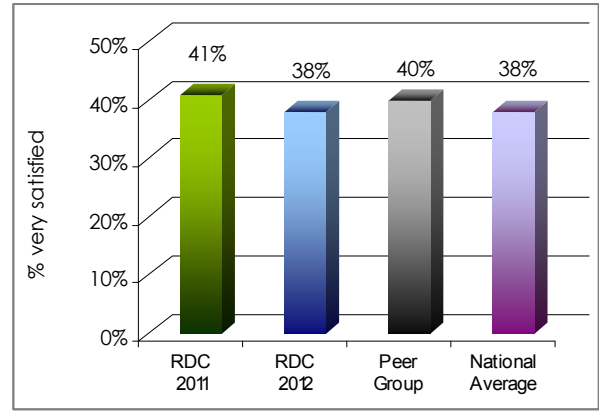
The graphs below have been prepared from the annual Community Satisfaction Survey.

Aquatic centre



This graph shows the percentage of survey respondents very or fairly satisfied with this service over the last five years.

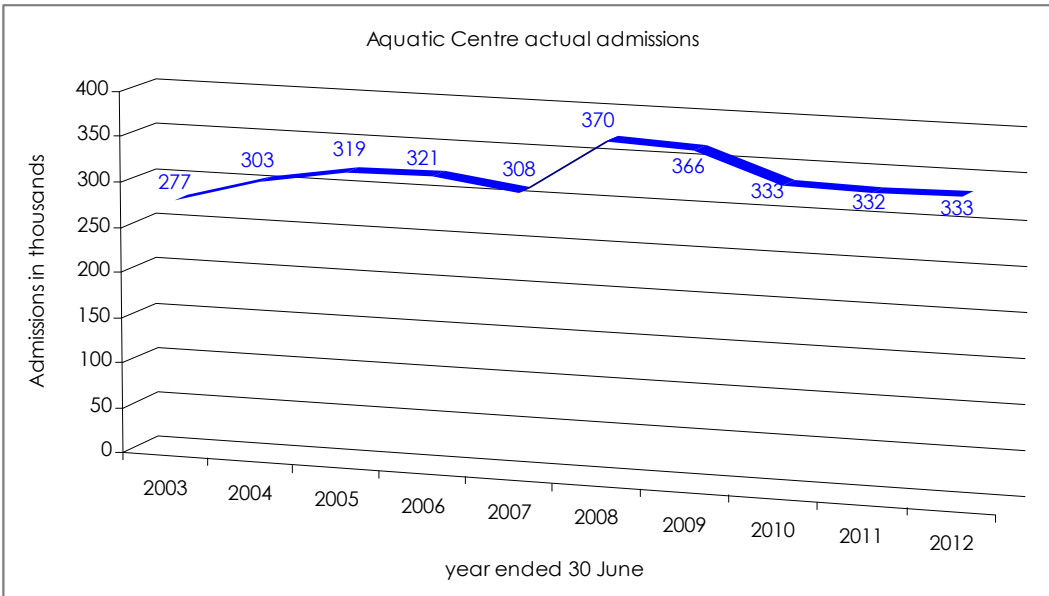
Aquatic centre



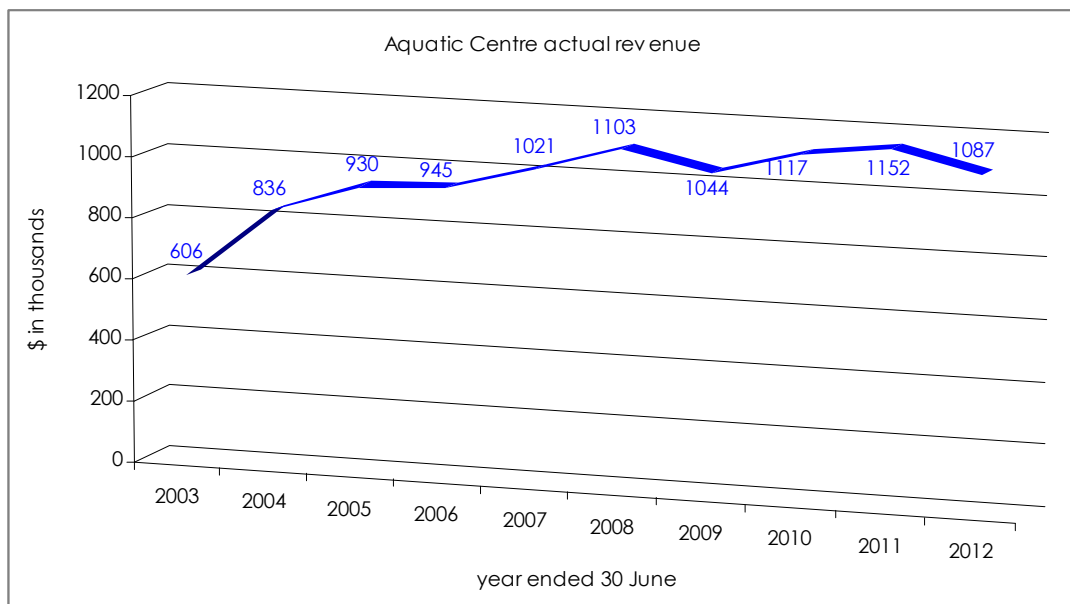
This graph shows the percentage of survey respondents "very" satisfied with this service over the last two years and compares it with our peer group and the national average for 2012.

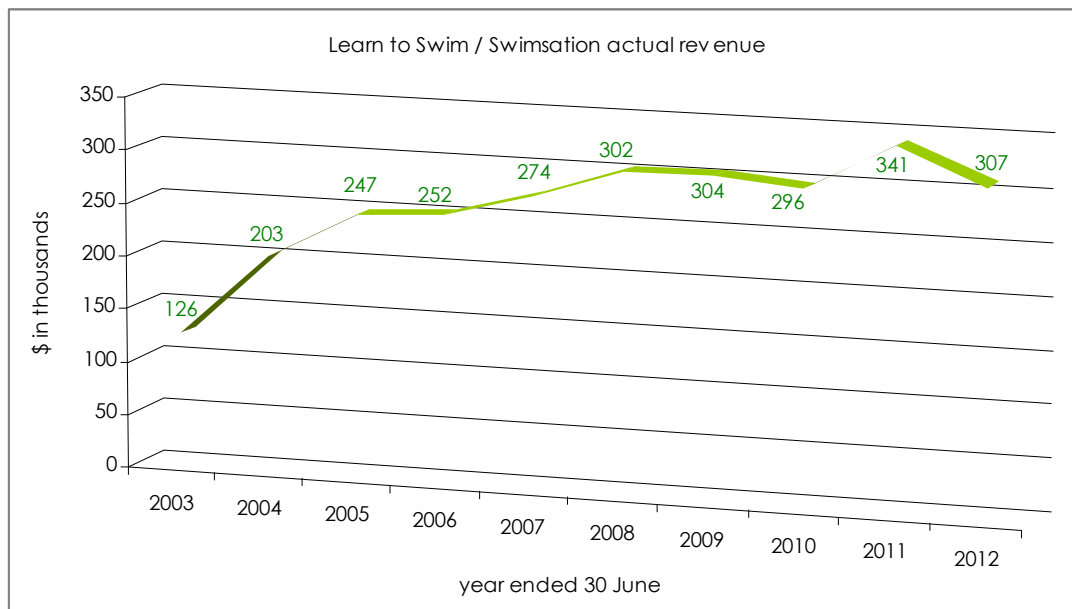
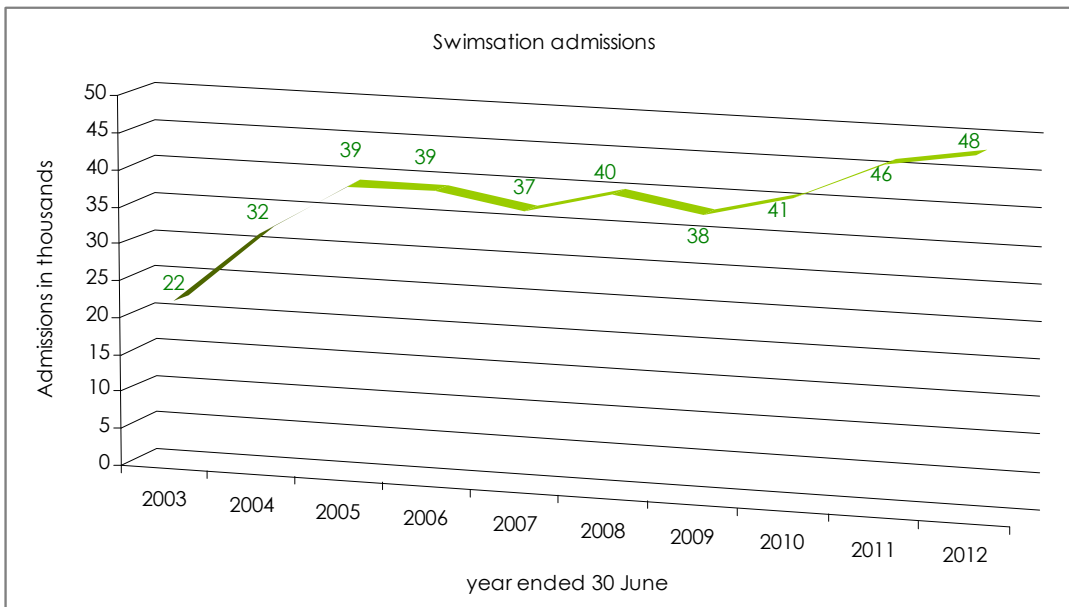
Other indicators

Aquatic Centre actual admissions



Aquatic Centre actual revenue





Infrastructural Planning and Compliance



What we do

Ensure resource consent processes and any consequential effects on Council's infrastructural assets are managed on a sustainable basis, while providing specialist support to Council's engineering services.

Why we do it

- To monitor strategic policies that may affect council utility operations.
- To identify, prioritise and minimise Council's exposure to risk and ensure that risk analysis is carried out in day to day decision-making and practice.
- To provide a trade waste, stormwater licensing, spill control and road opening administration function for council.
- To provide land development engineering input to the resource consent, building consent, PIM and LIM processes.
- To provide an asset transfer control, engineering standards and engineering audit function.

This year's highlights and achievements included:

- **Trade waste charges** – aligned with water billing as part of LEAN principles whilst undertaking review of the Water Services billing.
- **Development Contributions Policy** – updated for Long-term Plan.

Community Outcomes

Safe and Caring

- Effective and efficient administration of road corridor access request

Environment

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

Prosperous Economy

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

Excellent Facilities and Services

- By providing good quality regulatory controls from the water services

What it cost us

	2012 actual \$000	Annual Plan \$000	2011 actual \$000
Operating expenses			
Direct costs	508	315	254
Financial costs	3	6	2
Depreciation	59	69	97
Other*	40	0	1
Total costs	610	390	354
Revenue			
Capital revenue	0	0	0
General rates	0	0	0
Fees and charges	1,191	970	1,108
Investment income	0	0	0
Subsidies and grants	3	0	0
Targeted rates	0	0	0
Other income*	0	0	0
Total revenue	1,194	970	1,108
Net cost of service	-584	-580	-754
Capital costs			
Renewals	57	15	17
Growth	0	0	0
Backlog	0	0	0
Level of service	0	20	0
Total capital	57	35	17
Operational funding			
Net cost of service of general rate activities	-584	-580	-754
Plus capital revenue	0	0	0
Less depreciation	-99	-69	-97
Depreciation funded by general rates	57	15	17
Add back half share roading depreciation	0	0	0
Self funding/DC reserve movements	0	0	0
Operations funded by general rates	-626	-634	-834
Capital funding			
Funding from depreciation (rates)	57	15	17
Loans from/(to) corporate fund	0	20	0
Capital grants	0	0	0
Development contributions	0	0	0
Reserves net	0	0	0
Asset sales	0	0	0
Total capital	57	35	17

* Non cash adjustments due to revaluation

Capital expenditure

	2012 actual \$000
Laboratory plant renewal	57
	57

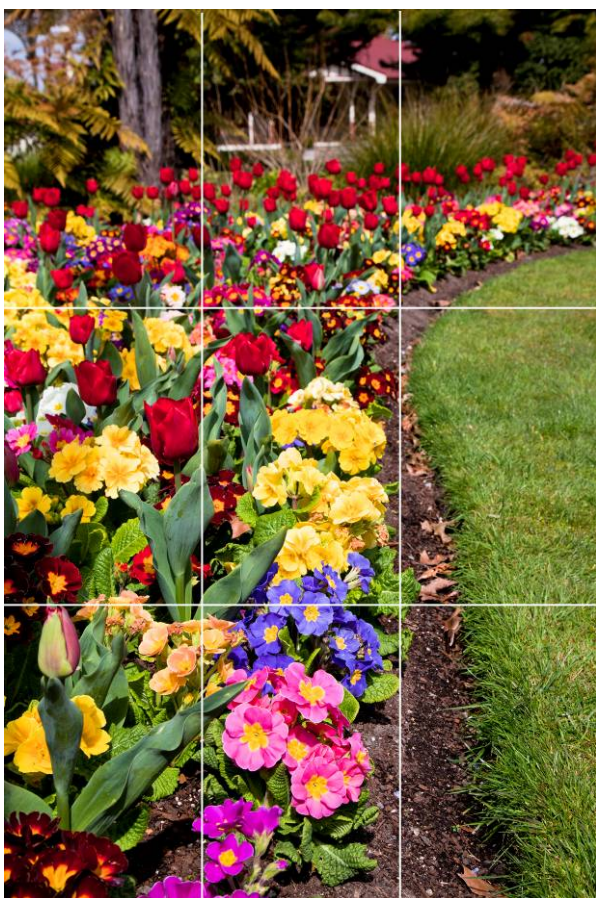
Variance from budget

- Direct costs are unfavourable to budget due to higher recruitment costs for vacancies, more laboratory costs and higher costs of geotechnical peer reviews and Benfield Subdivision.
- Other costs include non cash asset adjustment entries.
- Fees and charges are favourable due to increases in trade waste and connection fees previously unbudgeted for.
- Subsidies and grants are for sponsorships for the Ingenium Northern activity.

How we performed

Level of Service	Performance measures	Target for 2011/12	Achievement	Comments
To provide Integrated Risk Management to the organisation.	Number of activities reviewed in accordance with Integrated Risk Management process.	5 high level reviews, 4 low level reviews	Achieved	14 low level reviews completed.
Provision of laboratory services and test results in accordance with IAAZ standards.	Maintain IAAZ accreditation.	100%	100% (achieved)	IAAZ accreditation maintained for 2012.
Manage and control the community's wastewater discharges.	% of premises that have a conditional trade waste consent or stormwater licence inspected each year for compliance.	40%	67% (achieved)	583 premises out of 873 premises with a conditional trade consent/stormwater licence were inspected for the year.
	All high risk premises monitored for compliance with their trade waste consent or stormwater licence conditions each year.	100%	91% (not achieved)	40 out of a total of 44. The 4 balance properties were audited by BOPRC
	% of pollution control complaints responded to within two hours.	95%	100% (achieved)	

Public Gardens and Open Spaces



What we do

Open space

The council provides and manages 800 hectares of reserve land (excluding the Tokorangi Forest), 45 kilometres of walkways, 72 playgrounds with 227 individual pieces of play equipment, and 50 hectares of 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 District Council is responsible for the maintenance of walking and mountainbike trails in the Tokorangi Forest, famous for the magnificent stands of towering Californian Coastal Redwoods. The tracks in the adjacent Whakarewarewa Forest are maintained by volunteer track sponsors.

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

Urban design / policy development

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

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

Nursery

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

Why we do it

- To provide an open space network for casual and organised recreation, supporting social, cultural, economic and environmental community wellbeing;
- To contribute to the community's physical, mental and spiritual wellbeing;
- To provide facilities for burial and cremation;
- To protect and enhance ecological and heritage landscape values.

This year's highlights and achievements included:

- **Youth spaces** - Wrigley Road Reserve and Park Road Reserve completed.
- **2011 Rotorua Chamber of Commerce Awards winner** - the "Redwoods Visitor Centre" won the best 2011 Community Organisation and Customer Choice Awards.
- **Kuirau Park master plan** - revised the concept plan incorporating the Aquatic Centre development as an integral component of the park.
- **Freedom camping** - designated camping sites now operating at Boyes Beach Reserve (Okareka), Trout Pool Rd (Okere Falls) and Guy Roe Reserve (Rerewhakaaitu).

- **Jessie Martin Park toilet** - new exeloo toilet facility commissioned.
- **Stunning garden displays and plantings** maintained by planting 40,000 spring bulbs, 175,000 bedding display plants and 14,500 trees and shrubs.
- **New cemetery land purchase** - purchased 13 ha of land at Tarukenga for development of a new public cemetery required by the district within 5 years time.

Community Outcomes

Safe and Caring

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

Environment

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

Healthy

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

Excellent Facilities and Services

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

What it cost us

	2012 actual \$000	Annual Plan \$000	2011 actual \$000
Operating expenses			
Direct costs	8,523	8,684	8,088
Financial costs	923	973	745
Depreciation	1,885	1,407	1,549
Other*	1,118	0	150
Total costs	12,449	11,064	10,532
Revenue			
Capital revenue	250	677	265
General rates	0	0	0
Fees and charges	2,124	2,245	1,378
Investment income	97	131	113
Subsidies and grants	10	0	6
Targeted rates	0	0	0
Other income*	2,654	100	1,864
Total revenue	5,135	3,153	3,626
Net cost of service	7,314	7,911	6,906

* Non cash adjustments due to revaluation

	2012 actual \$000	Annual Plan \$000	2011 actual \$000
Capital costs			
Renewals	533	674	512
Growth	96	90	64
Backlog	0	32	29
Level of service	688	1,062	890
Total capital	1,317	1,858	1,495
Operational funding			
Net cost of service of general rate activities	7,314	7,911	6,906
Plus capital revenue	283	677	265
Less depreciation	-3,878	-1,407	-1,699
Depreciation funded by general rates	533	674	512
Add back half share roading depreciation	0	0	0
Self funding/DC reserve movements	251	115	7
Operations funded by general rates	4,503	7,970	5,991
Capital funding			
Funding from depreciation (rates)	533	674	512
Loans from/(to) corporate fund	668	1,062	99
Capital grants	0	0	11
Development contributions	31	90	54
Reserves net	85	32	819
Asset sales	0	0	0
Total capital	1,317	1,858	1,495

Capital expenditure

	2012 actual \$000
Alexander Reserve	28
Fordland skate park	258
Jessie Martin Park – toilet block	84
Kariri Point Tarawera – carpark upgrade	55
Land purchases	85
Lighting upgrade Government Gardens	150
Park renewals	452
Parks – general reserve development	26
Redwood Forest carpark	12
Redwood Visitor Centre new toilet	22
Reserve development	2
Reserve improvements	2
Vaile Road development	8
Waipa Road – carpark upgrade	26
Waipa Road mountain bike	21
Walkway	6
Western Heights skate park	63
Wharf development	1
Cemeteries/crematorium renewals	13
Nursery renewals	1
Camera for parks	2
	1,317

Variance from budget

- Direct costs are favourable due to fewer valuations required from fewer developments requiring reserves, and reduced burial/cremation costs.
- Other costs include non cash asset adjustment entries.
- Capital revenue is unfavourable due to fewer subdivisions occurring than planned.
- Investment Income is unfavourable due to special fund interest being less than budgeted.
- Subsidies and grants are favourable due to the Department of Internal Affairs war graves grant.

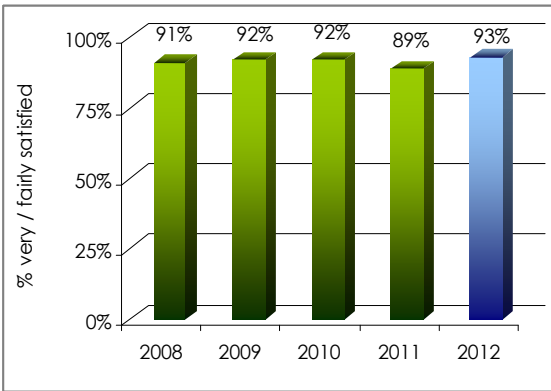
How we performed

Level of Service	Performance measures	Target for 2011/12	Achievement	Comments
Open spaces				
Enhance the aesthetic look of Rotorua in terms of quality plantings, bedding displays, interpretation and design.	% of residents very/fairly satisfied with level of service.	90%	97% (achieved)	
Provide a network of parks, open spaces and wetlands that meet community and environmental needs (environmental sensitivity awareness).	Amount of reserve per 1000 population.	12 ha/1000 people	21.93 hectares/1000 people (achieved)	
Provide a variety of recreation opportunities and facilities in parks.	% of children's play areas within 500m of dwellings in the urban area.	95%	97.5% (achieved)	There are 19,123 dwellings closer than 500 metres from a children's play area out of a total of 19,594 dwellings in the urban area.
	Kilometres of walkways provided in the district.	65 kilometres	87 kilometres (achieved)	
Provide and maintain sports fields for local, regional, national competitions, and participation.	% of residents very/fairly satisfied with the level of service as measured by community satisfaction survey.	85%	86% (achieved)	
Cemeteries/Crematorium				
Ensure that culturally sensitive, well designed, conveniently located cemeteries and cremation facilities are available in Rotorua district.	Provision of sufficient long term burial plots in Rotorua district main cemetery (shown as the number of years of developed plots).	1-2 years supply	Achieved	Currently 4 years supply available.
	Provision of sufficient daily cremator capacity.	6/day	Achieved	Averaging 1.5 hours/cremation.

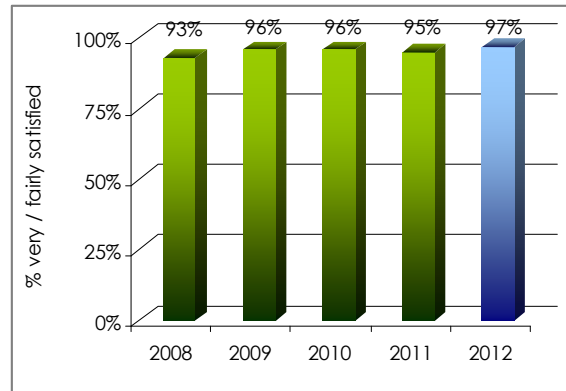
Community satisfaction survey

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

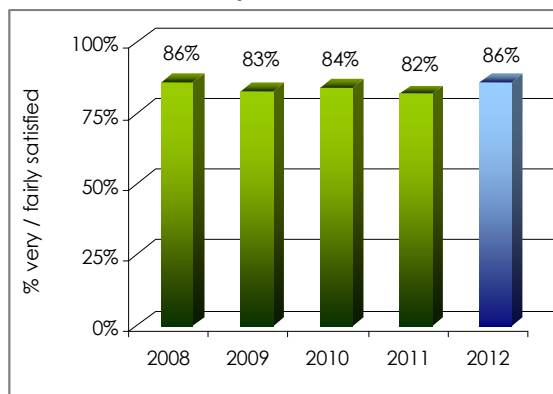
Parks and reserves



Beautification and landscaping

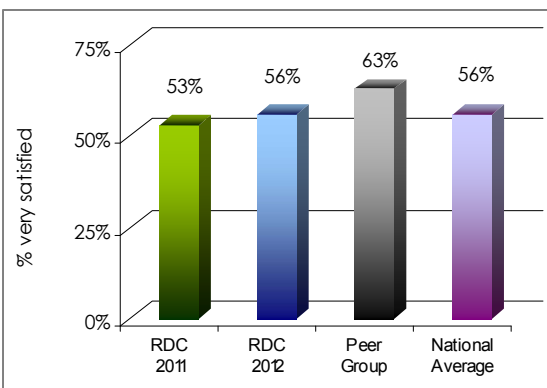


Sportsfields

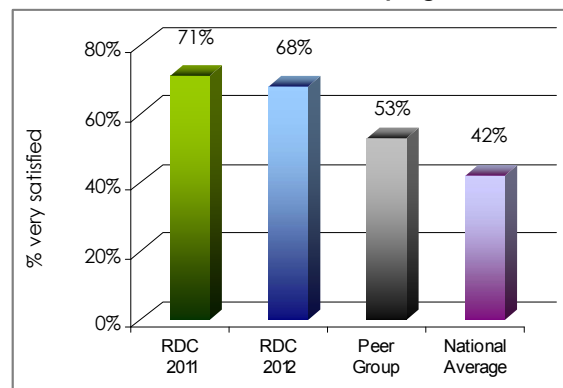


These graphs show the percentage of survey respondents very or fairly satisfied with these services over the last five years.

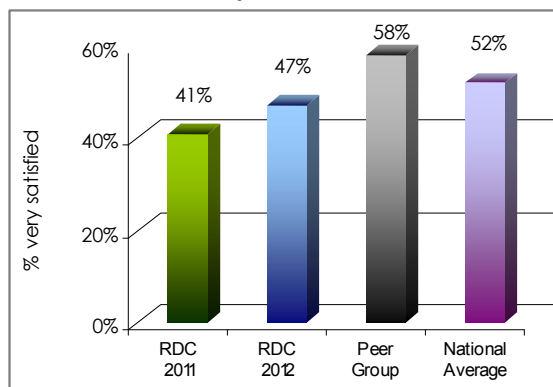
Parks and reserves



Beautification and landscaping

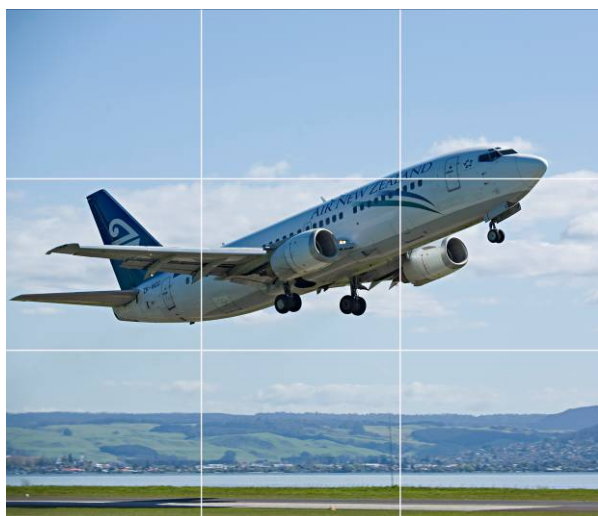


Sportsfields



These graphs show the percentage of survey respondents "very" satisfied with these services over the last two years and compares it with our peer group and the national average for 2012.

Rotorua Airport



What we do

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

This activity plan is focussed on optimal management of the assets for the overall benefit of the community through their utilisation by the operating company. Marketing of the airport is included in the Economic Development activity.

Why we do it

To develop and maintain a domestic and international airport servicing the needs of Rotorua and wider Bay of Plenty residents, with operational capability for direct access to/from key New Zealand and Australian cities.

This year's highlights and achievements included:

- **Floating wetland** – assembly of the largest man-made floating wetland commenced. Twenty thousand native plants have been used to create this environmental enhancement which will help improve Lake Rotorua water quality and promote the district with the word Rotorua spelled out in giant letters floating on the lake to be viewed by all how come into Rotorua via the airport.

Community Outcomes

Prosperous Economy

- By providing direct air access to and from Rotorua, the council is directly supporting growth, employment opportunities and

economic development of the city, district and wider Bay of Plenty community.

Excellent Facilities and Services

- By contributing to an integrated transport system and a modern, safe airport for the region.

What it cost us

	2012 actual \$000	Annual Plan \$000	2011 actual \$000
Operating expenses			
Direct costs	331	255	313
Financial costs	3,753	4,117	3,492
Depreciation	1,035	713	804
Other*	3	0	1,152
Total costs	5,122	5,085	5,761
Revenue			
Capital revenue	334	0	0
Fees and charges	967	768	915
Investment income	1	0	3
Subsidies and grants	0	0	0
Targeted rates	0	0	0
Other income*	0	0	515
Total revenue	1,302	768	1,433
Net cost of service	3,820	4,317	4,328
Capital costs			
Renewals	0	0	0
Growth	7	0	-2
Backlog	0	0	0
Level of service	1,244	793	3,261
Total capital	1,251	793	3,259
Operational funding			
Net cost of service of general rate activities	3,820	4,317	4,328
Plus capital revenue	334	0	0
Less depreciation	-1,035	-713	-804
Depreciation funded by general rates	0	0	0
Add back half share roadway depreciation	0	0	0
Self funding/DC reserve movements	881	395	-3,524
Operations funded by general rates	4,000	4,000	0
Capital funding			
Funding from depreciation (rates)	0	0	0
Loans from/(to) corporate fund	0	0	0
Capital grants	0	0	0
Development contributions	0	0	0
Reserves net	1,251	793	3,259
Asset sales	0	0	0
Total capital	1,251	793	3,259

* Non cash adjustments due to revaluation

Capital expenditure

	2012 actual \$000
Property purchases	317
Runway and other renewals	21
Southern extension	95
Wetlands mitigation	818
	1,251

Variance from budget

- Direct costs are unfavourable due to higher consultant costs, building maintenance, and old tree removals and insurance.
- Financial costs are favourable due to lower Interest rates.
- Depreciation for allocation of the costs of re valued amounts of assets is higher than budgeted.
- Capital revenue is for a half share of the floating wetland from BOP Regional Council which was not budgeted for.
- Fees and charges are favourable as the development levy income was higher than anticipated but lease income was lower. Also income generated by passenger use of the facility down due to global recession.

How we performed

Level of Service	Performance measures	Target for 2011/12	Achievement	Comments
The airport assets will be developed and managed in a safe manner and in compliance with the relevant legislation.	Number of airport closures or flight delays caused by the failure of the airport to meet industry safety and operational standards.	Nil	Achieved	No closures as a result of failure to meet industry safety and operational standards.
The assets will be provided at reasonable cost.	% of programmed construction and maintenance work completed on time and within budget.	100%	100% (achieved)	



Stormwater and Land Drainage



What we do

- Maintain stormwater systems and operate to manage drainage of excess rainfall.
- Develop and implement programmes to progressively improve stormwater systems in areas that experience localised flooding usually resulting from extreme rainfall episodes.
- Manage 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

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

This year's highlights and achievements included:

- **Customer satisfaction** – this year has seen average rainfall recordings well above average resulting in higher than usual lakes levels and stress on the network. During a year operating well outside the normal readings 92% of people surveyed were satisfied with urban land drainage schemes.
- **Significant rainfall events** - in January Rotorua experienced two significant rainfall events causing concern to residential properties. The target of less than three properties being affected was still achieved with only one property being recorded as affected by flood waters.

Community Outcomes

Environment

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

Excellent Facilities and Services

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

What it cost us

	2012 actual \$000	Annual Plan \$000	2011 actual \$000
Operating expenses			
Direct costs	1,764	1,552	1,771
Financial costs	777	484	588
Depreciation	2,100	2,200	2,163
Other*	770	0	2,289
Total costs	5,411	4,236	6,811
Revenue			
Capital revenue	22	54	21
General rates	-4	0	0
Fees and charges	267	111	239
Investment income	4	1	7
Subsidies and grants	0	0	0
Targeted rates	2,024	2,000	0
Other income*	0	0	39
Total revenue	2,313	2,166	306
Net cost of service	3,098	2,070	6,505
Capital costs			
Renewals	623	530	410
Growth	116	104	199
Backlog	465	415	499
Level of service	0	0	0
Total capital	1,204	1,049	1,108
Operational funding			
Net cost of service of general rate activities	3,098	2,070	6,505
Plus capital revenue	22	54	21
Less depreciation	-2,870	-2,200	-4,451
Depreciation funded by general rates	623	530	410
Add back half share roading depreciation	0	0	0
Self funding/DC reserve movements	0	0	0
Operations funded by general rates	873	454	2,485
Capital funding			
Funding from depreciation (rates)	623	530	410
Loans from/(to) corporate fund	465	415	536
Capital grants	0	0	0
Development contributions	116	104	162
Reserves net	0	0	0
Asset sales	0	0	0
Total capital	1,204	1,049	1,108

* Non cash adjustments due to revaluation

Capital expenditure

	2012 actual \$000
City stormwater upgrades	656
Stormwater renewals	548
	1,204

Variance from budget

- Direct costs are unfavourable due to significant additional maintenance costs incurred on the Kaituna Scheme. These were recovered from BOP Regional Council.
- Financial costs have increased due to higher cost of capital charges on this activity.
- Other costs refer to non cash asset adjustment entries.
- Capital revenue is unfavourable due to less development contributions received.
- Fees and charges are favourable due to recovered costs from BOP Regional Council.

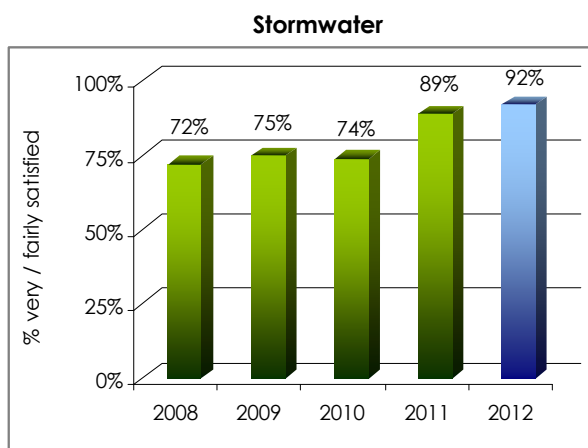
How we performed

Level of Service	Performance measures	Target for 2011/12	Achievement	Comments
Provision of a stormwater network to minimise the impact of flooding.	Number of dwellings per year affected by flood waters.	< 3*	Achieved	1 dwelling affected by flood waters.
	% of blockages responded to within 24 hours.	> 95%	95.4% (achieved)	There were 87 blockages of stormwater systems reported and 85 responded to within 24 hours.
	% satisfaction of people protected by urban land drainage schemes as measured by annual community satisfaction survey.	> 80%	92% (achieved)	
Provision of a stormwater network to minimise the impact on the environment.	Number of breaches of consent conditions notified by Regional Council.	0	Achieved	There were no breaches of consent conditions notified by Regional Council.

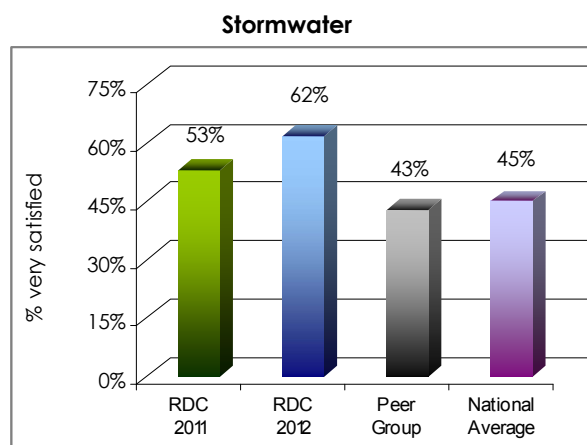
* Records show that in most years no dwellings are affected by flooding but in a significant rainfall event some dwellings would be expected to be affected by flood waters. The performance target shown is therefore an average per year over the 10 year period.

Community satisfaction survey

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



This graph shows the percentage of survey respondents very or fairly satisfied with this service over the last five years.



This graph shows the percentage of survey respondents "very" satisfied with this service over the last two years and compares it with our peer group and the national average for 2012.

Transport



What we do

This activity includes development and management of the roading network including public transport infrastructure, safety programmes, alternative transport modes and long term planning. Roothing networks are critical to supporting and developing the economy particularly in the Rotorua district where three major economic drivers of forestry, agriculture and tourism are so reliant on efficient transport systems.

The council also undertakes the following functions:

- Manage, administer, and maintain the local road network, including kerb & channelling, road marking, traffic signals, signage, street furniture, and street lighting.
- Plan, implement and manage improvements to the network.
- Prioritise and manage programme of road safety improvements.
- Provide, maintain and manage infrastructure to support walking, cycling and public transport (by providing and managing bus shelters and bus stops).
- Provide footpath and verge maintenance and construction in both urban and rural areas.

- Provide an ongoing programme of seal extension in the rural areas.
- Provide roadside mowing and vegetation control.
- Provide co-ordination, education, resources, support and advice to individuals, community groups and other agencies on road safety and alternatives to private passenger vehicles.
- Provide information and respond to the public on local highway issues.
- Provide local emergency response on highway corridors.
- Provide local area contact for the NZ Transport Agency for highways.
- Provide strategic planning advice.
- Act as delegated highway manager.
- Manage highway maintenance activities within nationally set levels of service.

Why we do it

- To provide a safe and efficient roading network that supports the district's economy, provides access for utilities and supports facilitation of events and other activities;
- To promote road safety and encourage sustainable forms of travel.

This year's highlights and achievements included:

- **Lake Road 4 laning** – project well underway and currently ahead of time.
- **Road safety** – 2011/12 programme successfully completed. Programmes/campaigns included Back to School, education around new give way rules, Rubeun the road safety bear, Driver Directions Day for Young Drivers , Rotorua Road Safety Youth Expo, Winter campaigns using Ruru on SH5, SH33 and SH36 and "vulnerable road users' campaign to name but a few.
- **Rotorua Transport Strategy** – new strategy completed to draft stage.
- **Fenton Street/Devon Street** – roundabout completed, reducing the potential crashes on one of the identified black spots within the city.
- **Victoria Street arterial** – designation confirmed.

Community Outcomes

Safe and Caring

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

Environment

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

Prosperous Economy

- By providing an attractive and lively city

Excellent Facilities and Services

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

What it cost us

	2012 actual \$000	Annual Plan \$000	2011 actual \$000
Operating expenses			
Direct costs	7,652	7,926	7,323
Financial costs	1,958	2,223	1,592
Depreciation	7,468	4,827	4,640
Other*	9,025	0	0
Total costs	26,103	14,976	13,555
Revenue			
Capital revenue	6,054	6,731	3,573
General rates	-16	0	0
Fees and charges	171	233	377
Investment income	70	47	51
Subsidies and grants	3,143	3,673	3,179
Targeted rates	8,984	8,951	8,974
Other income*	0	0	0
Total revenue	18,406	19,635	16,154
Net cost of service	7,697	-4,659	-2,599
Capital costs			
Renewals	4,320	4,954	4,705
Growth	1,069	6,761	1,037
Backlog	0	0	0
Level of service	7,052	2,295	3,022
Total capital	12,441	14,010	8,764
Operational funding			
Net cost of service of general rate activities	7,697	-4,659	-2,599
Plus capital revenue	6,054	6,731	3,573
Less depreciation	-35,505	-4,827	-4,640
Depreciation funded by general rates	4,320	4,987	4,705
Add back half share roading depreciation	-16,332	-2,220	-2,134
Self funding/DC reserve movements	0	0	0
Operations funded by general rates	-33,766	12	-1,095
Capital funding			
Funding from depreciation (rates)	2,385	2,767	2,628
Loans from/(to) corporate fund	3,823	2,089	3,124
Capital grants	5,893	6,127	2,732
Development contributions	340	3,027	280
Reserves net	0	0	0
Asset sales	0	0	0
Total capital	12,441	14,010	8,764

* Non cash adjustments due to revaluation

Capital expenditure

Transport (subsidised)

	2012 actual \$000
CBD southern link	488
Cycleway construction	435
Emergency capital reinstatement	123
Lake Road	4
Lake Road reconstruction	3,381
Minor safety projects	714
New bus shelter	37
Rehabilitation renewals	1,282
Road reseals	2,620
Streetlight renewals	180
Structural replacement	125
	9,389

Transport (unsubsidised)

	2012 actual \$000
CBD upgrades	14
Footpath renewals	108
Land acquisition	47
Maori roadlines	57
Minor safety improvements	26
National cycleway	1,441
Parks roading renewal	1
Rural street extension	1,110
Rural street improvements	98
Security lighting	58
Urban street improvements	92
	3,052

Variance from budget

- Direct costs are favourable due to less New Zealand Transport Agency works completed.
- Financial costs are favourable due to less capital expenditure than budgeted.
- Depreciation costs are higher due to the revaluation of roading assets.
- Other costs refer to non cash asset adjustment entries.
- Capital revenue was unfavourable to budget due to the Lake Road project not yet completed, hence less funding from NZTA than anticipated.
- Subsidies and grants were unfavourable due to fewer subsidies received from NZTA and these are offset in savings in direct costs.

How we performed

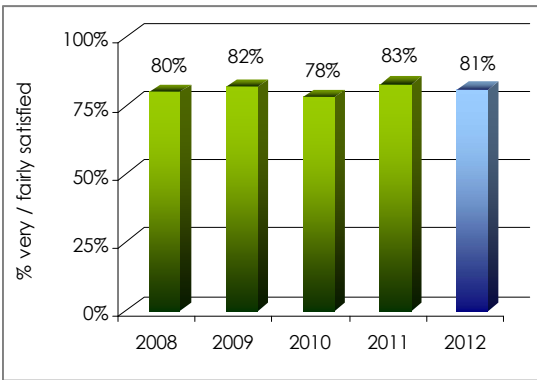
Level of Service	Performance measures	Target for 2011/12	Achievement	Comments
Improve the safety of the roading network.	RDC at or below peer ¹ group for crashes per 100 million vehicle km travelled.	Continued decline over 10 year period (compared against peer group statistics annually)	Achieved using new measure ²	Declining trend in crashes has continued.
Provision of an efficient transport system that enables generally free movement from place to place.	Public bus services run on time	95% of bus services are on time (Measured by BOPRC)	91% (not achieved)	91% measured at June 2011. For the 2011/12 year data was corrupted due to ongoing roadworks and changes to routes.
Maintain parking availability in CBD.	% average parking availability (1 in 7 spaces available between 10am and 3pm as measured by survey ³).	15%	Achieved	Surveys completed on demand within target range where measured.
Maintain road condition ratings at a level near to national average (local road only).	Cumulative road condition indices to be a minimum of -1.5% below national average.	- 1.5% minimum	+0.23% (achieved) ⁴	Road condition indices measure structural condition of road pavements. RDC aims to have NZ average condition pavements and being an urban authority would expect to be below NZ average. The target of -1.5% means that a very small amount of pavement fall below average.
Educational and sustainability programmes are supported.	At least 6 programmes are delivered per year.	100%	Achieved	9 programmes were delivered which were: <ul style="list-style-type: none"> • Cycling • Speed • Alcohol • Walking • Rear seat passengers • Younger drivers • Safer roads and roadsides (intersections) • Older drivers – Agewise and Mobility • Intersections • Network safety coordination

1. Peer group is similarly sized councils in New Zealand e.g. New Plymouth, Hastings.
2. RDC now use the performance measure of 'declining trend for injury crashes' and use the RDC crash database to measure this as NZTA no longer prepare the data on which this measure was previously based.
3. A number of blocks are surveyed each year in response to feedback from parking enforcement officers or queries from retailers and shoppers.
4. Data is sourced from NZTA and based on results from 2010/11 with a lag time of one year. This is the latest information available at the time and is consistent with other councils.

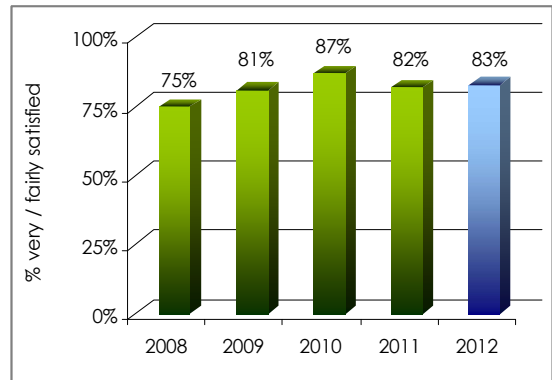
Community satisfaction survey

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

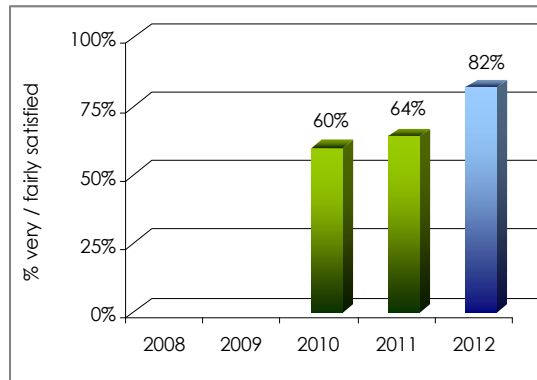
Roads and streets



Footpaths

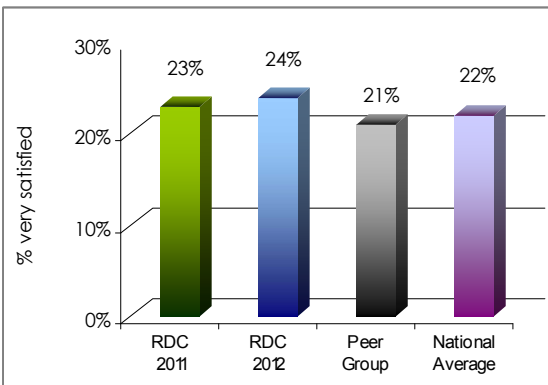


Cycling facilities

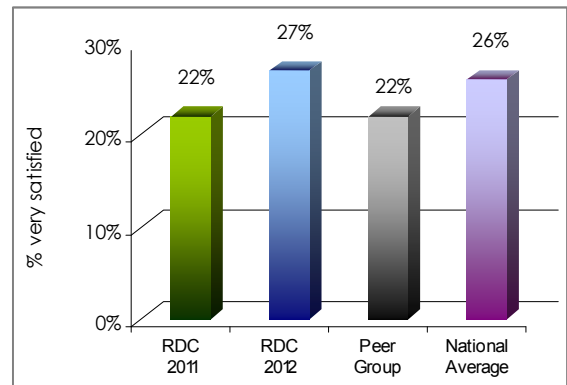


These graphs show the percentage of survey respondents very or fairly satisfied with these services.

Roads and streets

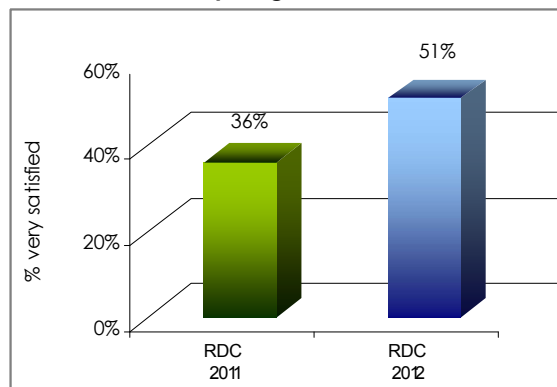


Footpaths



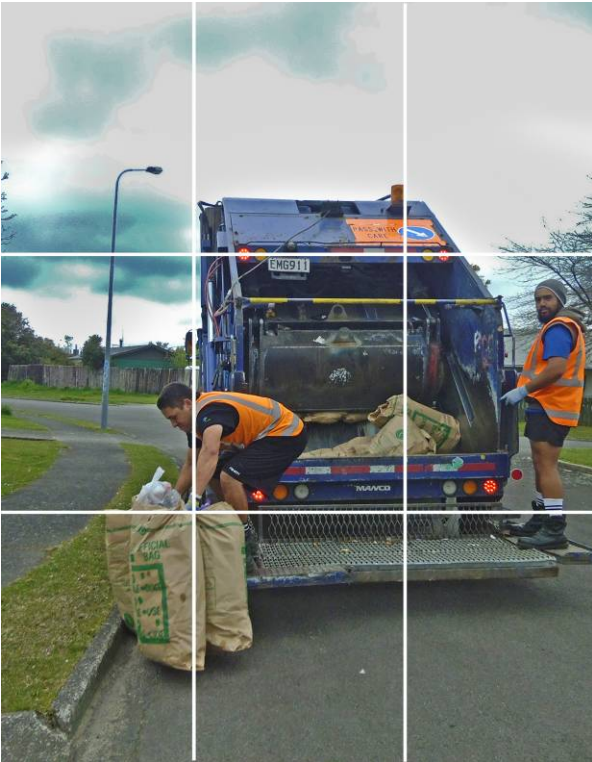
These graphs show the percentage of survey respondents "very" satisfied with these services over the last two years and compares it with our peer group and the national average for 2012.

Cycling facilities



This graph shows the percentage of survey respondents "very" satisfied with this service over the last two years.

Waste Management



What we do

This activity covers:

- Refuse collection
- Waste management
- Landfill

- Provides a weekly refuse collection service for residential properties.
- Manages and provide recycling and re-use services.
- Plans, provides and manages waste disposal facilities.
- Provides litter collection and management services.
- Provides waste minimisation education to the community.
- Provides and operate transfer stations for rural communities.
- Receives and disposes of domestic hazardous wastes.

Why we do it

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

This year's highlights and achievements included:

- **TERAX pilot plant** - fully operational.
- **In town recycling centre** – upgrade and extension to the service completed programme continuing.

Community Outcomes

Environment

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

Excellent Facilities and Services

- By providing good quality infrastructure for the future.

What it cost us

	2012 actual \$000	Annual Plan \$000	2011 actual \$000
Operating expenses			
Direct costs	7,213	6,222	6,315
Financial costs	452	466	309
Depreciation	690	629	1,216
Other*	-477	0	51
Total costs	7,878	7,317	7,891
Revenue			
Capital revenue	0	0	0
General rates	0	0	0
Fees and charges	3,879	4,882	3,679
Investment income	0	0	5
Subsidies and grants	15	0	0
Targeted rates	2,111	2,042	2,042
Other income*	0	0	0
Total revenue	6,005	6,924	5,726
Net cost of service	1,873	393	2,165
Capital costs			
Renewals	-1,260	150	164
Growth	1,721	1,043	0
Backlog	0	0	0
Level of service	1,009	1,000	1,722
Total capital	1,470	2,193	1,886
Operational funding			
Net cost of service of general rate activities	1,873	393	2,165
Plus capital revenue	0	0	0
Less depreciation	-216	-629	-1,266
Depreciation funded by general rates	0	0	164
Add back half share roading depreciation	0	0	0
Self funding/DC reserve movements	-1,688	1,261	181
Operations funded by general rates	31	1,025	1,244
Capital funding			
Funding from depreciation (rates)	0	0	164
Loans from/(to) corporate fund	1,009	1,000	0
Capital grants	0	0	0
Development contributions	0	0	0
Reserves net	461	1,193	1,722
Asset sales	0	0	0
Total capital	1,470	2,193	1,886

* Non cash adjustments due to revaluation

Capital expenditure

	2012 actual \$000
Town recycling centre	1,009
Gas flaring project	189
Landfill cells	66
Landfill reseals	2
Okere station renewal	-4
Organic waste project TERAX	203
Recycling centre renewals	5
	1,470

Variance from budget

- Direct costs are unfavourable. An agreement with SCION for research on the Terax project was entered into and is offset by income from SCION.
- Other costs refer to non cash asset adjustment entries.
- Fees and charges are unfavourable as there were fewer coupons and invoiced landfill charges. These are partially offset with increases in cash sales. Refuse bag sales were lower than expected.
- Subsidies and grants relating to a BOP Regional Council grant for the cleaner promotion programme was not budgeted.

How we performed

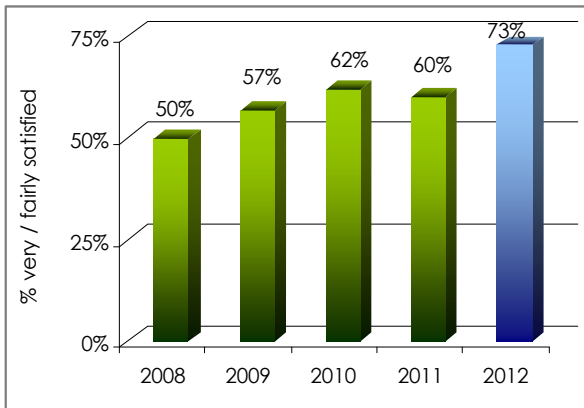
Level of Service	Performance measures	Target for 2011/12	Achievement	Comments
Provide recycling facilities within 13km to 95% of population.	Increase in recovery of recyclable materials of at least 5% pa.*	4,050 tonnes	4,184 tonnes (achieved)	3,290 tonnes collected by council. 894 tonnes collected by private collection services.
Provide for recovery of green waste and concrete.	Number of tonnes per annum of green waste and concrete recovered.	16,000 tonnes/pa ± 10%	12,507 tonnes (not achieved)	Only 12,507 tonnes of green waste and concrete was recovered mainly due to a lack of building activity in the city as a result of the economic conditions.
Provision of weekly refuse collection to communities where majority request service.	Refuse collection is completed as scheduled.	Completion by 4pm daily	99% (not achieved)	On 7 occasions the refuse collection was not completed by 4pm.
Provision of landfill/hazardous waste disposal facilities.	% reduction in total landfill volume.	62,500 tonnes ± 10%	48,099 tonnes (achieved)	The total quantity put in the landfill for 2011/12 was 48,099, which is a 25% reduction on the target.
Minimise impact on environment.	Number of breaches of consent conditions notified by Regional Council.	No breaches	Achieved	0 breaches reported for year. Compliance reports had 2 at high compliance and 1 at moderate compliance.

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

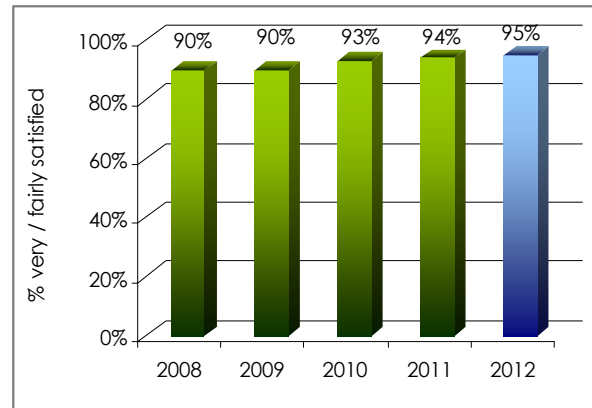
Community satisfaction survey

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

Recycling waste

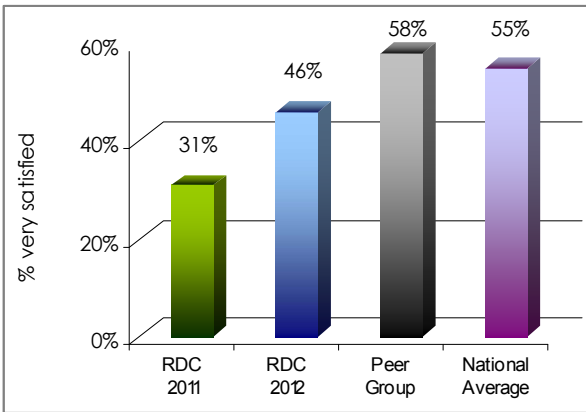


Rubbish collection

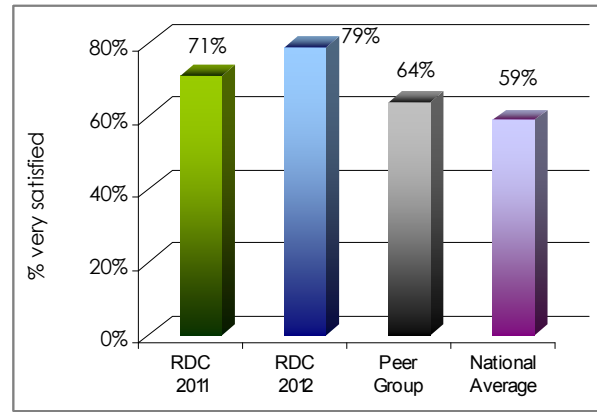


These graphs show the percentage of survey respondents very or fairly satisfied with these services over the last five years.

Recycling waste



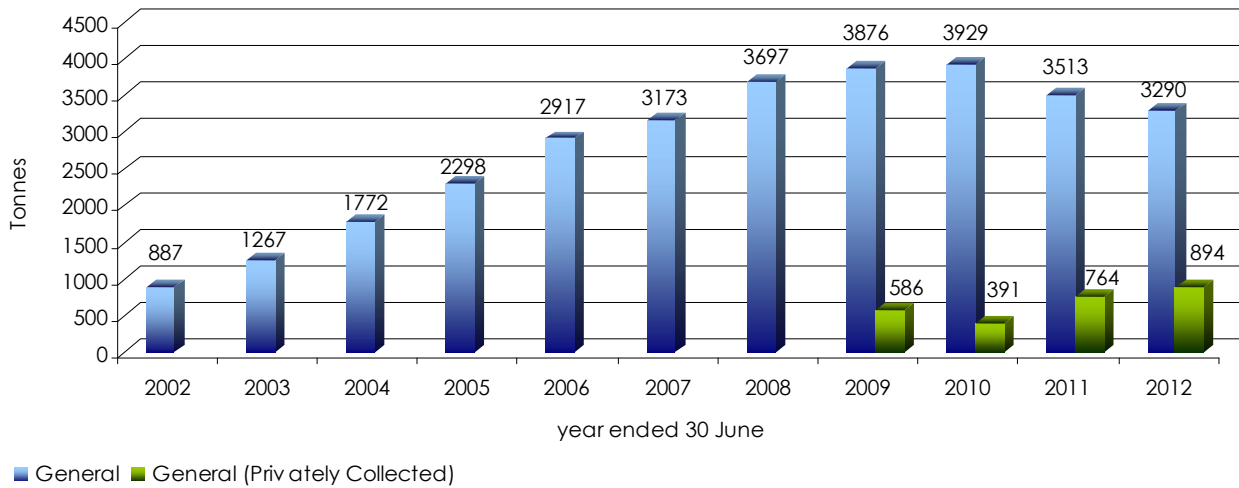
Rubbish collection



These graphs show the percentage of survey respondents "very" satisfied with these services over the last two years and compares it with our peer group and the national average for 2012.

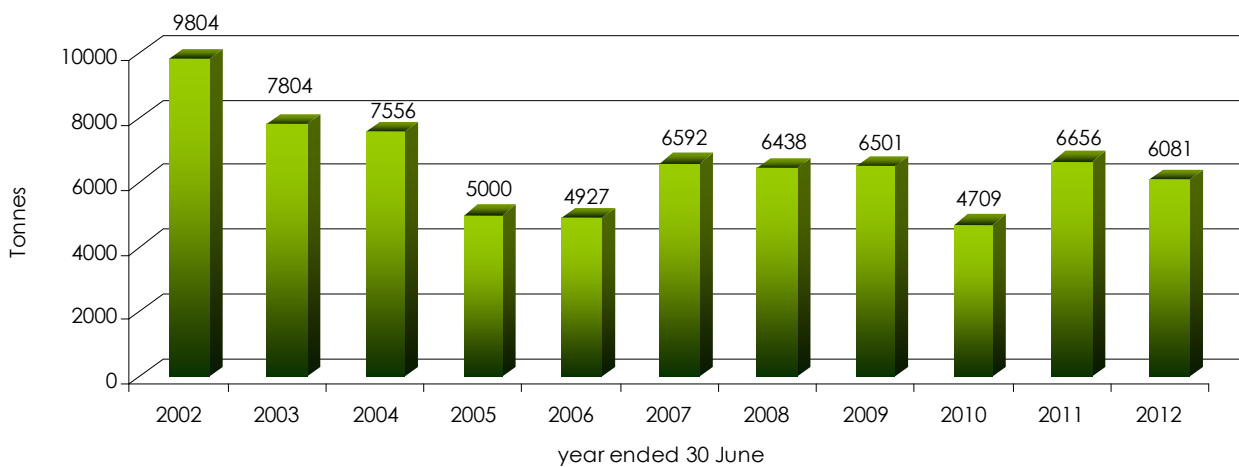
Other indicators

General Recycling

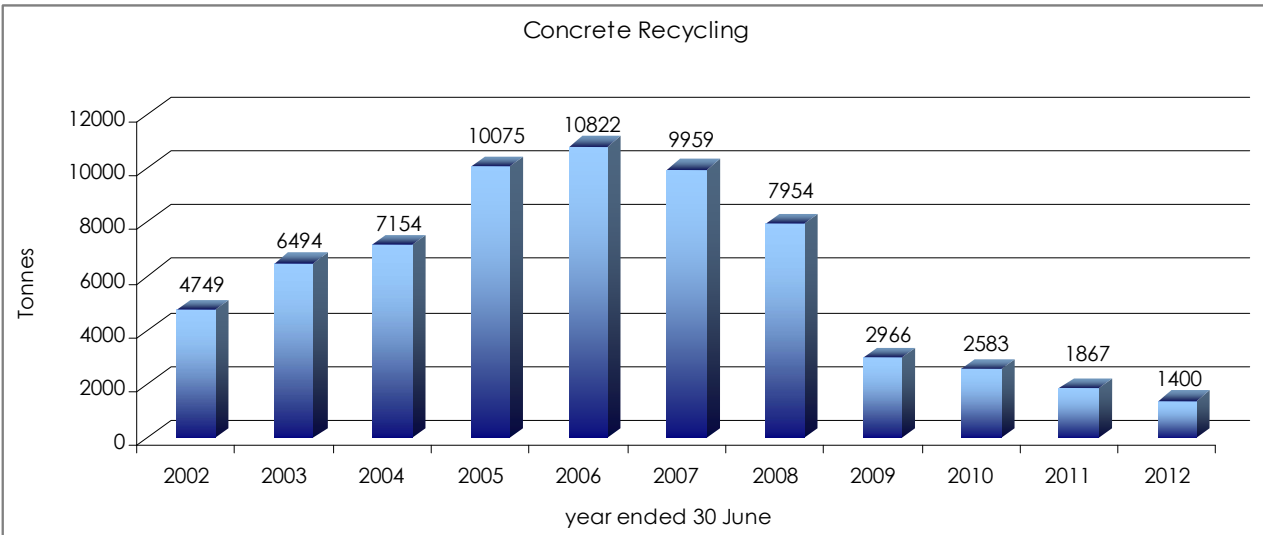


NOTE: Only volumes of product that have gone off the site for recycling/processing are shown on this graph. Does not include greenwaste and concrete. Includes glass, paper, cardboard, aluminium and steel cans, scrap metal, plastics, batteries, e-waste, clothing (does not include material at the 'Urban Ore' store). Private collections data obtained from Waste Management NZ Ltd, and Kiwi Commodity Recycling Solutions.

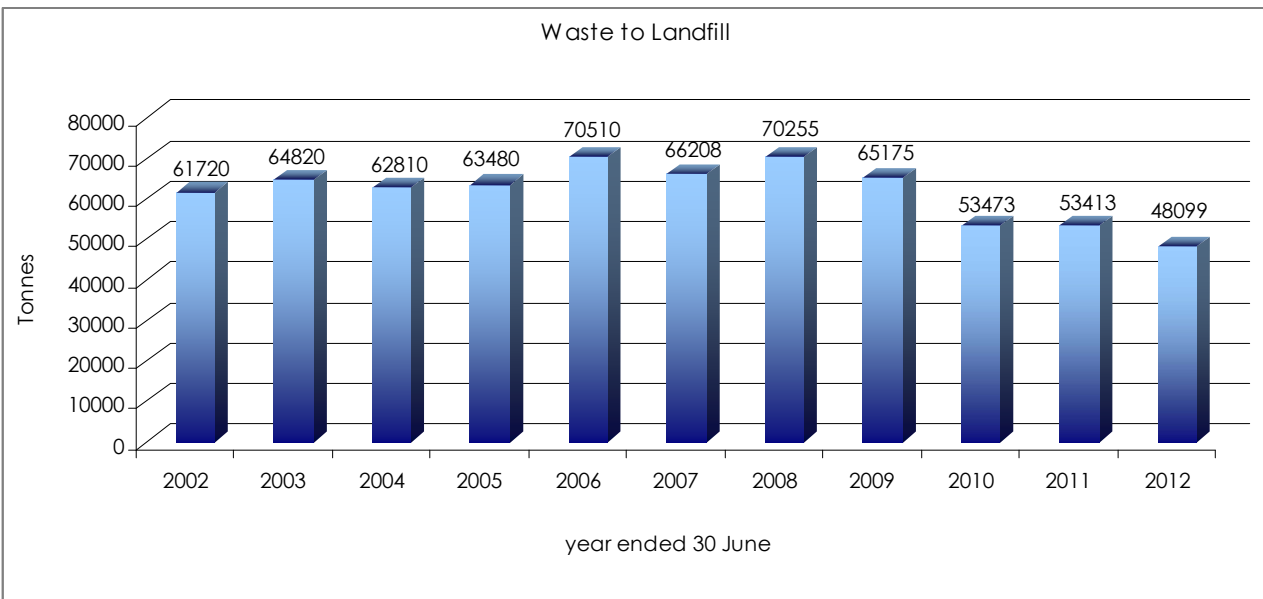
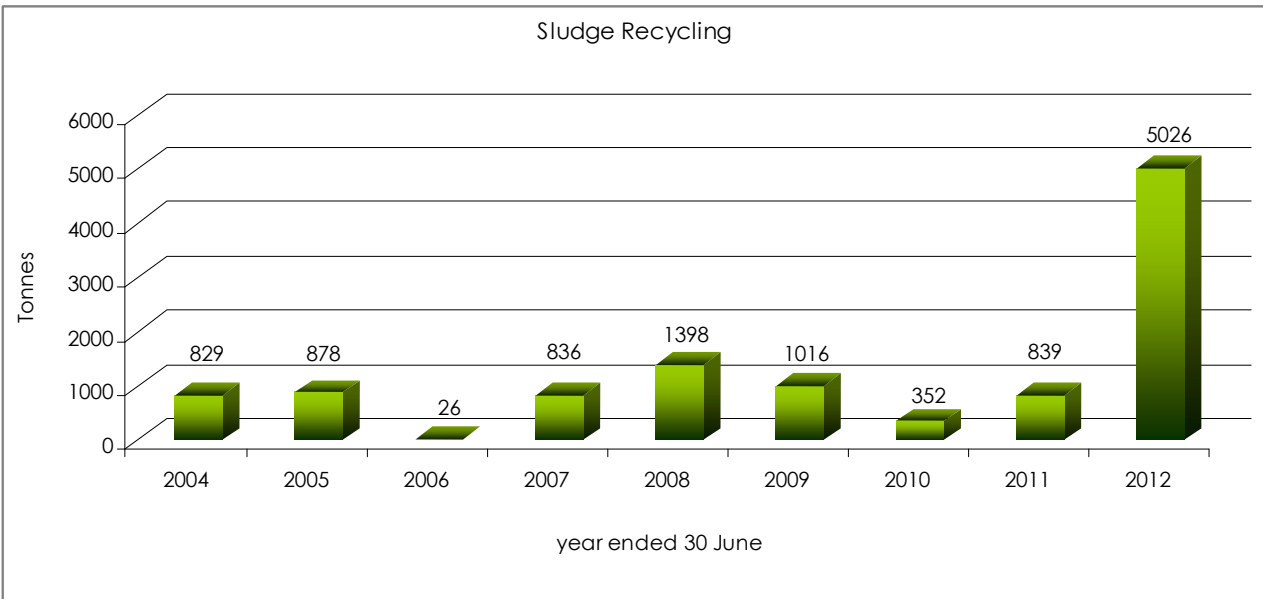
Greenwaste Recycling



NOTE: Only volumes of product that have gone off the site for recycling/processing are shown on this graph.



NOTE: Only volumes of product that have gone off the site for recycling/processing are shown on this graph.



Wastewater



What we do

This activity comprises the collection, treatment and disposal of sewage from toilets and drains, from the three urban areas of Rotorua (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.

Why we do it

To provide for the removal of sewage and liquid trade wastes from communities, to promote public health and minimise the impact of communities on the environment.

This year's highlights and achievements included:

- **Storm flows** – an event on New Years Eve was the largest staff have encountered in over 20 years. All mechanical and electrical plant was kept fully operational.
- **Rotorua WWTP** – upgrade to a membrane bio reactor completed improving the effluent standards considerably.
- **Hamurana/Awahou sewerage scheme** - construction commenced and ahead of schedule.
- **Okere Falls / Otaramarae / Whangamarino sewerage scheme** – completed.
- **Depot Street/Victoria Street** – mains replacement commenced.

Community Outcomes

Healthy

- By providing a sanitary wastewater collection and treatment service.

Environment

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

Excellent Facilities and Services

- By providing good, quality infrastructure for the future.

What it cost us

	2012 actual \$000	Annual Plan \$000	2011 actual \$000
Operating expenses			
Direct costs	6,734	6,842	5,792
Financial costs	432	496	257
Depreciation	4,063	3,720	3,713
Other*	-54	0	-45
Total costs	11,175	11,058	9,717
Revenue			
Capital revenue	10,651	7,190	5,128
General rates	0	0	0
Fees and charges	87	21	23
Investment income	1,025	461	988
Subsidies and grants	0	0	0
Targeted rates	13,615	11,502	12,175
Other income*	751	0	57
Total revenue	26,129	19,174	18,371
Net cost of service	-14,954	-8,116	-8,654
Capital costs			
Renewals	2,142	2,875	2,489
Growth	14,435	12,762	10,992
Backlog	552	2,087	4,587
Level of service	0	0	0
Total capital	17,129	17,724	18,068
Operational funding			
Net cost of service of general rate activities	-14,954	-8,116	-8,654
Plus capital revenue	174	0	296
Less depreciation	-4,063	-3,720	-3,713
Depreciation funded by general rates	0	0	0
Add back half share roading depreciation	0	0	0
Self funding/DC reserve movements	17,676	11,836	12,071
Operations funded by general rates	-1,167	0	0
Capital funding			
Funding from depreciation (rates)	0	0	0
Loans from/(to) corporate fund	0	0	0
Capital grants	5,013	5,875	5,074
Development contributions	2,183	1,193	6,967
Reserves net	9,933	10,656	6,027
Asset sales	0	0	0
Total capital	17,129	17,724	18,068

* Non cash adjustments due to revaluation

Capital expenditure

	2012 actual \$000
Land treatment renewals	174
Network improvements	195
Network renewals	808
Pump station renewals	1,605
Waste water treatment plant improvements	3,307
Waste water treatment plant renewals	507
Gisborne Point and Hinehopu waste water scheme	237
Gisborne Point and Rotoma treatment plant	507
Hamurana and Awahou waste water scheme	8,300
Mamaku sewerage scheme	1
Okareka sewerage scheme	731
Rotoma wastewater scheme	153
Tarawera sewerage scheme	82
Okere and Otaramarae sewerage scheme	523
	17,130

Variance from budget

- Direct costs are favourable as a result of income in trade waste revenue.
- Depreciation is higher than anticipated for the cost of assets and its revalued amount.
- Other costs refer to non cash asset adjustment entries.
- Capital revenue is favourable for Ministry for Environment subsidies received and Central and Regional Government grants payment timetable adjusted.
- Fees and charges include Maketu WWTP site operation revenues not budgeted.
- Investment Income from self funding reserve interest was greater than anticipated.
- Targeted rates are favourable for new communities on stream earlier than expected increasing ratepayer base.

In the Annual Plan but not done

- Fenton Park mains upgrade project start was delayed while the full network assessment was completed. The project is well-progressed and due for completion in 2012/13.
- Various pump station renewal/replacement works were deferred as condition assessment indicates there is still useful life remaining. The major upgrade of the Depot St pump station was deferred to coincide with the rising main replacement project which is nearing completion.
- The Rotoiti/Rotorua reticulation and treatment project has been delayed due to difficulties in obtaining the required resource consent.

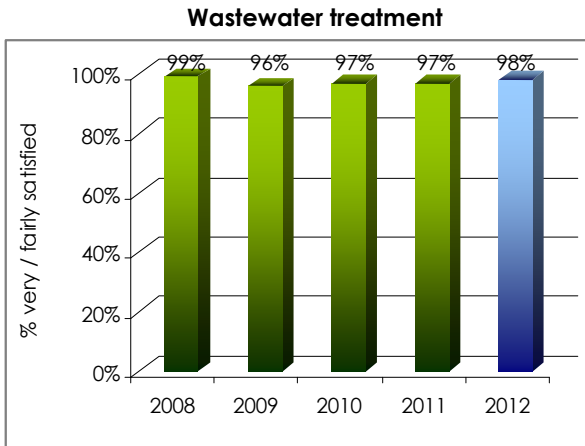
How we performed

Level of Service	Performance measures	Target for 2011/12	Achievement	Comments
Implementation and management of schemes to minimise the impact on the environment.	% compliance with air, land and water discharge requirements.	100%	99% (not achieved)	The level of achievement of 99% represents total compliance with management, sampling and discharge requirements for the wastewater treatment plant and compost plant. The 1% non-compliance relates to the level of nitrogen in the Waipa Stream. Council has recently commissioned an \$8 million upgrade of the Wastewater Treatment Plant to improve nitrogen removal from the effluent which ultimately reduces load in the Waipa Stream. Council is also applying for a variation to the consent conditions, and investigating alternative effluent disposal options.
	Completion of new sewerage schemes.*	Hinehopu/Gisborne Point	Achieved	The design for the project and resource consent application was progressed according to the programme. Resource consent was granted but subsequently appealed to the Environment Court, where it is still the subject of court proceedings.
Provision of an efficient collection and disposal service.	Number of overflows to waterways.	< 2	4 (not achieved)	4 overflows. These overflows are included in the total for the following performance measure but are monitored separately as any discharge to waterways has a much greater potential health and/or environmental risk. The overflows were the result of a fat blockage, a hail storm, a pump failure, and a large piece of loose concrete blocking a pipe. Each of these faults was investigated and appropriate repairs/maintenance carried out.
	Total number of overflows caused by network faults (per 100km of mains).	< 14	Achieved	8.1 per 100km. This represents 38 overflows for the year in total. Council is continually working to reduce the incidence of overflows by targeting problem areas for increased maintenance and inspections.
	% of customers satisfied with wastewater services as measured by annual community satisfaction survey.	99%	98% (not achieved)	The following graph shows that while this year's target was not achieved, satisfaction has remained relatively constant over the last 5 years, and increased by 1% over the last year. Council continues to work to ensure that these services are maintained to a high level.

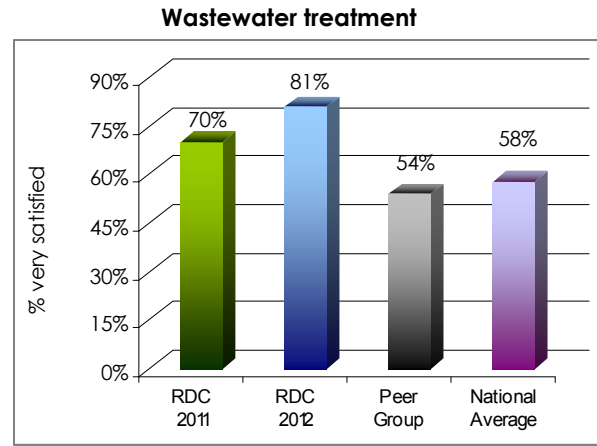
* Subject to Resource Consent and other planning constraints

Community satisfaction survey

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

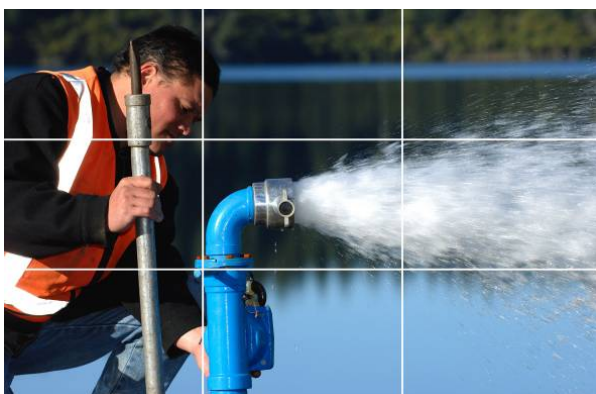


This graph shows the percentage of survey respondents very or fairly satisfied with this service over the last five years.



This graph shows the percentage of survey respondents "very" satisfied with this service over the last two years and compares it with our peer group and the national average for 2012.





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 of maintenance planning, levels of service and quality standards.
- Management and maintenance of assets and services including monitoring of pressure, flow and water quality.
- Developing of emergency and contingency plans to ensure service is maintained during adverse events.
- Provision of information and education to the public regarding water use and conservation.
- Development of funding policies and systems to enable continuing provision of the service into the future.

Why we do it

To provide cost-effective, constant, adequate, sustainable and high quality supply of water.

This year's highlights and achievements included:

- **Lakes Road water main replacement** - extensive replacement of water mains in Lake Road carried out in conjunction with the road improvements.
- **Ngongotaha pump station** - new pump and rising main have been installed and successfully commissioned.
- **Reporoa mains** - upgrade and replacement have been completed.
- **Public Health Risk Management Plans** - completed for the 2 largest water supplies (central urban and eastern).
- **Compliance** - achieved full compliance for six out of nine plants in relation to the new drinking water standards.

Community Outcomes

Safe and Caring

- By maintaining sufficient water for fire fighting purposes.

Healthy

- By providing safe drinking water to the community.

Excellent Facilities and Services

- By providing good quality infrastructure for the future.

What it cost us

	2012 actual \$000	Annual Plan \$000	2011 actual \$000
Operating expenses			
Direct costs	4,652	4,924	4,630
Financial costs	377	359	303
Depreciation	3,133	2,778	4,104
Other*	253	0	485
Total costs	8,415	8,061	9,522
Revenue			
Capital revenue	202	286	431
General rates	-4	0	0
Fees and charges	21	130	13
Investment income	8	188	2
Subsidies and grants	0	0	0
Targeted rates	6,670	6,979	6,627
Other income*	356	0	78
Total revenue	7,253	7,583	7,151
Net cost of service	1,162	478	2,371
Capital costs			
Renewals	1,945	1,578	1,708
Growth	1,277	523	2,209
Backlog	200	551	327
Level of service	43	0	0
Total capital	3,465	2,652	4,244
Operational funding			
Net cost of service of general rate activities	1,162	478	2,371
Plus capital revenue	138	0	98
Less depreciation	-3,140	-2,778	-4,104
Depreciation funded by general rates	0	10	12
Add back half share roading depreciation	0	0	0
Self funding/DC reserve movements	1,793	2,257	1,562
Operations funded by general rates	-47	-33	-61
Capital funding			
Funding from depreciation (rates)	4	10	12
Loans from/(to) corporate fund	0	63	7
Capital grants	0	0	0
Development contributions	920	523	1,756
Reserves net	2,541	2,056	2,469
Asset sales	0	0	0
Total capital	3,465	2,652	4,244

* Non cash adjustments due to revaluation

Capital expenditure

	2012 actual \$000
Water investigations monitoring equipment	6
Ngongotaha bore source	40
Urban water programmed renewals	49
Urban water pump station improvements	295
Urban water pump station renewals	104
Urban water reticulation improvements	214
Urban water reticulation renewals	2,010
Mamaku water project renewals	17
Mamaku water pump improvements	359
Rotoiti water plant renewals	1
Rotoma water programmed renewals	1
Kaharoa water programmed renewals	8
Reporoa water mains upsizing	35
Reporoa water programmed renewals	20
Reporoa water project renewals	305
Hamurana water programmed renewals	1
	3,465

Variance from budget

- Direct costs are favourable to budget due to the backflow preventer testing project being deferred and reduced expenditure in leak detection work.
- Depreciation is higher than anticipated for the cost of assets and their revalued amount.
- Other cost refers to non cash asset entries.
- Fees and charges are unfavourable due to less recoverable works.
- Targeted rates are lower than budget as metered consumption is down.
- Other Income refers to vested assets.

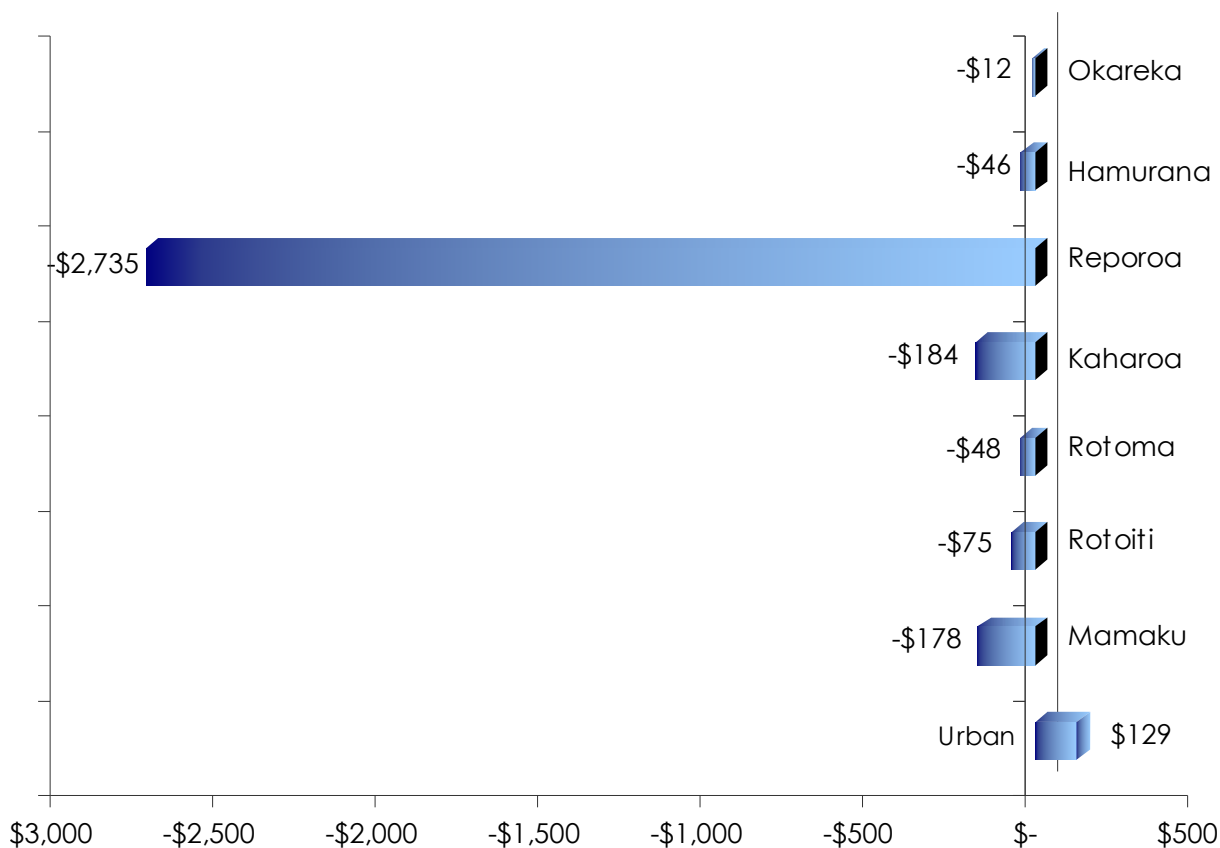
In the Annual Plan but not done

- Installation of new and upgrade of existing backflow prevention devices in consumer connections deferred pending finalisation of Urban Public Health Risk Management Plans and policy development.
- Replacement of main central supply pumps and reservoir valves deferred as condition assessment indicates there is still useful life remaining.

Water

Self funding account balances as at 30 June 2012

\$ in thousands



Self funding account balances are effectively the cash balance accumulated to date to fund future capital requirements for the specific water areas.

How we performed

Level of Service	Performance measures	Target for 2011/12	Achievement	Comments
Provision of safe drinking water.	% compliance with the DWSNZ monitoring requirements.	100%	100% (achieved)	Ecoli monitoring to be included in the future.
	Ministry of Health public health gradings are maintained at appropriate minimum levels for all supplies.	Cc	Ec (not achieved)	Technical faults with the treatment monitoring system have delayed the grading review. It is expected that the treatment upgrades will achieve at least C when the review is complete. The distribution zone grades already achieve c. The latest results as maintained by the Ministry of Health are detailed below.*
Water supply is adequate for fire fighting purposes within urban fire districts.	% of fire hydrants comply with NZ Fire Service Code of Practice within urban fire districts.	95%	96.7% (achieved)	96.7% over 2,962hydrants. These are tested on a rotational basis over every 5 years and now include Mamaku as an urban fire district.

Level of Service	Performance measures	Target for 2011/12	Achievement	Comments
Reliable and effective water network and treatment facilities.	% of connections meet minimum flow and pressure at point of supply during normal operation.	95%	99% (achieved)	Overall a result of 99% was achieved. This includes Central 99.3%, Eastern 99.4% and Ngongotaha 100%. This is measured by a combination of hydraulic modelling supported by flow/pressure testing.
	% of urban customers satisfied with water services as measured by annual community satisfaction survey.	93%	97% (achieved)	This includes 'fairly satisfied' and 'very satisfied' results and was a 2% increase over the last year.
	Number of water restrictions imposed on consumers due to inability to meet full demand.	None	No water restrictions (achieved)	Current water supplies are adequate for expected demand and no issues are expected with restrictions in the short to medium term.

* Supply	Source	Grading	Achieved
Central	Matipo	Ua	No
	Utuhina	E	No
Eastern	Eastern	Ec	No
Okareka	Eastern	Eu	No
Rotoiti	Rotoiti	Db	No
Rotoma	Rotoma	Ea	No
Hamurana	Hamurana	Eb	No
Kaharoa	Hamurana	Eu	No
Ngongotaha	Ngongotaha	Da	No
Mamaku	Mamaku	Da	No
Reporoa	Deep Creek	Ec	No
	Wharepapa	E	No

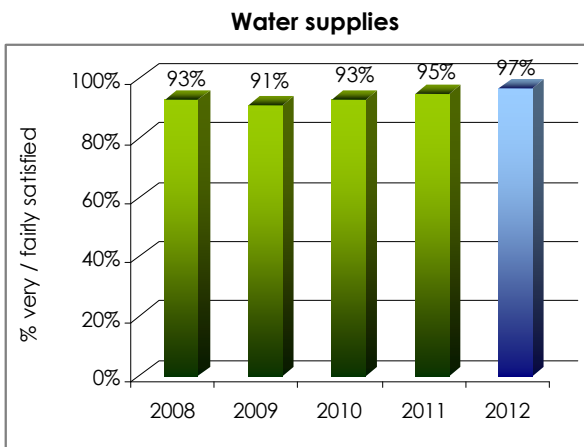
www.drinkingwaterstandards.org.nz

The gradings listed above are the results from a grading exercise carried out in 2008 and 2009, before RDC installed new treatment systems or sources in every one of the supplies. No gradings have been carried out since. Another grading exercise will be carried out in the near future.

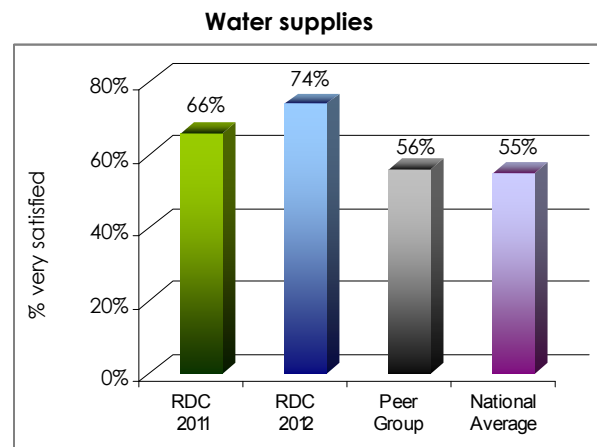
The capital letter denotes the source grade and the small letter denotes the reticulation grading.

Community satisfaction survey

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



This graph shows the percentage of survey respondents very or fairly satisfied with this service over the last five years.



This graph shows the percentage of survey respondents "very" satisfied with this service over the last two years and compares it with our peer group and the national average for 2012.



Overview of Castlecorp

Castlecorp's provides infrastructural related services as a service provider to council departments. Council undertakes this activity to meet legislative requirements and community expectations.

Castlecorp is a business unit of council which generates its income from regularly reviewed contracts and service agreements for in-house service delivery to departments of Council. These services include:

- Refuse collection
- Litter clearance
- Footpath and verge maintenance
- Stormwater system maintenance
- Water supply reticulation maintenance
- Water supply pump stations and reservoir operation and maintenance
- Water supply leak detection, meter reading, and water sampling
- Wastewater reticulation maintenance including forest irrigation
- Cemetery maintenance and operation, and management of crematorium
- Sportsfield and reserve maintenance
- Public garden and horticultural maintenance

- Janitorial Services
- Purchasing and maintenance of small plant and fleet vehicles
- Rural Fire
- Events Management. Assisting before, during and after events (Night Market, Raggamuffin etc).

Castlecorp aims to improve the quality of life of residents and visitors through provision of quality services and the maintenance of essential infrastructure, employing sound business practices based on continuous improvements to match quality and cost effectiveness of the private sector. Castlecorp not only maintains essential networks of underground services and parks, but also supports the Rotorua community by participating in a wide range of community activities, and developing close working relationships with community organisations. Customer-based strategies and a strong commitment to sustainable operations reflect the values of continuous improvement and value for customers.

What it cost us

	2012 actual \$000	Annual Plan \$000	2011 actual \$000
Operating expenses			
Direct costs	-494	-550	-525
Financial costs	56	67	44
Depreciation	809	739	799
Other*	76	0	38
Total costs	447	256	356
Revenue			
Capital revenue	0	0	0
General rates	0	0	0
Fees and charges	269	302	320
Investment income	0	0	0
Subsidies and grants	0	0	0
Targeted rates	0	0	0
Other income*	0	0	0
Total revenue	269	302	320
Net cost of service	178	-46	36
Capital costs			
Renewals	783	1,025	976
Growth	0	0	0
Backlog	0	0	0
Level of service	0	64	0
Total capital	783	1,089	976
Operational funding			
Net cost of service of general rate activities	178	-46	36
Plus capital revenue	0	0	0
Less depreciation	-885	-739	-836
Depreciation funded by general rates	772	1,025	976
Add back half share roading depreciation	0	0	0
Self funding/DC reserve movements	0	0	0
Operations funded by general rates	65	240	176
Capital funding			
Funding from depreciation (rates)	785	1,228	1,214
Loans from/(to) corporate fund	0	64	0
Capital grants	0	0	0
Development contributions	0	0	0
Reserves net	0	0	0
Asset sales	-2	-203	-238
Total capital	783	1,089	976

* Non cash adjustments due to revaluation

Capital expenditure

	2012 actual \$000
Furniture and fittings	3
Plant replacement	5
Compactor replacements	6
Fleet sales	-129
Maintenance equipment replacement	2
Mower replacements	43
Pump replacements	6
Vehicle replacements	847
	783

Variance from budget

- Direct costs are higher than budget due to increased activity in several areas particularly water supply rider mains replacements. Fleet costs are higher than budget due to the introduction of GPS, increased costs of fuel and fleet maintenance, motor registration and road user charges. Higher than budgeted costs consequently increased Castlecorp's internal recoveries.
- Fees and charges income is unfavourable to budget as less work was completed for infrastructure services.

Rotorua Regional Airport Limited

Overview

Rotorua Regional Airport Limited (RRAL) is a limited liability company. RRAL is fully owned by the Rotorua District 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. The airport operates as Rotorua International Airport.

Total revenue

Actual revenue was down \$370,141 when compared to the Statement of Intent (SOI) budget. This was due to a reduction in passengers of 24,703 (11%). The three main areas affected were landing charges revenue (decrease of \$139,000), car park revenue (decrease of \$184,000), and development levy revenue (decrease of \$66,000). These decreases were slightly offset by an increase in other rental revenue of \$40,000. The remaining variance of \$21,000 relates to a reduction in other revenue.

Total expenses

Actual expenses were down \$402,430 when compared to the SOI budget. The main areas where savings were achieved were: rent (\$191,000), the development levies pass-on expense (\$31,000), and marketing expenses (\$350,000). These savings were slightly offset by an increase in development levy expenses of \$83,000, depreciation of \$50,000, and general expenses (relating to survey costs, survey reports and statistical processing) of \$37,000.

Management and governance

The following Directors held office as at 30 June 2012:

	Date of appointment
Raymond Noel Cook (Chairman)	10/12/2002
Wiremu Atetini Kingi	10/12/2002
Peter John Guerin	04/11/2010
Stuart Alan Crosby	22/12/2010

The following Directors resigned during the year:

	Date of resignation
Geoffrey Brian Kenny	28/06/2011

Performance targets for 2011/12

The results of the performance measures for 2011/12 were:

	2012 target	2012 actual	2011 actual
Total Revenue	2,868,460	2,498,319	2,908,931
Total Expenses	2,843,094	2,440,664	2,708,900
Surplus (deficit) before tax	25,366	57,655	200,031
Provision for tax	-	-	-
Surplus (deficit) after tax	25,366	57,655	200,031
Total Debt	420,000	-	420,000
Total Assets (net current liabilities)	1,526,365	1,784,051	1,726,396
Total Shareholders Funds	1,526,365	1,784,051	1,726,396
Surplus (deficit) after tax to average shareholders funds	2.42%	3.28%	12.30%
Debt to equity percentage	27.5%	0%	24%
Interest cover - times	>2.00	3.56	7.26
Aircraft			
Aircraft Movements	7,920	7,712	-

	2012 target	2012 actual	2011 actual
Passengers			
Domestic	227,578	203,760	-
International	23,920	23,035	-
Total Passengers	251,498	226,795	-
Total operating revenue per passenger	\$11.40	\$10.93	-
Aeronautical revenue per passenger	\$9.16	\$8.39	-
Commercial revenue per passenger	\$2.24	\$2.54	-
NPAT per employee	\$1,725	\$3,847	-
NPAT per passenger	\$0.10	\$0.25	-
Total assets per passenger	\$6.07	\$7.87	-
Ratio of aeronautical revenue to total revenue	80.30%	76.17%	-

2011/12 results

Statement of comprehensive income

	2012 \$	2011 \$
REVENUE		
Operating revenue	2,478,887	2,584,107
Other revenue	19,432	324,824
	2,498,319	2,908,931
EXPENSES		
Operating expenses	940,751	1,032,020
Audit fees	23,294	19,583
Depreciation and amortisation	200,399	170,820
Development levy pass-on	510,035	530,996
Directors' fees	22,500	27,875
Interest – loans	14,696	25,914
Other expenses	464,664	679,063
Rent and rates	264,325	222,629
	2,440,664	2,708,900
SURPLUS / (DEFICIT) BEFORE TAX	57,655	200,031
Income tax expense	-	-
SURPLUS / (DEFICIT) AFTER TAX	57,655	200,031
TOTAL COMPREHENSIVE INCOME	57,655	200,031

Rotorua District Council Holdings Limited

In recent years there has been a strong theme of partnership with other organisations around commercial relationships. A current example is the intellectual property developed by Scion to process biosolids from the Rotorua urban waste water treatment plant. This technology is called TERAX™ and has significant commercial value. In 2010 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. As at 30 June 2012 the holding company had not traded, however since then efforts are being made to prepare a Statement of Intent for the company to allow it to operate and where it may be used to acquire a 50% shareholding in TERAX Ltd. The two directors Peter Guerin (Chief Executive) and Jean-Paul Gaston (Group Manager Corporate and Customer Services) will be replaced with all of council's elected members as directors in due course. This holding company will report to council and its activities included in the 2012/13 Annual Report.

Grow Rotorua Limited

In November 2011 council agreed to consider establishment of a council controlled organisation (CCO) as the preferred structure to drive implementation of the Rotorua Sustainable Economic Growth Strategy. The CCO operating as Grow Rotorua Ltd is 100% owned by Rotorua District Council. In the development and adoption of the Long-term Plan 2012-2022 Council has allocated a budget of \$850,000 in the 2012/13 year to fund the establishment and operation of the CCO.

The following board members were appointed after 30 June 2012:

- John Green (Chairperson)
- Warren Parker
- Jane Nees
- Michael Barnett
- Tony Marks
- Gina Rangī
- Hemi Rolleston

As at 30 June 2012 the company was dormant and non-operational.

Local Authority Shared Services Limited

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

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

At this stage these gains have been realised by shareholders in the Shared Valuation Data Service (SVDS) and the Waikato Regional transport model (WRTM). Both these operations will continue to target options for improvements in the existing software that will benefit the users.

The ability of LASS to contribute to a greater extent in terms of shared services and also at a strategic collaboration level has been the subject of discussion and agreement through the Waikato Triennial Forum.

The Directors have been tasked with identifying ways to progress these initiatives. This will involve resourcing and funding a range of initiatives that will potentially extend the services currently offered by LASS. The LASS Directors will continue to seek any new opportunities, either from internal investigations, or shareholder initiatives that are presented to it with a sound business case.

New services that are intended to be initiated under the LASS umbrella will only be adopted where a business case shows that they provide some form of benefit to the shareholders. The benefits that may be gained include development of intellectual property through new business services, protection of Council data, improved levels of service and/or reduced cost. All such proposals will be presented to the Shareholders for approval prior to implementation.

The following performance measures were incorporated into the Statement of Intent for the 2011/12 financial year.

Performance measure	Actual outcome
The company will carry out an annual survey of shareholders to assist Directors in developing improvements on behalf of the shareholders, and to receive a majority of shareholder approval on the services provided.	Annual survey of shareholders was completed in July with all but one of the shareholder councils replying. Eleven councils replied that the concept of LASS was still delivering benefits to their council. Five councils replied that LASS was fulfilling the expectations of shareholders and seven replied "fairly satisfied". Those who responded fairly satisfied were generally satisfied with the existing services but considered more could be achieved through other shared service opportunities.
Administration expenditure shall not exceed that budgeted by more than 5% unless prior approval is obtained from the Directors.	Achieved, actual expenditure was \$13,642 favourable to budget.
The Board will provide a written report on the business operations and financial position of the LASS as a minimum on a six monthly basis.	Six monthly reports have been sent to shareholders.
There will be an annual report to directors that all statutory requirements of the LASS are being adhered to.	Reported to the August Board meeting.
That SVDS is available to users at least 99% of normal working hours.	SVDS was available 99.93% of working hours.
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.	100% of sales and property files were supplied to Terralink / Property IQ on time.
That over 50% of the Intergen support hours are spent on major development work.	35% of Intergen support hours were spent on major development work as a result of much higher bug fix and admin time. This has been the subject of discussions with Intergen management and a new model for controlling this is in place.
That all required modelling reports are actioned within the required timeframe.	Achieved
That a full report on progress of the model be provided to the LASS Board twice each year.	Achieved

Bay of Plenty Local Authority Shared Services Limited

Rotorua District Council is also a one-eighth shareholder in Bay of Plenty Local Authority Shared Services Ltd (BOP LASS). BOP LASS was incorporated during 2007/08 and the following performance indicators were included in its Statement of Intent for 2011/12.

Performance targets for 2011/12

Outcome	Measure	Result
Initiate at least one shared service each year and no less than two shared services successfully implemented within three years.	Number of shared services.	Rates initiated 2011. Information Services Strategic Plan (ISSP) completed 2011, implementation commenced 2011. Establishment of ISSP foundation services initiated 2011/12. Geographic Information Services (GIS) initiated 2009/10, inception report completed 2010, significant progress on implementation. Inter-council video conferencing implemented 2010/11.
Implement Shared Services demonstrating best practice and added value to participating councils and stakeholders.	Implementation programme incorporates best practice.	GIS inception plan developed with external support and peer review. Information Services Strategic Plan (ISSP) developed with external support and internal review. Video conferencing network established with external support and internal review.
Facilitate a minimum of four Joint Procurement initiatives per year for goods and services from sources offering best value, service, and or continuity of supply.	Number of procurement initiatives investigated and or completed.	GPS vehicle tracking, accommodation, travel, P-cards, reprographic, postal services, courier, after-hours phone services, spatial data software, Raster analysis software, health insurance.
Communicate with each shareholding council at appropriate levels with at least one meeting with each Executive Leadership Team per year.	At least one meeting with each council at Council and/or management team level.	Meetings with all councils.
Ensure sufficient income is available from activities to sustain a viable company.	Income received from contributing councils and funding from activities to meet operational budget.	Council contributions levied, activity groups levied, contributions received from activities producing savings.

Financial statements

FINANCIAL STATEMENTS

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Statement of compliance

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



Kevin Winters
Mayor
30 October 2012



P J Guerin
Chief Executive
30 October 2012

Statement of financial involvement in CCTOs

Rotorua District Council has 100% shareholding in Rotorua Regional Airport Limited. Details of transactions with this entity are detailed on page 115 and in note 12.

Rotorua District Council is also a part shareholder in Local Authority Shared Services Ltd (details on page 117) and Bay of Plenty Local Authority Shared Services Ltd (details are provided on page 118).



Kevin Winters
Mayor
30 October 2012



P J Guerin
Chief Executive
30 October 2012

Statement of comprehensive income

for the year ended 30 June 2012

		Council \$000			Group \$000	
		2012 actual	2012 budget	2011 actual	2012 actual	2011 actual
Income						
Rates revenue	3	71,774	68,653	68,548	71,705	68,486
Other revenue	3	49,774	53,635	46,421	51,543	48,606
Other gains / (losses)	3	0	136	5	0	5
Total income		121,548	122,424	114,974	123,248	117,097
Expenditure						
Personnel costs	4	33,570	34,018	32,757	33,570	32,757
Depreciation and amortisation	4	28,282	24,419	26,098	28,482	26,269
Other expenses	4	54,083	39,262	40,666	55,583	42,618
Finance cost	4	9,016	9,499	7,797	9,016	7,797
Total expenditure		124,951	107,198	107,318	126,651	109,441
Surplus before taxation		-3,403	15,226	7,656	-3,403	7,656
Taxation		0	0	0	0	0
Net surplus after taxation		-3,403	15,226	7,656	-3,403	7,656
Other comprehensive income						
Revaluation on property, plant and equipment	17	-19,981	25,350	54,649	-19,981	54,649
Net change in fair value of hedges	17	122	0	-209	122	-209
Net change in fair value of investment	12	-103	0	172	-103	172
Total other comprehensive income		-19,962	25,350	54,612	-19,962	54,612
Total comprehensive income		-23,365	40,576	62,268	-23,365	62,268

Explanations of major variances against budget are provided in note 27.

The accompanying notes should be read in conjunction with these financial statements.

Statement of changes in equity

for the year ended 30 June 2012

	Council \$000			Group \$000	
	2012 actual	2012 budget	2011 actual	2012 actual	2011 actual
Opening balance	897,981	871,823	835,713	897,981	835,713
Total comprehensive income	-23,365	40,576	62,268	-23,365	62,268
Closing balance	874,616	912,399	897,981	874,616	897,981

The accompanying notes should be read in conjunction with these financial statements.

Statement of financial position

as at 30 June 2012

	Note	Council \$000			Group \$000	
		2012 actual	2012 budget	2011 actual	2012 actual	2011 actual
Assets						
Current assets						
Cash & cash equivalents	6	883	2,652	1,774	1,622	1,658
Debtors & other receivables	7	21,287	18,218	18,438	21,501	18,355
Inventories	8	1,297	1,454	1,344	1,297	1,345
Provision for taxation	5	0	0	0	48	58
Total current assets		23,467	22,324	21,555	24,468	21,414
Non-current assets						
Loans & receivables	7	17	29	17	17	17
Property, plant and equipment	9	1,028,756	1,069,592	1,040,155	1,029,589	1,041,078
Intangible assets	10	2,804	4,029	3,768	2,889	3,810
Biological assets (forestry)	11	1,230	316	458	1,230	458
Other financial assets	12	2,147	2,063	2,220	363	493
Total non-current assets		1,034,954	1,076,029	1,046,639	1,034,088	1,045,873
Total assets		1,058,421	1,098,353	1,068,194	1,058,556	1,067,286
Liabilities						
Current liabilities						
Creditors and other payables	13	22,347	27,757	26,848	22,432	25,880
Provisions	14	1,128	555	582	1,128	582
Employee benefit liabilities	15	5,427	4,972	5,012	5,477	5,072
Borrowings	16A	42,325	28,300	36,066	42,325	36,066
Derivative financial instruments	16B	376	0	566	376	566
Total current liabilities		71,603	61,584	69,074	71,738	68,166
Non-current liabilities						
Provisions	14	2,678	1,979	1,984	2,678	1,984
Employee benefit liabilities	15	469	691	677	469	677
Borrowings	16A	108,650	121,700	98,000	108,650	98,000
Derivative financial instruments	16B	405	0	478	405	478
Total non-current liabilities		112,202	124,370	101,139	112,202	101,139
Total liabilities		183,805	185,954	170,213	183,940	169,305
Equity						
Accumulated funds	17	853,102	874,534	848,433	853,102	848,433
Self funding reserves	17	-62,554	-69,158	-58,456	-62,554	-58,456
Council created reserves	17	-25,045	-17,347	-20,894	-25,045	-20,894
Restricted reserves	17	1,521	1,488	1,345	1,521	1,345
Cashflow hedge reserve	17	-558	0	-680	-558	-680
Fair value through equity	17	304	230	407	304	407
Asset revaluation reserve	17	107,846	122,652	127,826	107,846	127,826
Total equity		874,616	912,399	897,981	874,616	897,981

The accompanying notes should be read in conjunction with these financial statements.



Mayor
30 October 2012



Chief Executive
30 October 2012

Statement of cash flows

for the year ended 30 June 2012

	Council \$000			Group \$000	
	2012 actual	2012 budget	2011 actual	2012 actual	2011 actual
Cash flows from operating activities					
Receipts from rates revenue	71,826	68,654	68,807	71,757	68,745
Interest received	102	60	117	106	130
Dividends received	1		-	1	-
Receipts from other revenue	41,192	52,567	44,928	43,978	45,441
Payments to suppliers and employees	-82,950	-79,478	-69,431	-84,381	-71,363
Interest paid	-8,560	-9,499	-7,609	-8,570	-7,593
Income tax paid/refunded			-	10	-5
Goods and Services Tax (net)	-2,864		-1,728	-2,690	-2,164
Net cash from operating activities	18,747	32,304	35,084	20,211	33,191
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment	811	203	924	811	938
Proceeds from sale of intangible assets	-		99	-	99
Collections on advances	-		15	-	15
Purchase of property, plant and equipment	-44,611	-48,780	-55,051	-44,800	-55,141
Purchase of intangible assets	-458		-738	-458	-738
Other Movements ex Fixed Asset note non cash	7,711		173	7,711	173
Net cash from investing activities	-36,547	-48,577	-54,578	-36,736	-54,654
Cash flows from financing activities					
Proceeds from borrowings	20,000	30,424	15,176	20,000	15,176
Repayment of borrowings	-13,676	-13,500	-5,000	-14,096	-5,000
Change in usage of registered security stock facility	10,585		9,090	10,585	9,090
Proceeds from borrowings			-	-	-
Net cash from financing activities	16,909	16,924	19,266	16,489	19,266
Net (decrease)/increase in cash and cash equivalents	-891	650	-228	-36	-2,197
Cash and cash equivalents at the beginning of the year	1,774	2,002	2,002	1,658	3,856
Cash and cash equivalents at year end	883	2,652	1,774	1,622	1,658

The accompanying notes should be read in conjunction with these financial statements.

The GST (net) component of operating activities reflects the net GST paid and received from the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of other primary financial statements

Notes to the financial statements

for the year ended 30 June 2012

1: Statement of accounting policies

Reporting entity

Rotorua District Council is a territorial local authority governed by the Local Government Act 2002 and is domiciled in New Zealand.

The Rotorua District Council Group (Group) consists of Rotorua District Council (Council) and its 100% owned subsidiary Rotorua Regional Airport Limited (RRAL). The RRAL subsidiary is incorporated and domiciled in New Zealand.

The primary objective of the Rotorua District Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, the Council has designated itself and the Group as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of Rotorua District Council are for the year ended 30 June 2012. The financial statements were authorised for issue by Council on 30 October 2012.

Basis of preparation

Statement of compliance

The financial statements of the Rotorua District Council and Group have been prepared in accordance with the requirements of the Local Government Act 2002 which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Measurement base

The financial statements have been prepared on an historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, collections, biological assets and certain financial instruments (including derivative instruments).

Functional and presentation currency

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

currency of Rotorua District Council and Group is New Zealand dollars.

Changes in accounting policies

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

The council and group have adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

- Amendments to NZ IAS 1 *Presentation of Financial Statements*. The amendments introduce a requirement to present, either in the statement of comprehensive income by item. The Council has decided to present this analysis in note 17.
- FRS-44 *New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments)* – The purpose of the new standard and amendments is to harmonise Australian and New Zealand accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The main effect of the amendments on the Council and group is that certain information about property valuations is no longer required to be disclosed. Note 9 has been updated for these changes.
- Amendments to NZ IFRS 7 *Financial Instruments: Disclosures* – The amendment reduces the disclosure requirements relating to credit risk. Note 7 has been updated for the amendments.

Standards and interpretations issued and not yet adopted

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Rotorua District Council include:

- NZ IFRS9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial

instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a new financial asset is measured at amortised cost or fair value, replacing many different rules in NZ IAS 39. The approach in NZ IAS 9 is based on how and entity manages its financial instruments (its business model) and the contractual cash flow characteristics of financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current international Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means Council expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Council is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

Significant accounting policies

Basis of consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, and income and expenses on a line-by-line basis. All significant intragroup balances, transactions, income and expenses are eliminated on consolidation.

Subsidiaries

Rotorua District Council consolidates as subsidiaries in the group financial statements all entities where Rotorua District Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where Rotorua District Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

Subsidiaries 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.

The Council will recognised goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. This difference reflects the goodwill 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.

Associates

The council accounts for investments in associates using the equity method. An associate is an entity over which the council has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in the associate is initially recognised at cost and the carrying amount in the groups financial statements is increased or decreased to recognise the groups share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment.

If the share of deficits of an associate equals or exceeds its interest in the associate, the group discontinues recognising its share of further deficits. After the groups interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where the group transacts with an associate, surplus or deficits are eliminated to the extent of the groups interest in the relevant associate.

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

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

Joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. For jointly controlled operations, the Council and group recognises in its financial statements the assets it controls, the liabilities and expenses it incurs, and the share of income that it earns from the joint venture.

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Rates revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

Rates collected on behalf of Bay of Plenty Regional Council (BOPRC) are not recognised in the financial statements as Rotorua District Council is acting as an agent for BOPRC.

Revenue from water rates by meter is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Government grants

Government grants are received from the New Zealand Land Transport Agency, which subsidises part of the costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Provision of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Vested assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in the council are recognised as revenue when control over the asset is obtained.

Sale of goods

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

Traffic and parking infringements

Revenue from traffic and parking infringements are recognised when payment of the ticket is received.

Interest and dividends

Interest income 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.

Development contributions

Development and financial contributions are recognised as revenue when the council provides, or is able to provide, the service for which the contribution was charged. Otherwise development and financial contributions are recognised as liabilities until such time the council provides, or is able to provide, the service.

Development contributions are classified as part of "Other revenue".

Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to the balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the group's construction activities in general.

An expected loss on construction contracts is recognised immediately as an expense in the surplus or deficit.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred. Where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs

incurred plus profit less losses, the net amounts are presented as a liability.

Borrowing costs

The council and group has elected to defer the adoption of NZ IAS 23 *Borrowing Costs* (Revised 2007) in accordance with its transitional provisions that are applicable to public benefit entities.

Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

Grant expenditure

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

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when 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 the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions 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.

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 income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantially enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted

at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting surplus nor taxable surplus.

Current tax and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

Leases

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, the council recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Currently Council holds no finance leases.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term

highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Trade and other receivables

Short-term debtors and other receivables are recorded at their face value, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation, and default in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Derivative financial instruments and hedge accounting.

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from financing activities. In accordance with its treasury policy, the council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The associated gains or losses of derivatives that are not hedge accounted are recognised in the surplus or deficit.

The Council and group designates certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- Hedges of highly probably forecast transactions (cashflow hedge).

The council 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 documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of hedged items.

The full fair value of hedging derivatives is classified as non-current if the remaining item of the hedged item is more than 12 months and as current if the remaining maturity of the hedged item is less than 12 months.

The full value of a non-hedge accounted foreign exchange derivative is classified as current if the contract is due for settlement within 12 months of balance date; otherwise, foreign exchange derivatives are classified as non current. The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realised within 12 months of the balance date is classified as current, with the remaining portion of the derivative classified as non current.

Fair value hedge

The gain or loss from remeasuring the hedging instrument at fair value, along with the changes in the fair value on the hedged item attributable to the hedged risk, is recognised in the statement of other comprehensive income. Fair value hedge accounting is only applied for hedging fixed interest borrowings.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to surplus or deficit over the period to maturity.

Cash flow hedge

The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income and the ineffective portion of the gain or loss on the hedging instrument is recognised in the surplus or deficit as part of "gains" or "finance costs".

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised directly in other comprehensive income will be reclassified into the surplus deficit in the same period or periods during which the asset acquired or liability assumed affects surplus or deficit. However, if it is expected that all or a portion of a loss recognised directly in other comprehensive income will not be recovered in one or more future periods, the amount that is not expected to be recovered is reclassified to the surplus deficit.

When a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, then the associated gains and losses that were recognised directly in other comprehensive income will be included in the initial cost or carrying amount of the asset or liability.

If a hedging instrument expires or is sold, terminated, exercised or revoked, or it no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instrument that remains recognised directly in other comprehensive income from the period when the hedge was effective will remain separately recognised in other comprehensive income until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective is reclassified from other comprehensive income to the surplus or deficit.

Other financial assets

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus deficit, in which case the transaction costs are recognised in the surplus deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the council and group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the council and group has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into four categories:

- financial assets at fair value through surplus or deficit;
- loans and receivables
- held to maturity investments; and
- fair value through other comprehensive income.

The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through surplus or deficit

Financial Assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if

acquired principally for the purpose of selling in the short term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short term profit taking. Derivatives are also categorised as held for trading unless they are designated into hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short-term or it is part of a portfolio classified as held for trading are classified as current assets. The current/non current classification of derivatives is explained in the derivatives accounting policy as above.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on remeasurement recognised in the surplus or deficit.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus deficit.

Loans to community organisations made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the surplus deficit as a grant.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council has the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Currently Council does not hold any financial assets in this category.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are those that are designated as fair value through other comprehensive income or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date. The council and group includes in this category:

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

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

On derecognition the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Impairment of financial assets

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and other receivables, and held to maturity investments.

Impairment is established when there is objective evidence that the council and group will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted using the effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is not past due). Impairment in term deposits, local authority stock, government stock and community loans, are recognised directly against the instruments carrying amount.

Financial assets at fair value through other comprehensive income.

For financial assets at fair value through other comprehensive income, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt instruments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive income, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive income is reclassified from equity to surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Inventories

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost, adjusted when applicable, for any loss of service potential. Where inventories are acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the average cost method.

The amount of any write-down for the loss of service potential from cost to net realisable value is recognised in the surplus or deficit in the period of the write down.

When land held for development and future resale is transferred from investment property/property, plant, and equipment to inventory, the fair value of the land at the date of transfer is its deemed cost.

Cost directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant, and equipment.

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 and motor vehicles.

Restricted Assets - Restricted assets are parks and reserves owned by the council and group which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets – Infrastructure assets are the fixed utility systems owned by Council and group. Each class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Revaluations

Council accounts for revaluations of property, plant and equipment on a class of asset basis.

Land and buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other assets are carried depreciated historical cost.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, the off-cycle assets are revalued.

Revaluations of property, plant and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to an asset revaluation reserve in equity for that class of asset. Where this result is a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive income.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the council and group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

Property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation

Depreciation is provided on all fixed assets with certain exceptions. The exceptions are:

- Land is not depreciated.
- Roading, wastewater reticulation, stormwater systems and water reticulation assets are depreciated as noted below. A number of the components of the roading network such as excavation, sub-base materials and compaction are not depreciated as these assets have an infinite life. Signs and markings are not depreciated as these assets are maintained to the same level.
- The useful lives of the Rotorua Museum collections and the library reference collection are considered to be extremely long. Therefore, due to its insignificance, no depreciation has been brought to charge.

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

Vehicles are depreciated on the basis of diminishing value and at a rate of 20% calculated

to allocate the motor vehicles cost over their estimated useful lives.

The expected lives of major classes of assets are:

General

Bathhouse building	40 years
Buildings (other)	50 years
Plant and Equipment	10 to 15 years
Computer Systems	3 to 5 years
Library Books (excl Reference)	2 to 15 years
Landfill Improvements	3 to 100 years
Fencing and Related Structures	15 years
Playgrounds	25 years
Jetties and Related Structures	20 years

Wastewater Reticulation

Man holes	110 years
Treatment Plant	10 to 100 years
Pump Stations	10 to 75 years
Pipes	100 years

Water Reticulation

Pipes	50 to 90 years
Motors/Pumps	20 to 30 years
Reservoirs and other	
Water-Retaining Structures	50 to 100 years
Meters	15 to 100 years

Roading

Pavement (basecourse)	20 to 100 years
Drainage	100 years
Shoulders/Feathers	20 to 100 years
Culverts	100 years
Footpaths (concrete)	100 years
Footpaths (bitumen)	10 to 15 years
Bridges	70 to 100 years

Stormwater systems

Pipes	70 to 100 years
Manholes, Cesspits	70 to 100 years
Service connections and outlets	70 to 100 years

Airport

Runway 150mm AC surface	10 to 15 years
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The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the 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

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Easements

Easements are recognised at cost, being the costs directly attributable in bringing the asset to its intended use. Easements have an indefinite useful life and are not amortised, but are instead tested for impairment annually.

No impairment losses have been recognised for easements, as the carrying amount of the assets has been assessed as less than their replacement costs.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software	3-5 years	20-33%
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Emission allowances

Emission Allowances are recorded as an intangible asset and are initially recognised at cost. For allocations of emission allowances granted by the Government, cost is deemed to be equal to fair value at the date of allocation. Allowances are subsequently held at cost less any accumulated amortisation and any accumulated losses.

Any difference between the carrying value and the residual value is amortised over the useful life of the asset.

Impairment of property, plant and equipment and intangible assets

Intangible assets that have an indefinite useful life, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment, the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace it's remaining future economic benefits or service potential.

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

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the surplus or deficit.

Forestry assets

Standing forestry assets are independently revalued annually at fair value less estimated point of sale costs for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silviculture costs and takes into consideration environmental, operational, and market restrictions.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the surplus or deficit.

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

Investment property

Properties leased to a third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measure initially at its cost, including transaction costs.

After initial recognition, all investment property is measured at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Currently Council holds no assets in this class.

Trade and other payables

Trade 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. Borrowings where the Council or group has an unconditional right to defer settlement of the liability for at least 12 months after balance date are classified as current liabilities if the Council or group expects to settle the liability within 12 months of 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 to the extent that absences in the coming year are expected to be greater

than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that it will be used by staff to cover those future absences.

A liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Entitlements that are payable beyond 12 months, after the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- the present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

Defined benefit schemes

The council belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, to the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme. Further information on this scheme is disclosed in note 20.

Provisions

The council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Financial guarantee contracts

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

Financial guarantee contracts are initially recognised at fair value, even if a payment under the guarantee is not considered probable. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received a provision is recognised based on the probability Council will be required to reimburse a holder for a loss incurred, discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation, however if council assesses that it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

Further information on provisions is disclosed in note 14.

Emission allowances

A provision is recorded in respect of the obligation to surrender emission allowances and charges are recognised in the Statement of Comprehensive Financial Performance in the period in which the emissions are made. The provision made for the anticipated emissions requirement is calculated on the basis of the carrying value of emission allowances held at the end of the reporting period. If the obligation is expected to exceed the amount of held allowances, the provision for the additional amount is based on the market value of those allowances at the end of the reporting period.

Equity

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

The components of equity are:

- Retained earnings
- Self-funding reserves
- Council created reserves
- Restricted reserves
- Fair value through equity reserves
- Asset revaluation reserves

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Restricted reserves are those subject to specific conditions accepted as binding by Council and which may not be revised by Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The council may alter them without references to any third party or the courts. Transfers to and from these reserves are at the discretion of the council.

The council's objectives, policies and processes for managing capital are described in note 26.

Property revaluation reserves

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

Fair value through other comprehensive income reserves

This reserve comprises the cumulative net change in the fair value of fair value through other comprehensive income instruments.

Cash flow hedge reserves

This reserve comprises the effective portion of the cumulative net change in the fair value of derivatives designated as cash flow hedges.

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of goods and services tax (GST), except for debtors and other receivables and creditors and other payables, which are stated on a GST-inclusive basis. GST not recoverable as input tax

then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are approved by the Council in its Annual Plan 2011/12. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing of the financial statements.

Cost allocation

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

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs which cannot be identified in an economically feasible manner, with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

Critical accounting estimates and assumptions

In preparing these financial statements estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Landfill after care provision

Note 14 provides information about the estimates and assumptions surrounding the landfill aftercare provision.

Infrastructural assets

Note 9 provides information about the estimates and assumptions applied in determining the fair value of infrastructural assets.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying the Rotorua District Council's accounting policies for the period ended 30 June 2012:

Classification of property

The council owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the council's social housing policy. These properties are held as property, plant and equipment.

The council owns land which is classified as property, plant and equipment and currently leased for farm grazing. This land has been identified by the council as a potential site for the development of a new cemetery. The final decision as to the suitability of the site as a cemetery is still dependent on the outcomes of community consultation and resource consent processes. If the site is not suitable for a cemetery, then the council will reassess the best use of the land, which could include commercial leases or disposal.

The council owns land which is classified as property, plant and equipment and currently leased for a motor camp. This land has been identified by the council as a potential site for the development of the airport extension. The final decision as to the suitability of the site for airport development is still dependent on the airport operation. If the site is not suitable for airport development then the council will reassess the best use of the land, which could include commercial leases or disposal.

Rounding

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

2: Performance by council activity

	Expenditure \$000			Income \$000			Net cost of service \$000		
	2012 actual	2012 budget	2011 actual	2012 actual	2012 budget	2011 actual	2012 actual	2012 budget	2011 actual
General rates	0	0	0	34,813	33,616	35,714	34,813	33,616	35,714
Rates write offs	770	874	784	0	0	0	-770	-874	-784
Less rates paid by council	-1,611	-1,587	-1,506	-1,611	-1,587	-1,506	0	0	0
	-841	-713	-722	33,202	32,029	34,208	34,043	32,742	34,930
Corporate & Customer Services Group									
Community Engagement & Support	3,830	3,630	3,344	1,098	894	1,053	-2,732	-2,736	-2,291
District Library	4,001	4,133	3,889	310	355	368	-3,691	-3,778	-3,521
Emergency Management	657	592	512	18	66	8	-639	-526	-504
Governance & Strategic Direction	5,916	4,874	5,448	1,109	1,061	1,146	-4,807	-3,813	-4,302
	14,404	13,229	13,193	2,535	2,376	2,577	-11,869	-10,853	-10,618
Economic & Regulatory Services Group									
Animal Control	1,089	1,040	866	644	633	560	-445	-407	-306
Building Services	2,724	2,110	2,105	1,506	1,891	1,790	-1,218	-219	-315
City Services Operations	2,823	3,075	2,990	1,448	1,545	1,335	-1,375	-1,530	-1,655
Economic Development	3,771	2,145	2,711	2,286	2,008	1,105	-1,485	-137	-1,606
Environmental Planning Implementation	1,785	1,785	1,942	234	344	250	-1,551	-1,441	-1,692
Environmental Planning Policy	1,208	1,583	1,249	4	11	1	-1,204	-1,572	-1,248
Events and Venues	7,697	6,655	6,638	4,593	4,894	3,847	-3,104	-1,761	-2,791
Inspection	1,037	1,094	1,311	390	403	342	-647	-691	-969
Parking Enforcement	982	1,033	882	1,503	1,802	1,750	521	769	868
Rotorua Museum	3,862	3,954	3,334	1,261	6,811	8,557	-2,601	2,857	5,223
Tourism	5,067	5,700	5,372	4,303	5,058	4,698	-764	-642	-674
	32,045	30,173	29,400	18,172	25,400	24,237	-13,873	-4,773	-5,165
Infrastructure Services Group									
Aquatic Facilities	3,134	3,178	3,057	1,085	1,205	1,153	-2,049	-1,973	-1,904
Infrastructural Planning and Compliance	610	390	354	1,194	970	1,108	584	580	754
Public Gardens and Open Spaces	12,449	11,064	10,532	5,135	3,153	3,626	-7,314	-7,911	-6,906
Rotorua Airport	5,122	5,085	5,761	1,302	768	1,433	-3,820	-4,317	-4,328
Stormwater and Land Drainage	5,411	4,236	6,811	2,313	2,166	306	-3,098	-2,070	-6,505
Transport	26,103	14,976	13,555	18,406	19,635	16,154	-7,697	4,659	2,599
Waste Management	7,878	7,317	7,891	6,005	6,924	5,726	-1,873	-393	-2,165
Wastewater	11,175	11,058	9,717	26,129	19,174	18,371	14,954	8,116	8,654
Water Supplies	8,415	8,061	9,522	7,253	7,583	7,151	-1,162	-478	-2,371
	80,297	65,365	67,195	68,822	61,578	55,029	-11,475	-3,787	-12,173
Castlecorp	447	256	356	269	302	320	-178	46	-36
	447	256	356	269	302	320	-178	46	-36
Other									
Vested assets	0	0	0	0	1,843	0	0	1,843	0
Other non operational income	2	0	1	59	8	33	57	8	32
Other non operational expenditure	59	0	-686	0	0	0	-59	0	686
Increase/(decrease) in fair value of forestry assets	49	0	17	0	0	0	-49	0	0
Internal charges in operational expenditure	-1,511	-1,112	-1,436	-1,511	-1,112	-1,436	0	0	0
	-1,401	-1,112	-2,104	-1,452	739	-1,403	-51	1,851	718
Total per statement of comprehensive income	124,951	107,198	107,318	121,548	122,424	114,974	-3,403	15,226	7,656

Each significant activity is stated gross of internal costs and revenues, and includes targeted rates attributable to activities. In order to fairly reflect the total external operations for the Council in the Statement of comprehensive income, these transactions are eliminated as shown above.

3: Income by category

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Rates revenue				
General rates	35,023	36,120	35,023	36,120
Refuse rates	2,111	2,042	2,111	2,042
Sewerage rates	10,853	10,134	10,853	10,134
Water rates (including water by meter)	6,702	6,661	6,633	6,599
Lakes enhancement rate	423	423	423	423
Eastern sewerage capital rates	2,508	1,544	2,508	1,544
Business development targeted rates	5,375	4,695	5,375	4,695
Roading targeted rates	11,007	8,989	11,007	8,989
Urban sewerage development rate	58	58	58	58
Lakes Community Board rate	47	42	47	42
Less rates paid by council	-1,611	-1,506	-1,611	-1,506
Less water by meter paid by council	-260	-247	-260	-247
Less rate remissions	-462	-406	-462	-406
Total rates	71,774	68,548	71,705	68,486
Other revenue				
Assets recognised for first time	935	2,198	935	2,198
Dividend	1	0	1	0
Interest - bank and other	102	117	87	91
Vested assets	2,805	379	2,805	379
Other revenue	66	-89	2,055	2,289
Subsidies and grants	20,944	20,277	20,944	20,277
Development contributions	602	708	602	708
Reserve contributions	182	144	182	144
Fees and charges	5,192	5,656	5,192	5,656
Trading revenue	18,945	17,031	18,740	16,864
Total other revenue	49,774	46,421	51,543	48,606
Other gains				
Gain on disposal of property, plant and equipment	0	5	0	5
Total other gains	0	5	0	5
	121,548	114,974	123,248	117,097

Rates remissions

Rates revenue is shown net of rates remissions. The Council Rates remission policies allow rates to be remitted on condition of a ratepayer's extreme financial hardship, land used for sport and land protected for historical or cultural purposes.

Non-rateable land

Under the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens and reserves. These non-rateable properties may be subject to targeted rates in respect of infrastructure services, refuse, and sanitation. Non-rateable land does not constitute a remission under the Council's rates remission policy.

4: Expenditure by category

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Personnel costs				
Salaries and wages	32,246	31,569	32,246	31,569
Defined contribution plan employer contributions	909	862	909	862
Increase/(decrease) in employee entitlements	415	325	415	325
Total personnel costs	33,570	32,757	33,570	32,757
Depreciation and amortisation				
Depreciation on property, plant and equipment	27,688	25,260	27,888	25,431
Amortisation on intangible assets	594	837	594	837
Total depreciation and amortisation	28,282	26,098	28,482	26,269
Other expenses				
Audit fees for financial statements audit	114	111	137	131
Audit fees for Long-term Plan	86	0	86	0
Audit fees – other	118	22	118	22
Change in rates refund provision	12	-1	12	-1
Elected representatives remuneration	583	572	583	572
Donations	132	152	132	152
Grants and contributions	2,434	2,019	2,434	2,019
Change in impairment of trade and other receivables	-37	-192	-37	-192
Loss on revaluation property, plant and equipment	0	2,275	0	2,275
Losses on disposal of assets	1,656	1,939	1,656	1,939
Revaluation reserves in debit	10,541	0	10,541	0
Insurance premiums	1,524	623	1,524	623
Other expenditure	36,564	32,776	37,982	34,653
Research and development	34	66	34	66
Rent and leasing costs	322	304	381	360
Total other expenses	54,083	40,666	55,583	42,618
Finance costs				
Discount unwinding	682	108	682	108
Interest on borrowings	8,334	7,689	8,334	7,689
Total finance costs	9,016	7,797	9,016	7,797
	124,951	107,318	126,651	109,441

Employee benefit expenses

Employer contributions to defined contribution plans include contributions to Kiwi saver and the Defined Benefit Plan Contributors Scheme.

5: Taxation

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Components of tax expense				
Current tax expense	0	0	0	0
Adjustments to current tax in prior years	0	0	0	0
Deferred tax expense	0	0	0	0
Tax loss not previously recognised	0	0	0	0
Tax expense	0	0	0	0
Relationship between tax expense and accounting profit				
Net surplus before tax	-3,403	7,656	-3,345	7,656
Tax at 28%	-953	2,297	-937	2,297
Plus (less) tax effect of:				
Non-deductible expenditure	-247	-3,601	-246	-3,601
Tax loss not recognised	2,231	239	2,218	239
Deferred tax on temporary differences	-1,031	1,065	-1,035	1,065
Deferred tax adjustment on change in tax laws	0	0	0	0
Tax loss not previously recognised	0	0	0	0
Prior year adjustment	0	0	0	0
Tax expense	0	0	0	0

Deferred tax asset (liability)	Property, plant and equipment \$000	Employee entitlements \$000	Other provisions \$000	Tax losses \$000	Total \$000
Balance at 30 June 2010	-2,638	0	0	2,638	0
Charged to surplus or deficit	-1,096	0	0	1,096	0
Charged to other comprehensive income	0	0	0	0	0
Balance at 30 June 2011	-3,734	0	0	3,734	0
Charged to surplus or deficit	1,031	0	0	-1,031	0
Charged to other comprehensive income	0	0	0	0	0
Balance at 30 June 2012	-2,703	0	0	2,703	0

Imputation credit account				
Opening balance			0	0
Tax paid			0	0
Credits attached to dividends paid			0	0
Other adjustments			0	0
Closing balance			0	0

A deferred tax asset has not been recognised in relation to unused tax losses of Council: \$8,146,321 (2011 \$798,302), Group: \$10,873,892 (2011 \$3,574,260).

6: Cash and cash equivalents

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Cash at bank and in hand	557	977	1,296	861
Short term deposits maturing three months or less from date of acquisition	326	796	326	796
Total cash and cash equivalents	883	1,774	1,622	1,658

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

Cash, cash equivalents, and bank overdrafts include the above for the purposes of the Statement of cash flows.

7: Debtors and other receivables

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Rates receivables	4,245	4,297	4,245	4,297
Other receivables	16,456	11,822	16,670	11,739
Prepayments	471	365	471	365
Community Loans	17	17	17	17
GST Receivable	1,069	2,945	1,069	2,945
Total debtors and other receivables	22,258	19,445	22,472	19,363
Less Provision for impairment of receivables	-954	-991	-954	-991
	21,304	18,455	21,518	18,372
Less non-current portion				
Community loans	17	17	17	17
Total non-current portion	17	17	17	17
Current portion	21,287	18,438	21,501	18,355

Fair Value

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

Impairment

The Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgement, then the Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material.

The carrying amount of receivables that would otherwise be past due or impaired and whose terms have been renegotiated is \$nil (2011 \$nil).

Community loans

The fair value of community loans is \$16,876 (2011 \$16,876).

The status of receivables at year end is detailed below:

	2012 Gross \$000	2012 Impairment \$000	2012 Net \$000	2011 Gross \$000	2011 Impairment \$000	2011 Net \$000
Council						
Not past due	16,473	0	16,473	11,322	-131	11,191
Past due 1-60 days	2,345	-30	2,315	2,601	0	2,601
Past due 61-120 days	127	0	127	1,338	0	1,338
Past due > 121 days	3,295	-923	2,372	4,184	-860	3,324
Total	22,240	-953	21,287	19,445	-991	18,455
Group						
Not past due	16,687	0	16,687	11,240	-131	11,109
Past due 1-60 days	2,345	-30	2,315	2,601	0	2,601
Past due 61-120 days	127	0	127	1,338	0	1,338
Past due > 121 days	3,295	-923	2,372	4,184	-860	3,324
Total	22,454	-953	21,501	19,363	-991	18,372

The above table records the majority of the District Library debtors as over 120 days overdue, as the systems used are unable to provide more accurate information. Any variance from this recording is of an immaterial value.

The impairment provision has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment provision is based on an analysis of past collection history and debt write offs.

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Individual impairment	-953	-860	-953	-860
Collective impairment	0	-131	0	-131
Total provision for impairment	-953	-991	-953	-991

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 \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Past due 1-60 days	-30	0	-30	0
Past due 61-120 days	0	0	0	0
Past due > 121 days	-923	-860	-923	-860
Total individual impairment	-953	-860	-953	-860

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

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
At 1 July	-991	-1,183	-991	-1,183
Additional provisions made during the year	-37	-192	-37	-192
Receivables written off during the period	75	384	75	384
At 30 June	-953	-991	-953	-991

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

8: Inventories

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Inventories held for distribution or consumption in provision of services	1,033	1,009	1,033	1,009
Inventories held for use in production of goods and services on a commercial basis	264	336	264	336
Total Inventories	1,297	1,344	1,297	1,344
Water and Sewerage reticulation spare parts	267	267	267	267
Street Furniture	14	14	14	14
Nursery Store	688	670	688	670
Vehicle workshop & fuel	19	7	19	7
Other Inventories held for distribution	46	51	46	51
Museum retail stock	101	126	101	126
Solid waste refuse bags	118	174	118	174
Other commercial inventory	44	36	44	36
Total Inventories	1,297	1,344	1,297	1,345

The carrying amount of inventories pledged as security for liabilities is \$nil (2011 \$nil).

Held for distribution inventory

The carrying amount of inventory held for distribution that are measured at current replacement cost as at 30 June 2012 amounted to \$nil (2011 \$nil).

The write down of inventory held for distribution that are measured at current replacement cost as at 30 June 2012 amounted to \$nil (2011 \$nil). There have been no reversals of write-downs (2011 \$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 (2011 \$nil). There have been no reversals of write downs (2011 \$nil).

9: Property, plant and equipment

2012 Classification	Cost / revaluation 1 July 2011 \$000	Accumulated depreciation and impairment changes 1 July 2011 \$000	Carrying amount 1 July 2011 \$000	Current year additions \$000	Current year disposals \$000	Current year impairment charges \$000	Current year depreciation \$000
Airport	50,684	-1,510	49,174	1,251	-8	0	-1,034
Art collections	6,008	-30	5,978	71	-29	0	-5
Bridges	14,549	-831	13,718	125	0	0	-265
Buildings	139,165	-8,747	130,418	3,340	0	0	-5,068
Computer equipment	4,891	-3,594	1,297	563	-2,919	0	-589
Footpaths	24,932	-1,475	23,457	544	0	0	-258
Furniture and fittings	6,134	-4,578	1,556	12	-2,629	0	-238
General works assets	1,052	-496	556	0	-347	0	-67
Land	137,108	0	137,108	4,311	-670	0	0
Landfill	9,669	-4,441	5,228	461	0	0	-687
Library collection	3,037	-332	2,705	535	0	0	-407
Motor vehicles	8,165	-4,344	3,821	904	-834	0	-813
Office equipment	1,596	-1,438	158	0	-958	0	-75
Parking infrastructural assets	496	-38	458	0	0	0	-39
Parks and reserves	26,484	-1,816	24,668	1,139	-44	0	-1,231
Plant and machinery	9,885	-5,705	4,180	753	-2,026	0	-620
Transport management	250,899	-10,728	240,168	11,505	0	0	-6,982
Stormwater drainage	109,400	-2,163	107,237	1,290	-324	0	-2,102
Street lighting, signs, signals	6,657	-1,371	5,286	270	0	0	-256
Waste management (bin sites)	725	-31	694	15	0	0	0
Wastewater reticulation	149,461	-2,890	146,571	13,228	-119	0	-2,281
Wastewater treatment plant	46,187	-4,635	41,552	4,389	-430	0	-1,633
Waterworks pipes, meters	101,157	-6,990	94,167	3,646	-2,260	0	-3,098
	1,108,341	-68,183	1,040,155	48,352	-13,597	0	-27,748
RRAL'S property, plant and equipment							
Building chattels	56	-10	46	12	0	0	-3
Furniture and fittings	153	-88	65	0	0	0	-13
Plant and equipment	819	-352	467	58	-11	0	-80
Motor vehicles	494	-191	303	3	0	0	-57
Computer equipment	73	-37	36	8	-6	0	-6
Total RRAL's property, plant and equipment	1,595	-678	917	81	-17	0	-159
Total group property, plant and equipment	1,109,936	-68,861	1,041,078	48,433	-13,614	0	-27,907

2012 Classification	Revaluation surplus \$'000	Other cost movements \$'000	Depreciation writeback \$'000	Cost / revaluation 30 June 2012 \$'000	Accumulated depreciation and impairment changes 30 June 2012 \$'000	Carrying amount 30 June 2012 \$'000
Airport	0	0	6	51,927	-2,538	49,389
Art collections	0	0	0	6,050	-35	6,015
Bridges	693	-1,155	831	14,212	-265	13,947
Buildings	-19,004	2,963	8,747	126,464	-5,068	121,396
Computer equipment	0	-213	2,816	2,322	-1,367	955
Footpaths	-9,572	-785	1,476	15,119	-257	14,862
Furniture and fittings	0	-58	2,551	3,459	-2,265	1,194
General works assets	0	0	236	705	-327	378
Land	-12,286	-1,182	0	127,281	0	127,281
Landfill	3,084	-76	4,438	13,138	-690	12,448
Library collection	0	0	0	3,572	-739	2,833
Motor vehicles	0	0	642	8,235	-4,515	3,720
Office equipment	0	0	932	638	-581	57
Parking infrastructural assets	0	0	0	496	-77	419
Parks and reserves	0	448	-17	28,027	-3,064	24,963
Plant and machinery	0	-22	1,830	8,590	-4,495	4,095
Transport management	-6,533	-7,039	10,596	248,832	-7,114	241,715
Stormwater drainage	0	128	4	110,494	-4,261	106,233
Street lighting, signs, signals	-1,236	-448	1,371	5,243	-256	4,987
Waste management (bin sites)	0	-648	31	92	0	92
Wastewater reticulation	-2,902	-280	1,173	159,388	-3,998	155,390
Wastewater treatment plant	-3,105	-3,131	4,613	43,910	-1,655	42,255
Waterworks pipes, meters	0	311	1,375	102,854	-8,713	94,141
	-50,861	-11,187	43,651	1,081,048	-52,280	1,028,756
RRAL'S property, plant and equipment						
Building chattels	0	0	0	68	-13	55
Furniture and fittings	0	0	0	153	-101	52
Plant and equipment	0	0	0	866	-421	445
Motor vehicles	0	0	0	497	-248	249
Computer equipment	0	0	0	75	-43	32
Total RRAL's property, plant and equipment	0	0	0	1,659	-826	833
Total group property, plant and equipment	-50,861	-11,187	43,651	1,082,707	-53,106	1,029,589

* Restricted assets are assets that cannot be disposed of because of legal or other restrictions.

** Fair value: Council considers the fair value of Land and buildings to be the book value of these assets.

2011 Classification	Cost / revaluation 1 July 2010 \$000	Accumulated depreciation and impairment changes 1 July 2010 \$000	Carrying amount 1 July 2010 \$000	Current year additions \$000	Current year disposals \$000	Current year impairment charges \$000	Current year depreciation \$000
Airport	0	0	0	3,775	-1,199	0	-803
Art collections	5,775	-27	5,748	234	0	0	-4
Bridges	14,549	-555	13,994	0	0	0	-276
Buildings	138,011	-4,763	133,248	11,402	-70	0	-4,381
City Focus	230	-117	113	0	0	0	0
Computer equipment	4,561	-3,268	1,293	757	-1	0	-752
Environmental	2	-1	1	0	0	0	0
Footpaths	24,751	-985	23,766	181	0	0	-490
Furniture and fittings	5,960	-4,341	1,619	202	0	0	-264
General works assets	1,031	-417	614	43	0	0	-96
Land	51,848	0	51,848	1,926	-129	0	0
Land restricted*	95,346	0	95,346	0	0	0	0
Landfill	7,935	-3,248	4,687	1,730	0	0	-1,195
Library collection	3,608	-1,112	2,496	374	0	0	-331
Motor vehicles	7,967	-4,277	3,690	1,238	-312	0	-795
Office equipment	1,748	-1,422	326	2	-32	0	-138
Parking infrastructural assets	744	-162	582	34	0	0	-39
Parks, roads, paths, playgrounds, utilities	23,503	-2,952	20,551	2,265	-161	0	-1,231
Plant and machinery	9,005	-5,324	3,681	1,117	-18	0	-600
Roading assets excluding land	201,283	-7,233	194,050	8,450	0	0	-3,590
Roads and road reserves land	42,449	0	42,449	0	0	0	0
Runway, taxiway, apron	24,661	-232	24,429	0	0	0	0
Stormwater drainage	64,811	-2,242	62,569	1,196	-2,372	0	-2,163
Street lighting, signs, signals	6,296	-970	5,326	225	0	0	-313
Waste management (bin sites)	776	-22	754	0	-50	0	-10
Wastewater reticulation	137,056	-3,901	133,155	11,415	-41	0	-2,120
Wastewater treatment plant	39,718	-3,160	36,558	6,809	0	0	-1,476
Waterworks pipes, meters	97,599	-2,957	94,642	4,320	-820	0	-4,193
Total council's property, plant and equipment	1,011,224	-53,688	957,535	57,695	-5,205	0	-25,260
RRAL's property, plant and equipment							
Buildings chattels	44	-7	37	12	0	0	-3
Furniture and fittings	143	-75	68	10	0	0	-13
Plant and equipment	757	-277	480	62	-11	0	-75
Motor vehicles	494	-134	360	0	0	0	-57
Computer equipment	42	-30	12	31	0	0	-7
Total RRAL's property, plant and equipment	1,480	-523	957	115	-11	0	-155
Total group property, plant and equipment	1,012,704	-54,211	958,492	57,810	-5,216	0	-25,415

2011 Classification	Revaluation surplus \$000	Other movements \$000	Other cost adjustments \$000	Other Accumulated depreciation \$000	Other adjustment \$000	Cost / revaluation 30 June 2011 \$000	Accumulated depreciation and impairment changes 30 June 2011 \$000	Carrying amount 30 June 2011 \$000
Airport	0	47,401	707	-707	0	50,684	-1,510	49,174
Art collections	0	0	-1	1	0	6,008	-30	5,978
Bridges	0	0	0	0	0	14,549	-831	13,718
Buildings	0	-9,781	436	397	-833	139,998	-8,747	130,418
City Focus	0	-113	-117	117	0	0	0	0
Computer equipment	0	0	-426	426	0	4,891	-3,594	1,297
Environmental	0	-1	-1	1	0	0	0	0
Footpaths	0	0	0	0	0	24,932	-1,475	23,457
Furniture and fittings	0	-1	-27	27	0	6,134	-4,578	1,556
General works assets	0	-5	-17	17	0	1,052	-496	556
Land	0	-11,882	-1	0	1	41,762	0	41,762
Land restricted*	0	0	0	0	0	95,346	0	95,346
Landfill	0	5	-1	2	-1	9,669	-4,441	5,228
Library collection	165	0	-1,110	1,111	-1	3,037	-332	2,705
Motor vehicles	0	0	-728	728	0	8,165	-4,344	3,821
Office equipment	0	0	-122	122	0	1,596	-1,438	158
Parking infrastructural assets	-119	0	-163	163	0	496	-38	458
Parks, roads, paths, playgrounds, utilities	3,174	70	-2,367	2,367	0	26,484	-1,816	24,668
Plant and machinery	0	0	-219	219	0	9,885	-5,705	4,180
Roading assets excluding land	0	-1,188	-95	95	0	208,450	-10,728	197,722
Roads and road reserves land	0	0	0	0	0	42,449	0	42,449
Runway, taxiway, apron	0	-24,429	-232	232	0	0	0	0
Stormwater drainage	48,011	-4	-2,242	2,242	0	109,400	-2,163	107,237
Street lighting, signs, signals	0	48	88	-88	0	6,657	-1,371	5,286
Waste management (bin sites)	0	0	-1	1	0	725	-31	694
Wastewater reticulation	3,822	340	-3,131	3,131	-1	149,461	-2,890	146,571
Wastewater treatment plant	0	-340	0	1	0	46,187	-4,635	41,552
Waterworks pipes, meters	0	218	-160	160	0	101,157	-6,990	94,167
Total council's property, plant and equipment	55,053	338	-9,931	-10,765	-833	1,109,174	-68,183	1,040,155
RRAL's property, plant and equipment								
Buildings chattels	0	0	0	0	0	56	-10	46
Furniture and fittings	0	0	0	0	0	153	-88	65
Plant and equipment	0	11	0	0	0	819	-352	467
Motor vehicles	0	0	0	0	0	494	-191	303
Computer equipment	0	0	0	0	0	73	-37	36
Total RRAL's property, plant and equipment	0	11	0	0	0	1,595	-678	917
Total group property, plant and equipment	55,053	349	-9,931	-10,765	-833	1,110,769	-68,861	1,041,078

* Restricted Assets are assets that cannot be disposed of because of legal or other restrictions.

** Fair Value: Council considers the Fair Value of Land & Buildings to be the book value of these assets

Valuation

Land (operational, restricted, and infrastructural)

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the "unencumbered" land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

The fair value of and is reviewed at three yearly intervals. The most recent valuation was performed by independent valuers Darroch Valuations. The valuation is effective as at 1 July 2011.

Buildings (operational and restricted)

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.
- the remaining useful life of assets is estimated.
- straight line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value.

The fair value of buildings is reviewed at three yearly intervals. The most recent valuation was performed by independent valuers Darroch Valuations. The valuation is effective as at 1 July 2011.

Infrastructural asset classes: Water, wastewater, stormwater and land drainage, and roading network

Water, wastewater, stormwater and land drainage, and roading network 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 income. To minimise this risk, infrastructural asset lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

The fair value of infrastructural assets will be revised at three yearly 'rolling' intervals. The most recent valuations are performed by Council engineers and are peer reviewed by independent valuers Beca Valuation Services Limited. The effective dates of these valuations are:

- Water reticulation system: 1 July 2011
- Wastewater system: 1 July 2010
- Stormwater and land drainage system: 1 July 2010
- Roading network: 1 July 2011
- Parks and reserves assets: 1 July 2010

Land under roads

On transition to NZ IFRS Council elected to use the fair value of land under roads as deemed cost. Land under roads is no longer valued.

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.

Airport assets

The airport land, buildings and runway are valued at fair value using market based evidence, depreciated replacement cost, market rents and capitalisation rates where applicable.

The fair value of the airport land, buildings and runway were valued as at 1 July 2009 by independent valuers Cleghorn Gillespie Jensen Limited and the valuation is effective as at 1 July 2009.

Impairment

Impairment losses of \$nil (2011 \$nil) have been recognised in the Statement of comprehensive income.

Work in progress

The total amount of property, plant and equipment in the course of construction is \$30.438 million (2011 \$59.366 million).

Leasing

The net carrying amount of plant and equipment held under finance leases is \$nil (2010 \$nil).

10: Intangible assets

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Balance at 1 July				
Cost	7,977	7,339	8,054	7,410
Accumulated amortisation and impairment	-4,209	-3,312	-4,244	-3,330
Opening carrying amount	3,768	4,027	3,810	4,080
Year ended 30 June				
Additions	458	738	535	743
Disposals	-4,985	-99	-4,985	-99
Amortisation charges	-532	-837	-566	-854
Accumulated amortisation written back	3,844	99	3,844	99
Other movements	251	-160	251	-160
Total movements during the year	-964	-259	-921	-271
Balance at 30 June				
Cost	4,552	7,977	4,706	8,054
Accumulated amortisation and impairment	-1,748	-4,209	-1,817	-4,244
Closing carrying amount	2,804	3,768	2,889	3,810

Easements

Council owns numerous easements which give the right to access private property where infrastructural assets are located. However the cost of providing information about the value of the easements outweighs the benefits and therefore the value has not been calculated.

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

All software is acquired externally.

11: Biological assets (forestry)

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Balance at 1 July	458	316	458	316
Increases due to asset recognised for the first time	935	0	935	0
Gains/(losses) arising from changes in fair value less estimated point of sale costs	-163	141	-163	141
Decreases due to sales	0	0	0	0
Decreases due to harvest	0	0	0	0
Balance at 30 June	1,230	458	1,230	458

The Council owns five forestry stands located at:

- Tutukau Road – this stand measures 10 hectares of Pinus Radiata forest with a current age of 27 years.
- Near the Rotorua Landfill that measures 14 hectares of Pinus Radiata forest with a current age of 27 years.
- Great West Road spring reserve measures 2.5 hectares of Pinus Radiata forest with a current age of approximately 30 years.
- Hill Road spring reserve measures 1.6 hectares of Pinus Radiata forest with a current age of 28 years.
- Reservoir Road spring reserve measures 7.6 hectares of Pinus Radiata forest with a current age of 10 years.

Independent valuers Prime Forest Management Limited have valued forestry assets as at 30 June 2012. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- a discount rate of 8% (2011: 8%) has been used in discounting the present value of expected cash flows
- notional land rental costs have been included for freehold land
- forests have been valued on a going concern basis and only includes the value of the existing crops on a single rotation basis
- no allowance for inflation has been provided
- costs are current average costs. No allowance has been made for cost improvements in future operations
- log prices are based on three-year historical rolling averages

Financial risk management strategies

The Council is exposed to financial risks arising from changes in timber prices. The Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future. Therefore, no measures have been taken to manage the risk of a decline in timber prices. The Council and group review its outlook for timber prices regularly in considering the need for active financial risk management.

Tokorangi Forest (Redwood Forest)

In 1993 the Crown Forest License for the Tokorangi Forest (Redwood Forest) was transferred to Council from the Crown in recognition of the significant recreation resource with the valuable aesthetic and landscape features that the forest represents for the people of Rotorua, as well as its national and international visitors. There are covenants in place that restrict the licence to this effect. The majority of the forest will therefore not be managed commercially.

The land on which the forest grows is in the process of being transferred from the Crown to the new Central North Island Iwi Collective. Council has the licence to continue managing the forest for the next thirty five years.

12: Other financial assets

				Council \$000		Group \$000	
				2012 actual	2011 actual	2012 actual	2011 actual
Non-current portion	% holding	Shares held	Country of incorporation				
<i>Investments carried at fair value through comprehensive income</i>							
Unlisted shares NZ Local Govt Insurance Corporation Ltd	2.8	87,953	New Zealand	167	213	167	213
Unlisted shares Waikato Local Authority Shared Services Ltd (LASS)	8.3	1	New Zealand	203	252	203	252
Unlisted shares BOP Local Authority Shared Services Ltd (BOP LASS)	11.11	1	New Zealand	-7	29	-7	29
<i>Investments carried at cost less impairment losses</i>							
Unlisted shares Rotorua Regional Airport Limited	100	1,000	New Zealand	1784	1726	0	0
Total non-current portion				2,147	2,220	363	493
Total Other financial assets				2,147	2,220	363	493

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 net asset backing method.

The 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 1 ordinary share. The fair value of the BOP LASS, approximated using the net asset backing method, is \$(6,954) (2011 \$28,501).

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 \$1,784,051 (2011 -\$1,726,000). The surplus for the year of \$57,655, (2011 -\$200,031) is recognised in the Statement of comprehensive income.

Council is also the 100% shareholder in two dormant non-operational companies – Rotorua District Council Holdings Ltd and Grow Rotorua Ltd.

Impairment

There were no impairment expenses or provisions for other financial assets. None of the financial assets are either past due or impaired.

13: Creditors and other payables

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Trade payables	15,783	19,759	15,868	18,791
Other payables	221	112	221	112
Deposits and bonds	1,021	1,309	1,021	1,309
Rates, fees and grants received in advance	3,431	3,552	3,431	3,552
Accrued interest	1,891	2,116	1,891	2,116
Total Creditors and other payables	22,347	26,848	22,432	25,880

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

14: Provisions

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Current Provisions are represented by				
Weathertightness claims	1,005	470	1,005	470
Landfill aftercare provision	20	20	20	20
Prov. Grants not yet uplifted	103	92	103	92
Total current provisions	1,128	582	1,128	582
Non-current provisions are represented by				
Landfill aftercare provision	2,574	1,892	2,574	1,892
Provision for refund of rates	104	92	104	92
Total non-current provisions	2,678	1,984	2,678	1,984

Movements for each class of provision are as follows:

Council and group \$000	Weathertightness claims	Landfill aftercare	Refund of rates	Grants not yet uplifted
2012				
Opening balance	470	1,912	92	92
Additional provisions made during the year	0	0	0	11
Amounts used during the year	535	0	12	0
Discount unwinding	0	682	0	0
Balance at 30 June 2012	1,005	2,594	104	103
2011				
Opening balance	490	1,805	93	0
Additional provisions made during the year	0	0	0	92
Amounts used during the year	-20	0	-1	0
Discount unwinding	0	108	0	0
Balance at 30 June 2011	470	1,913	92	92

Weathertightness claims

Eight claims have been lodged with the Weathertight Homes Resolutions Service (WHRS) as at 30 June 2012 (2011: five). These claims relate to weathertightness issues of homes in the Rotorua area and name the Council as well as other parties. A provision for these claims has been established based on actuarial assessment of claims based on historical average claim levels and other information held. The Council has insurance in place to cover the provision recognised and has recognised a related receivable of \$nil (2011 \$nil) is presented as part of debtors and other receivables in note 6.

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 730,000 cubic metres, increasing up to 2.360 million cubic metres at stage two (refuse, clean fill and cover).
- The estimated remaining life (including stages one and two development) is 46 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 fifteen year's time. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 7%.

Refund of rates

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

Provision for financial guarantees

Council is listed as sole guarantor to a number of community organisation's bank loans. Council is obligated under the guarantees to make loan payments in the event the organisation defaults on a loan agreement. The exercising of guarantees will be dependent on the financial stability of the community organisations, which will vary over time. The Council considers that a provision for financial guarantees is not appropriate at balance date (2011 \$nil), as they are effectively offset via Council's conditions of the loan guarantees (see note 20 Contingent assets).

The face value of the total guarantees is \$155,283 (2011 \$177,283).

15: Employee benefit liabilities

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Payroll payables	891	720	941	780
Accrued pay	648	632	648	632
Annual leave	3,779	3,538	3,779	3,538
Long service leave	143	236	143	236
Retirement gratuities	326	440	326	440
Sick leave	109	123	109	123
Total Employee benefit liabilities	5,896	5,689	5,946	5,749
Comprising				
Current	5,427	5,012	5,477	5,072
Non-current	469	677	469	677
Total Employee benefit liabilities	5,896	5,689	5,946	5,749

16: Borrowings including derivative financial instruments**16A: Borrowings**

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Current				
Registered debenture stock	18,000	13,500	18,000	13,500
Registered security stock	24,325	22,390	24,325	22,390
Piano loan	0	176	0	176
Total face value current borrowings	42,325	36,066	42,325	36,066
Non-current				
Registered debenture stock	90,000	88,000	90,000	88,000
Registered security stock	18,650	10,000	18,650	10,000
Derivative valuation	0	0	0	0
Suspensory loans	0	0	0	0
Other secured loans	0	0	0	0
Total face value non-current borrowings	108,650	98,000	108,650	98,000
Total face value of borrowings	150,975	134,066	150,975	134,066

Registered debenture stock

Debenture stock of \$78.0 million (2011 \$71.5 million) is at fixed interest rates for the term of the stock. Debenture stock of \$30.0 million (2011 \$30.0 million) is at floating interest rates. The interest rate is reset quarterly based on the 90 day bank bill rate plus a margin for credit risk.

Registered security stock

Security stock of \$42,975,000 (2011 \$32,390,000) is at floating interest rates. The interest rate is reset based on the bank bill rate plus a margin for credit risk.

Security

The Council's borrowings are secured against its rates revenue.

The Council does not have an overdraft facility.

16B: Derivative financial instruments

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Current asset portion				
Interest rate swaps - cashflow hedges	0	0	0	0
Total current asset portion derivatives	0	0	0	0
Non-current asset portion				
Interest rate swaps - cashflow hedges	0	0	0	0
Total non-current asset portion derivatives	0	0	0	0
Total derivative financial instruments assets	0	0	0	0
Current liability portion				
Interest rate swaps - cashflow hedges	376	566	376	566
Total current liability portion derivatives	376	566	376	566
Non-current liability portion				
Interest rate swaps - cashflow hedges	405	478	405	478
Total non-current liability portion derivatives	405	478	405	478
Total derivative financial instruments liabilities	781	1,044	781	1,044
Net derivative financial instruments	781	1,044	781	1,044

Fair values of non current borrowings and derivatives

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Registered debenture stock	94,798	91,460	94,798	91,460
Registered security stock	18,650	10,000	18,650	10,000
Other loans	0	176	0	176
Derivative valuation	781	1,044	781	1,044
Total non-current borrowings	114,229	102,680	114,229	102,680

The fair values are based on cash flows discounted using a rate based on the borrowing rates ranging from 3.53% to 7.25% (2011 0.00% to 7.25%).

The carrying amounts of borrowings repayable within one year approximate their fair value, as the effect of discounting is not significant.

Derivatives

Interest rate swaps

The fair value of interest rate swaps have been determined by calculating the expected cash flows 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.

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$30 million (2011 \$40 million) and for the group were \$30 million (2011 \$40 million). At 30 June 2012, the fixed interest rates of cash flow hedge interest rate swaps varied from 5.25% to 5.99% (2011 5.87% to 7.40%).

Council's Treasury policy limits and covenants are:

- The gross interest expense of all borrowings will not exceed 15% of total revenue – 2012 6.86% (2011 6.69%)
- Net cash flows from operating activities are to exceed gross annual interest expense by a multiple of at least two – 2012 3.32 (2011 4.56)

- Maximum debt not to exceed 20% of assets – 2012 14.26% (2011 12.88%)
- No more than \$60 million or 50% of existing external borrowing (whichever is the greater) is subject to refinancing in any financial year – 2012 within limits (2011 within limits)

The weighted average effective interest rate on borrowings is 5.44% (2011 5.96%).

17: Equity

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Opening balance	848,433	821,813	848,433	821,813
Net surplus/(deficit)	-3,403	7,656	-3,403	7,656
	845,030	829,469	845,030	829,469
<i>Movements:</i>				
Self funding reserves	4,098	8,859	4,098	8,859
Council created reserves	4,150	9,558	4,150	9,558
Restricted reserves	-176	546	-176	546
Transfers from property revaluation reserves on disposal	0	0	0	0
	8,072	18,963	8,072	18,963
Closing balance	853,102	848,433	853,102	848,433

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.

2012 \$000	Opening balance	Movement during year	Interest earned/ charged	Closing balance
Pensioner housing	1,139	-187	0	952
Events Centre	-4,652	-509	0	-5,161
Airport	-58,338	-3,316	-3,753	-65,407
Wastewater	14,814	-445	856	15,225
Eastern sewerage scheme	-1,310	4,140	169	2,998
Rural waste water	-669	-43	-42	-754
Landfill	-5,943	-1,235	-428	-7,606
Water	-3,912	939	-176	-3,149
Refuse collection	-86	-109	-12	-206
Electricity	501	-57	27	471
Economic projects	0	78	5	83
Total self funding reserves	-58,456	-744	-3,354	-62,554

2011 \$000	Opening balance	Movement during year	Interest earned/ charged	Closing balance
Pensioner housing	1,030	109	0	1,139
Events Centre	-4,322	-330	0	-4,652
Airport	-51,040	-3,806	-3,492	-58,338
Wastewater	12,033	2,001	781	14,814
Eastern sewerage scheme	1,915	-3,297	72	-1,310
Rural waste water	-1,904	1,332	-97	-669
Landfill	-4,615	-1,024	-304	-5,943
Water	-2,819	-906	-187	-3,912
Refuse collection	128	-218	5	-86
Electricity	0	494	8	501
Economic projects	0	0	0	0
Total self funding reserves	-49,594	-5,645	-3,214	-58,456

Council created reserves

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

2012 \$000	Opening balance	Movement during year	Interest earned/ charged	Closing balance
Reporoa Domain	38	13	-3	48
Waikite Domain	17	3	1	21
<i>Development Contributions</i>				
Roading	596	-98	70	569
Public amenities	-7,191	86	-423	-7,528
Land drainage and stormwater	-75	-94	4	-166
Parks and reserves	-1,330	38	-70	-1,362
Water	-4,047	-1,122	-158	-5,327
Waste water	-8,902	-2,008	-390	-11,300
Total Council Created Reserves	-20,894	-3,182	-969	-25,045

Development contribution reserves have a negative balance due to collections only starting in 2007 and some projects will collect contributions over 25 years or more.

2011 \$000	Opening balance	Movement during year	Interest earned/ charged	Closing balance
Reporoa Domain	27	10	0	38
Waikite Domain	19	-3	0	17
<i>Development Contributions</i>				
Roading	690	-145	51	596
Public amenities	-6,427	-370	-394	-7,191
Land drainage and stormwater	61	-143	7	-75
Parks and reserves	-1,225	-31	-74	-1,330
Water	-2,276	-1,658	-113	-4,047
Waste water	-2,206	-6,671	-24	-8,902
Total Council Created Reserves	-11,337	-9,011	-547	-20,894

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.

2012 \$000	Opening balance	Movement during year	Interest earned/ charged	Closing balance
Reserves development	1,321	85	89	1,495
Creative NZ Reserve	24	1	1	26
Total Restricted Reserves	1,345	86	90	1,521

2011 \$000	Opening balance	Movement during year	Interest earned/ charged	Closing balance
Reserves development	1,868	-654	107	1,321
Creative NZ Reserve	22	0	1	24
Total Restricted Reserves	1,891	-654	108	1,345

Restrictions

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

District Library bequests – Section 31 of the Local Legislation Act 1937 states the fund is an endowment for the maintenance and benefit of a public library in the Borough of Rotorua.

Property development – previously required by Sections 561, 562, 572 of the Local Government Act 1974 required various sales of properties to be credited to a Housing and Property Account. Funds are used for property development. This is no longer restricted under the Local Government Act 2002 and this reserve will be used over the next two years.

Cash flow hedge reserve

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Opening Balance	-680	-471	-680	-471
Valuations gains/(losses) taken to equity	122	-209	122	-209
Closing balance	-558	-680	-558	-680

Fair value through equity reserve

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Opening Balance	407	235	407	235
Valuations gains/(losses) taken to equity	-103	173	-103	173
Closing balance	304	407	304	407

Asset revaluation reserves

2012 \$000	2012 asset revaluation reserve for each asset class consist of						Closing balance
	Opening balance	Transfer to accumulated funds on disposal of property	Revaluation gains / (losses) during year	Revaluation disposals gains / (losses) during year	Major transfers	Debit reserves transferred to NCOS	
Airport	1,877	0	0	1	0	0	1,878
Bridges	0	0	0	-337	0	337	0
Building	15,196	0	-10,671	939	-5	0	5,458
Footpaths	587	0	-8,264	-853	-47	8,577	0
Land	11,276	0	-12,286	-567	-50	1,626	0
Landfill	535	0	7,250	-1,457	-121	0	6,207
Library	274	0	0	0	0	0	274
Parks & Reserves	5,203	0	0	16	47	0	5,266
Roading	4,900	0	688	-786	290	0	5,092
Street Items	1,000	0	-576	225	-13	0	636
Stormwater	52,143	-152	0	74	-76	0	51,989
Waterworks	20,455	-654	0	-78	0	0	19,723
Waste Management	24	0	0	0	-24	0	0
Plant & Reticulation	10,687	25	-2,022	-920	0	0	7,770
Wastewater Reticulation	3,824	-98	581	-753	-1	0	3,553
TOTAL	127,981	-879	-25,300	-4,496	0	10,540	107,846

2011 \$000	2011 asset revaluation reserve for each asset class consist of					Major transfers
	Opening balance	Transfer to accumulated funds on disposal of property	Revaluation gains / (losses) during year	Revaluation disposals gains / (losses) during year		
Airport	1,877	0	0	0	1,877	
Bridges	0	0	0	0	0	
Building	15,247	0	0	-51	15,196	
Footpaths	587	0	0	0	587	
Land	11,276	0	0	0	11,276	
Landfill	535	0	0	0	535	
Library	108	0	165	0	274	
Parks & Reserves	2,158	0	3,055	-9	5,204	
Roading	4,899	0	0	0	4,900	
Street Items	1,000	0	0	0	1,000	
Stormwater	4,216	0	48,011	-84	52,143	
Waterworks	20,563	0	0	-264	20,299	
Waste Management	24	0	0	0	24	
Plant & Reticulation	10,687	0	0	0	10,687	
Wastewater Reticulation	0	0	3,822	2	3,824	
TOTAL	73,177	0	55,053	-404	127,826	

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

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Surplus/(deficit) after tax	-3,403	7,656	-3,403	7,656
Add/(less) non-cash items:				
Depreciation Property, Plant and Equipment	27,749	25,260	27,949	25,431
Depreciation Intangible Assets	532	738	532	738
Impairment charges accounts receivable	-37	-193	-37	-193
Vested assets and assets recognised for first time	-3,740	-2,577	-3,740	-2,577
(Gains)/losses in fair value of biological assets	-773	-142	-773	-142
Change in Revaluation through Profit and Loss	0	2,275	0	2,275
Loss on revaluation Reserves to NCOS	10,541		10,541	
			-	
Add/(less) items classified as investing or financing activities:				
(Gains)/losses on disposal of Property, Plant and Equipment	981	1,934	981	1,920
Reversal impairment loss RRAL	-58	-200	-	-
Fair value decrease (increase) LASS	85	-11	85	-11
Fair value decrease (increase) NZLGI	45	55	45	55
Fair Value decrease (increase) interest swap	-263	212	-263	212
Movement PPE	-7,092	-821	-7,092	-821
			-	
Add/(less) movements in working capital items:				
Accounts receivable	-2,812	-1,064	-1,643	-2,832
Inventories	46	27	46	29
Accounts payable	-4,500	1,406	-4,463	917
Provision for taxation		-	10	-5
Provisions	1,240	178	1,230	178
Employee benefits	207	351	207	361
			-	
Net cash inflow/(outflow) from operating activities	18,748	35,084	20,212	33,191

19: Capital commitments and operating leases

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Council is committed to the following capital contracts				
Recreation and community services	69	1,859	69	1,859
Works and engineering services	34,908	17,812	34,908	17,812
Support services	19	184	19	184
Airport	683	813	683	813
Total capital contracts	35,679	20,668	35,679	20,668

Operating leases as lessee

The Council and group leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Non-cancellable operating lease commitments as lessee:				
Not later than one year	338	309	338	309
Later than one year and not later than two years	244	278	244	278
Later than two years and not later than five years	426	367	426	367
Later than five years	505	1,051	505	1,051
Total non-cancellable operating lease commitments as lessee:	1,513	2,005	1,513	2,005
Total commitments	37,192	22,673	37,192	22,673

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2011 \$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 72 months. The future aggregate minimum lease payments to be collected under non-cancellable operating lessors are as follows:

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Non-cancellable operating lease commitments as lessor:				
Not later than one year	1,712	2,032	1,712	1,288
Later than one year and not later than two years	1,399	972	1,399	972
Later than two years and not later than five years	3,008	2,046	3,008	2,046
Later than five years	7,925	4,011	7,925	4,011
Total non-cancellable operating lease commitments as lessor:	14,044	9,061	14,044	8,317

Council have changed the way in which future lease receivables are measured and disclosed given the level of uncertainty surrounding some of the future lease receivables. Given this change in measurement, Council cannot quantify the effect this has on prior years' figures.

No contingent rents have been recognised during the period.

20: Contingencies

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Contingent liabilities				
Guarantees				
Guarantees to community and sporting groups	155	177	155	177
Borrowings				
Performance bond BNZ on behalf of Tourism Rotorua	235	235	235	235
Borrowing - Housing New Zealand Corporation suspensory loan	1,532	1,532	1,532	1,532
Legal proceedings				
The Group's effective exposure to legal claims	635	190	635	190
Total Contingent Liabilities	2,557	2,134	2,557	2,134

Financial guarantees

The value of the guarantees disclosed as contingent liabilities reflects the group's assessment of the undiscounted portion of financial guarantees that are not recognised in the Statement of financial position. Refer to note 14 Provisions for information on recognised financial guarantees. Contingent assets (below) on the effect of Council's underwriting conditions on all financial guarantees.

Borrowings

The Housing New Zealand suspensory loan has been spent on specific social housing projects in accordance with the loan agreement. The Council is not required to repay the outstanding principal, including interest and costs, 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 ten legal claims (2011 fifteen). An estimate of council's share of exposure is \$635,000, and includes seven properties in a subdivision, of which four formal claims have been made to date. 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 14, a provision of \$1,005,000 (2011 \$470,000) has been recognised for weathertightness claims. Included in this amount is an estimate of \$525,000 (2011 nil) 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 for that fund year. \$103,634 was paid by Council during 2012, and a further call for additional contributions of the same amount has been made for 2013. This highlights that it is possible that further calls could still be made in the future, 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 2011 the Scheme had a past service surplus of \$37.582 million (16.4% of the liabilities). This amount is exclusive of Specified Superannuation Contribution Withholding Tax and calculated using a discount rate equal to the expected return on the assets. The actuary to the Scheme has recommended the

employer contribution continues at 1.0 times contributors contributions. The 1.0 is inclusive of Specified Contribution Withholding Tax.

Contingent assets

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Loan guarantees				
Rotorua Badminton Club Incorporated	51	57	51	57
Whakarewarewa Rugby Community Sports Incorporated	26	29	26	29
Rotorua Hockey Trust & BOP Hockey Association	186	207	186	207
Total loan guarantees	263	293	263	293

The Council operates a scheme whereby sports clubs are able to construct facilities (eg club rooms) on reserve land. The clubs control the use of these facilities and the Council will only gain control of the asset if the club either vacates the facility, or defaults on the council-guaranteed loan. Until this event occurs, these assets are not recognised as assets in the Statement of financial position.

As at 30 June 2012 there are four facilities with a book value of \$263,481 (2011 \$292,937).

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Suspensory loans				
Reporoa College	50	60	50	60
Western Heights High School	90	120	90	120
Rotorua Girls High School	60	90	60	90
Rotorua Rail Trust	2	3	2	3
Kaharoa Primary School	40	50	40	50
Lynmore Primary School	8	12	8	12
St Chads	40	53	40	53
John Paul College	155	175	155	175
Rotorua Kartsport Development	135	150	135	150
Total suspensory loans	580	713	580	713
Total contingent assets	843	1,006	843	1,006

The Council operates a scheme whereby community and educational organisations are able to apply for suspensory loans through Council's Community Asset Development Fund (CADF). Criteria for the suspensory loan includes that the facility (to which the loan relates) be made available to the public in measured amounts of time, the project has other funding sources to enable successful completion, and that ongoing monitoring of the fiscal viability of the organisation is maintained throughout the term of the suspensory loan. The community organisation(s) control the use of these facilities, and the Council will only make the remaining balance, or the instalment relating to the year in default, payable if the organisation defaults on the terms of the suspensory loan agreement. The suspensory loan is written off over a specified period as long as agreed criteria continue to be met. Unless the contrary occurs, these suspensory loans are not recognised in the Statement of financial position. As at 30 June 2012 there were eight facilities having a face value of \$580,000 (2011: \$713,000) outstanding.

21: Related party transactions

The Council is the ultimate parent of the group and controls the following entities:

- Rotorua Regional Airport Limited
- Rotorua District Council Holdings Limited
- Grow Rotorua Limited

Related party transactions with subsidiaries, associates or joint ventures

Rotorua Regional Airport	2012 actual \$000	2011 actual \$000
Interest paid to the council	15	26
Services provided by the council		
- Land and water rates	69	62
- Rent	205	167
- Development levy	510	531
Loans payable to the council	0	420
Accounts payable to the council	907	1,750
Accounts receivable from the council	107	96
Directors remuneration including non-monetary benefits paid to RDC Councillors		
- Councillor Martin	0	3
- Councillor McVicker	0	3
- Councillor Kenny	0	4

Transactions with key management personnel

Key management personnel compensation	2012 actual \$000	2011 actual \$000
Salaries and other short term employee benefits	954	1,092
Post-employment benefits	0	0
Other long-term benefits	43	47
Termination benefits	0	382
Share-based payments	0	0
Councillors Salaries	588	572
Total group key management remuneration	1,585	2,093

During the year councillors and key management personnel, as part of a normal customer relationship, were involved in minor transactions with the council (such as payment of rates, fees and charges, purchase of rubbish bags etc).

The Council purchased goods and services totalling \$1,409,283 (2011 \$1,372,585) from Clean Green City Maintenance and \$nil (2011 \$1,733) from Gardeners Landscape Supplies. Accounts payable balances of \$99,599 (2011 \$100,255) was payable at year end to Clean Green City Maintenance and \$nil (2011 \$44). Both businesses are owned by Councillor Bentley and her husband.

The Council purchased \$nil (2011 \$nil) goods and services from Putt Putt (Rotorua) Limited, a business owned by Councillor McVicker. The Council received goods and services from Putt Putt (Rotorua) Limited of \$110 (2011 \$563).

The Council sold \$nil goods to Councillor Bob Martin (2011 \$2,000).

During the year, the Council purchased goods and services from D & C Gould Limited for \$479 (2011 \$2,482), a business in which Councillor Gould is an owner.

Peter Guerin, Chief Executive, is director for BOP LASS Limited to which Council paid \$165,160 (2011 \$479,264) for services provided. An outstanding amount payable at 30 June 2012 was \$41,257 (2011 \$3,482) and Council received \$2,515 (2011 \$2,944) during the year from BOP LASS Limited.

Peter Guerin, Chief Executive, is also a director for LASS Limited. in which payments amounting to \$54,541 (2011 \$59,357) were paid towards costs of a shared valuation database.

There are close family members of key management personnel employed by the Council. The terms and conditions of these arrangements are no more favourable than Council would have adopted if there were no relationship to key management personnel.

No provision has been required, nor any expense recognised for the impairment of receivables, for any loans or other receivables, to related parties (2011 \$nil).

22: 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 cash flows, and included the Council's asset or liability in relation to the agencies in its Statement of financial position. Council derives commission income to compensate for the cost of administration.

Petrol tax

The Bay of Plenty Local Authority Petrol Tax Distribution for the year ended 30 June 2012	2012 actual \$000	Percentage	2011 actual \$000	percentage
Kawerau District Council	57	2.3%	59	2.4%
Opotiki District Council	62	2.5%	63	2.5%
Rotorua District Council	547	22.0%	567	22.6%
Taupo District Council	362	14.5%	366	14.6%
Tauranga City Council	826	33.2%	814	32.5%
Western BOP District Council	374	15.0%	382	15.3%
Whakatane District Council	261	10.5%	253	10.1%
Total tax distributable to councils	2,489	100.0%	2,504	100.0%

State Highways administration

	2012 actual \$000	2011 actual \$000
Expenditure on State Highways roading network (Reimbursed from Land Transport New Zealand and Whakatane District Council)	9,644	13,422

Regional Council rates

	2012 actual \$000	2011 actual \$000
Rates were collected on behalf of the following Regional Authorities:		
Bay of Plenty Regional Council	6,967	7,172
	6,967	7,172

23: Remuneration

Chief Executive's remuneration

The Chief Executive of Rotorua District Council is appointed under Part 4, section 42 of the Local Government Act 2002. The total cost, including fringe benefit tax, was \$332,615 (2011 \$339,717).

Chief Executive's Remuneration \$	Council		Group	
	2012 actual	2011 actual	2012 actual	2011 actual
Salary Chief Executive	293,812	299,823	293,812	299,823
Vehicle Chief Executive (including FBT)	23,852	23,852	23,852	23,852
	317,664	323,675	317,664	323,675
<i>Other Benefits</i>				
Professional association fees Chief Executive	261	1,051	261	1,051
Telephone and sundries Chief Executive	0	0	0	0
Superannuation	14,690	14,991	14,690	14,991
	14,951	16,042	14,951	16,042
Total remuneration	332,615	339,717	332,615	339,717

Elected representatives

The total monetary remuneration received by the twelve councillors and the Mayor during the year totalled \$576,060 (2011 \$576,323).

The monetary remuneration consists of honoraria and meeting allowances, and is determined by the Remuneration Authority under the Local Government Elected Members Determination 2005. Professional indemnity and trustee liability insurance is also provided to the councillors against any potential legal litigation which may occur while undertaking Council business.

Councillors' remuneration \$	Honoraria	Hearing fees	Total 2012	Total 2011
Bentley M	37,719	1,480	39,199	37,633
Calnan J	39,219	0	39,219	37,855
Donaldson D	39,219	0	39,219	37,855
Gould M	37,719	0	37,719	25,829
Hunt K	39,219	0	39,219	37,855
Kenny G	6,157	0	6,157	37,565
Martin R W *	0	0	0	11,260
Maxwell T H	42,383	0	42,383	43,821
McVicker M *	43,133	0	43,133	40,384
Raukawa-Tait M	22,651	0	22,651	0
Searancke G P	41,634	3,447	45,081	42,955
Sturt C W	37,719	80	37,799	38,573
Waaka M T R	39,219	3,945	43,164	42,092
Wepa J G	43,133	3,116	46,249	41,540
Winters K (Mayor)	106,936	0	106,936	101,108
	576,060	12,068	588,128	576,325

*Cr Martin, Cr McVicker and Cr Kenny also earned directors' fees as directors of the Rotorua Regional Airport Limited of \$nil (2011 \$2,750), \$nil (2011 \$2,750) and \$nil (2011 \$3,750) respectively.

Severance payments

The Council made three severance payments to employees during the year totalling \$26,404.82 (2011 five \$459,653).

The value of each of the severance payments was \$11,159.01, \$12,245.81 and \$3,000 (2011 \$176,312, \$206,157, \$41,686, \$33,498 and \$2,000).

24: Events after balance date

No significant events have occurred between balance date and the signing of the financial statements.

25: Financial instruments

25A: Financial instrument categories

The accounting policies for financial instruments have been applied to the line items below:

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
FINANCIAL ASSETS				
Loans and receivables				
Total cash and cash equivalents (including short term deposits 3mths or less)	883	1,773	1,622	1,657
Debtors and other receivables (including community loans & RRAL loan)	21,287	18,438	21,501	18,355
<i>Total loans and receivables</i>	22,170	20,211	23,123	20,012
Fair value through other comprehensive income				
Unlisted shares	2,147	2,220	363	493
Derivatives that are hedge accounted				
Derivative financial instrument assets	0	0	0	0
<i>Total financial assets</i>	24,317	22,431	23,486	20,505
FINANCIAL LIABILITIES				
Financial liabilities				
Creditors and other payables	22,347	26,848	22,432	25,880
Borrowings:				
Registered debenture stock	108,000	101,500	108,000	101,500
Registered security stock	42,975	32,390	42,975	32,390
Derivatives that are hedge accounted				
Derivative financial instrument liabilities	781	1,044	781	1,044
<i>Total financial liabilities at amortised cost</i>	174,103	161,782	174,188	160,814

25B: Fair value hierarchy disclosures

For those instruments recognised at fair value in the Statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets
- Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable
- Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the Statement of financial position.

	Total \$000	Quoted market price \$000	Valuation technique observable inputs \$000	Significant non- observable inputs \$000
Council 2012				
Financial assets				
Shares	2,147	0	0	2,147
Financial liabilities				
Registered debenture stock	108,000	0	108,000	0
Registered security stock	42,975	0	42,975	0
Derivatives	781	0	781	0
Group 2012				
Financial assets				
Shares	363	0	0	363
Financial liabilities				
Registered debenture stock	108,000	0	108,000	0
Registered security stock	42,975	0	42,975	0
Derivatives	781	0	781	0
Council 2011				
Financial assets				
Shares	2,220	0	0	2,220
Financial liabilities				
Registered debenture stock	101,500	0	101,500	0
Registered security stock	32,390	0	32,390	0
Derivatives	1,044	0	1,044	0
Group 2011				
Financial assets				
Shares	493	0	0	493
Financial liabilities				
Registered debenture stock	101,500	0	101,500	0
Registered security stock	32,390	0	32,390	0
Derivatives	1,044	0	1,044	0

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:

Valuation techniques with significant non-observable inputs (level 2)

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Balance at 1 July	-429	-466	-429	-466
Gains and losses recognised in other comprehensive income	-19	37	-19	37
Balance at 30 June	-448	-429	-448	-429

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

25C: Financial instrument risks

Council has a series of policies to manage the risk associated with financial instruments and is risk averse and seeks to minimise exposure from its treasury activities. The Council has established liability management and investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. At present the Council is not exposed to any equity securities price risk as the council holds no listed equity instruments.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Council purchases plant and equipment associated with the construction of certain infrastructural assets from overseas, which require it to enter into transactions denominated in foreign currencies. As a result of these activities, exposure to currency risk arises.

Interest rate risk

The interest rate risk comprises:

- Fair value interest rate risk: the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings issued at fixed rates expose the council to fair value interest rate risk.
- Cash flow interest rate risk: the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rate expose the council to cash flow interest rate risk.

To manage these risks the council's current policy parameters of core debt are:

Term of exposure	Minimum Fixed Rate Exposure	Maximum Fixed Rate Exposure
0 - 1 year	60%	100%
1 - 2 years	40%	90%
3 - 5 years	30%	70%
5 - 10 years	0%	60%
10 years and over		

Any hedging must be approved by the Council.

Note 12 provides information on term deposits interest rates and maturity profile.

Note 16 provides information on term loan interest rates, maturity profile and derivatives.

At year end the Council has four interest rate risk management instruments in place.

Credit risk

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

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

The Council places its cash and short term deposits with high credit quality financial institutions. Accordingly the Council does not require any collateral or security to support these financial instruments with institutions or organisations it deals with.

Maximum exposure to credit risk

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

	Council \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Cash at bank and term deposits	883	1,773	1,622	1,657
Debtors and other receivables (including community loans & RRAL loan)	21,287	18,438	21,501	18,355
Unlisted shares	2,147	2,220	363	493
Financial guarantees	263	293	263	293
<i>Total fair value through other comprehensive income</i>	24,580	22,724	23,749	20,798

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 \$000		Group \$000	
	2012 actual	2011 actual	2012 actual	2011 actual
Counterparties with credit ratings				
Cash at bank and term deposits	883	1,773	1,622	1,657
Total cash at bank and term deposits	883	1,773	1,622	1,657
Counterparties without credit ratings				
Unlisted shares	2,147	2,220	363	493
Total unlisted shares	2,147	2,220	363	493
Community and related party loans				
Existing counterparty with no defaults in the past	17	17	17	17
Related party loan - Rotorua Regional Airport Limited	0	420	0	420
Total community and related party loans	17	437	17	437

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 \$55 million (2011 \$55 million). There are no restrictions on the use of this facility.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses the Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt 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 2012						
Creditors and other payables	22,347	22,347	22,347	0	0	0
Registered debenture stock	108,000	127,130	23,863	19,951	72,759	10,557
Registered security stock	42,975	43,254	43,210	44	0	0
Derivatives	781	739	284	140	222	93
Financial guarantees	155	231	27	26	74	104
Total	174,258	193,701	89,731	20,161	73,055	10,754
Group 2012						
Creditors and other payables	22,432	22,432	22,432	0	0	0
Registered debenture stock	108,000	127,130	23,863	19,951	72,759	10,557
Registered security stock	42,975	43,254	43,210	44	0	0
Derivatives	781	739	284	140	222	93
Financial guarantees	155	231	27	26	74	104
Total	174,343	193,786	89,816	20,161	73,055	10,754
Council 2011						
Creditors and other payables	26,848	26,848	26,848	0	0	0
Registered debenture stock	101,500	121,626	19,325	22,976	36,968	42,357
Registered security stock	32,390	32,652	32,576	41	35	0
Derivatives	1,044	1,058	811	284	-37	0
Piano loan	176	176	176	0	0	0
Financial guarantees	177	265	35	27	52	151
Total	162,135	182,625	79,771	23,328	37,018	42,508
Group 2011						
Creditors and other payables	25,880	25,880	25,880	0	0	0
Registered debenture stock	101,500	121,626	19,325	22,976	36,968	42,357
Registered security stock	32,390	32,652	32,576	41	35	0
Derivatives	1,044	1,058	811	284	-37	0
Piano loan	176	176	176	0	0	0
Financial guarantees	177	265	35	27	52	151
Total	161,167	181,657	78,803	23,328	37,018	42,508

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.

	Liability carrying amount \$000	Contractual cash flows \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
Council 2012						
Cash and cash equivalents (including short term deposits 3mths or less)	883	883	883	0	0	0
Debtors and other receivables (including community loans & RRAL loan)	21,287	21,287	21,287	0	0	0
Other financial assets	0	0	0	0	0	0
Unlisted shares	2,147	2,147	2,147	0	0	0
Total	24,317	24,317	24,317	0	0	0
Group 2012						
Cash and cash equivalents (including short term deposits 3mths or less)	1,622	1,622	1,622	0	0	0
Debtors and other receivables (including community loans & RRAL loan)	21,501	21,501	21,501	0	0	0
Other financial assets	0	0	0	0	0	0
Unlisted shares	363	363	363	0	0	0
Total	23,486	23,486	23,486	0	0	0
Council 2011						
Cash and cash equivalents (including short term deposits 3mths or less)	1,773	1,773	1,773	0	0	0
Debtors and other receivables (including community loans & RRAL loan)	18,438	18,438	18,438	0	0	0
Other financial assets	0	0	0	0	0	0
Unlisted shares	2,220	2,220	2,220	0	0	0
Total	22,431	22,431	22,431	0	0	0
Group 2011						
Cash and cash equivalents (including short term deposits 3mths or less)	1,657	1,657	1,657	0	0	0
Debtors and other receivables (including community loans & RRAL loan)	18,355	18,355	18,355	0	0	0
Other financial assets	0	0	0	0	0	0
Unlisted shares	493	493	493	0	0	0
Total	20,505	20,505	20,505	0	0	0

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	2012 \$000				2011 \$000			
	-100bps		+100bps		-100bps		+100bps	
	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	-9	0	9	0	-17	0	17	0
Financial liabilities								
Derivatives - hedge accounted	-1	-777	1	735	-2	-323	31	289
Borrowings:								
- Debenture Stock	70	0	-70	0	0	0	0	0
- Security Stock	430	0	-430	0	324	0	-324	0
Total sensitivity	490	-777	-490	735	305	-323	-276	289

GROUP	2012 \$000				2011 \$000			
	-100bps		+100bps		-100bps		+100bps	
	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	-16	0	16	0	-16	0	16	0
Financial liabilities								
Derivatives - hedge accounted	-1	-777	1	735	-2	-323	31	289
Borrowings:								
- Debenture Stock	70	0	-70	0	0	0	0	0
- Security Stock	430	0	-430	0	324	0	-324	0
Total sensitivity	483	-777	-483	735	306	-323	-277	289

Hedge accounted derivatives

Financial liabilities

Derivative financial assets that are hedge accounted for include five interest rate swaps with a fair value totalling \$30,781,000 (2011 \$41,044,000).

A movement in interest rates of plus 100bps has an effect on realised receipts/(payments) on the cash flow hedge interest rate swap during the period of \$1,000 effect on profit of \$ (2011 \$31,000) and \$735,000 (2011 \$289,000) through equity. A movement in interest rates of minus 100bps has an effect on realised receipts/(payments) on the cash flow hedge interest rate swap during the period of \$-1,000 (2011 \$-2,000) effect on profit and \$-777,000 (2011 \$-323,000) effect on equity. There is a profit or loss sensitivity of \$-263,802.37 (2011 \$-2,603.70) on fair value hedges, as the hedges are not 100% effective this is recorded in the statement of comprehensive income.

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 (2011 -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% (2011 -10%/+10%) movement in the quoted bid share price at year end for the listed shares.

26: Capital management

The Council's capital is its equity, which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long-term Plan (LTP) and in its annual plans 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 2012-2022.

Council has self-funding reserves, council created reserves and restricted reserves.

Self-funding reserves are the net surplus or deficit held on behalf of activities undertaken by the Council on the basis that these activities generate enough revenue over time to cover the cost of their operations.

Council created reserves are that part of the accumulated surpluses established by Council resolution. Council may alter council created reserves without reference to any third party or the courts. Transfers to and from these reserves are at the discretion of the Council.

Restricted reserves are those reserves subject to specific conditions accepted as binding by the Council, and which may not be revised by the council without reference to the courts or a third party. Transfers from restricted reserves may be made only for certain specified purposes or if certain specified conditions are met.

27: Explanation of major variances against budget

Council's net operating result of -\$3.4 million includes non cash items of \$12.2 million related to asset revaluations performed this financial year. This items are not budgeted for.

Rates revenue is higher than budget by \$3.1 million due to growth in the rating base and particularly the increased number of properties connected to the wastewater system as a result of the new sewerage schemes. Other revenue is less than budget due to the timing of income received for the Museum development.

Personnel costs were under budget by 1% due to some positions not being filled as planned. Other expenses are \$14.8 million higher than budget mainly due to non-cash asset revaluation transactions as shown in note 4. Finance costs are \$483,000 less than budget due to lower interest rates generally and prudent debt management practices.

Total assets have decreased due to the downwards asset valuations of Property, plant and equipment. Debt was \$151 million at year end compared to the budget of \$150 million. Creditors and other payables were \$5.4 million lower due to the timing of payments. Some significant capital expenditure is delayed to the next financial year.

Independent Auditor's Report

To the readers of Rotorua District Council and group's annual report for the year ended 30 June 2012

The Auditor-General is the auditor of Rotorua District Council (the District Council) and group. The Auditor-General has appointed me, B H Halford, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, non-financial performance information and other information required by schedule 10 of the Local Government Act 2002 (other information) of the District Council and group on her behalf.

We have audited:

- the financial statements of the District Council and group on pages 122 to 176, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies, explanatory information and other information required by schedule 10 of the Local Government Act 2002; and
- the non-financial performance information of the District Council and group on pages 12 to 14, 23 to 119 and 121 that includes other information required by schedule 10 of the Local Government Act 2002.

Opinion on the financial statements, non-financial performance information and other information

In our opinion:

- The financial statements of the District Council and group on pages 122 to 176:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council and group's financial position as at 30 June 2012; and
 - the results of its operations and cash flows for the year ended on that date.
- The non-financial performance information of the District Council and group on pages 12 to 14, 23 to 119 and 121:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the District Council and group's levels of service for the year ended 30 June 2012, including:

- the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and
 - the reasons for any significant variances between the actual service and the expected service.
- The other information of the District Council and group contained in the financial statements and the non-financial performance information, complies with the requirements of Schedule 10 of the Local Government Act 2002 applicable to the annual report and fairly reflects the required information.

Our audit was completed on 30 October 2012. 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 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 financial statements, non-financial performance information and other information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, non-financial performance information and other information. 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 financial statements, non-financial performance information and other information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, non-financial performance information and other information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the District Council and group's financial statements, non-financial performance information and other information that fairly reflect the matters to which they relate. We consider internal control in order to design audit 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 all disclosures in the financial statements, non-financial performance information and other information;
- determining the appropriateness of the reported non-financial performance information within the Council's framework for reporting performance; and

- the overall presentation of the financial statements, non-financial performance information and other information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, non-financial performance information and other information. We have obtained all the information and explanations we have required and 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 non-financial performance information that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the District Council and group's financial position, financial performance and cash flows;
 - fairly reflect its service performance, including achievements compared to forecast; and
- other information in accordance with Schedule 10 of the Local Government Act 2002 that fairly reflects the required information.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, non-financial performance information and other information that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of the Auditor

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

Independence

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

Other than the audit and carrying out the audit of the long term plan, we have no relationship with or interests in the District Council.



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

Partners' support

Inaugural Foundation Partners



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Back cover:

Tekoteko fence at the entrance to Government Gardens, Rotorua. This fence was completed as part of the redevelopment of Rotorua's CBD in the mid 1990's. The Tekoteko represent the carved human form, either as whole body, or just a head. They are often carved with a tongue protruding and a defiant stance. This is to warn off intruders.

