



Rotorua District Council
Te Kaunihera ā rohe o Rotorua

Annual Report 2012/2013



Shaping
@ Rotorua

DESTINATION
ROT@RUA
ROTORUA DISTRICT
COUNCIL

The bottom of the page features two logos. On the left is the 'Shaping Rotorua' logo, which consists of a blue square containing a white '@' symbol and the text 'Shaping Rotorua'. On the right is the 'Destination ROT@RUA' logo, which is a white rectangle with a blue border. It contains the text 'DESTINATION' at the top, 'ROT@RUA' in a large, bold font in the middle, and 'ROTORUA DISTRICT COUNCIL' at the bottom.

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:	68,900 (estimate 3 June 2012)
	65,901 (2006 Census)
	33,897 Female
	32,004 Male
	57% European
	34% Maori
	4% Pacific Islands
	5% Asian and others
Gross Domestic Product:	\$2.00 billion per annum

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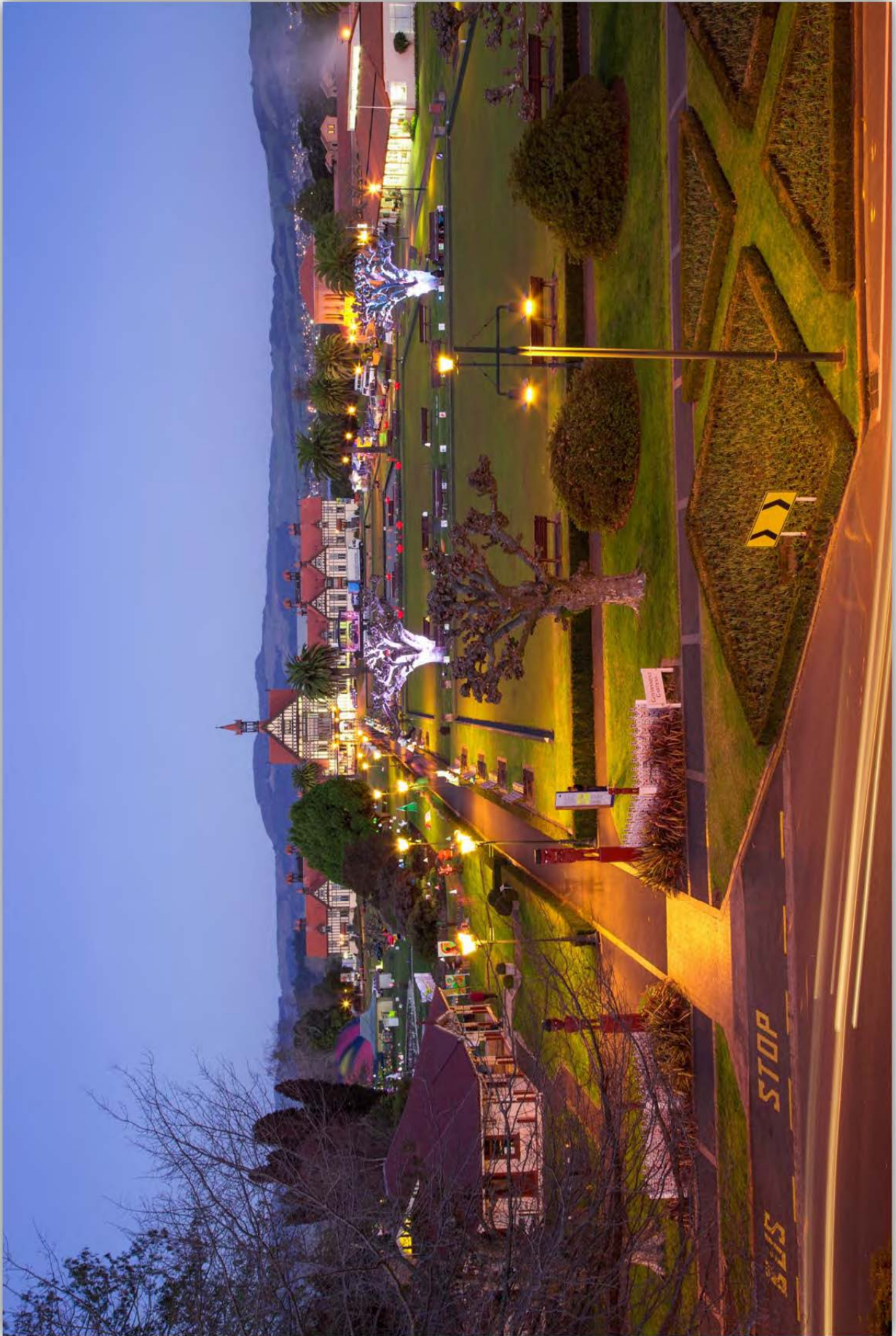
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Copies of this Annual Report are distributed widely among community groups such as ratepayer associations, service organisations etc, as well as being available to view at Council's District Library, Inner City Enterprises unit at City Focus, and Civic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



Fire and Ice Festival – Government Gardens

Message from the Chief Executive



Tena koutu katoa

I am pleased to be able to introduce Rotorua District Council's Annual Report for the 2012/13 year.

This Annual Report provides information about our performance during the 2012/13 financial year; year one of the Long-term Plan 2012-2022. The report outlines how the Council has performed overall and in 20 specific activities including roads, water supply, sewerage, economic development, libraries, museums etc.

While a large part of this report is financial information, we also provide information about the performance measures originally identified in the 2012-2022 Long-term Plan. We summarise our position against each of the measures and indicate whether they have been 'achieved', 'not achieved' or 'not measured'. Of the 141 measures this year a total of 107 have been achieved (74%).

Also within the report we reflect on our three key themes - economic prosperity, environmental enhancement and continuous business improvement. The council's progress towards achieving its outcomes is reflected by looking at the projects and programmes Council committed to undertake in the 2012/13 year.

A new element of this Annual Report is the reporting against the council's financial strategy. The inclusion of a financial strategy became a requirement under 2010 Local Government Act amendments. The Long-term Plan 2012-2022 was the first time Council adopted a financial strategy as prescribed by legislation. Previously Council maintained and operated under the rules of its

Treasury Management Policy. This has been integrated into the financial strategy and is based on Council's prudent financial management.

The Financial Strategy provides both an overall direction for financial matters, and a synthesis of financial issues and consequences of council policies and service delivery decisions. As part of development of the Financial Strategy, Council had to adopt a set of self-imposed financial parameters (rules) on which to base decisions on funding and expenditure. One of these rules is signalling the level of rates rises for each of the ten years of the Long-term Plan. Council has identified this as follows:

The amount rates can increase each year is capped at no more than 3.5% for years 1-3 of the Long-term Plan, and no more than 2% above CPI in years 4-10.

Council is committed to keeping rate increases affordable. The 2012/13 rates increase was set at 2.9% and in the last five years overall rates have increased on average less than 2% overall. For the new financial year which commenced 1 July 2013, Council adopted an overall rates increase of 0.99%.

The 2012/13 has provided an extremely challenging environment to work within. Challenges have included unbudgeted costs for emergency works in roading (\$750,000), increased insurance costs related to our pump stations, a \$1.5 million loss for the Rotorua Landfill and reduced revenue from our trading entities due to factors such as a marked downturn in building and subdivision consent applications.



Council has been conducting resident satisfaction surveys annually since 1992. Our top 12 services on average achieved 91% satisfaction ratings. These were:

- sewerage system (99%);
- beautification/landscaping (96%);
- water supply (95%);
- stormwater drainage (95%);
- rubbish collection (94%);
- CBD appearance/cleanliness (94%);
- parks/reserves/playgrounds (92%);
- sportsfields (88%);
- visitor promotion (87%);
- events promotion (85%);
- library (84%);
- footpaths (84%);

Council's key capital works completed over the last 12 months include:

- Lake Road four-laning
- Completion of the Hamurana/Awahou sewerage scheme
- Completion of the Redwoods Visitor Centre public toilets
- Youth spaces at Western Heights and Koutu

On 5 December 2012 under newly enacted legislation, the new local government purpose became:

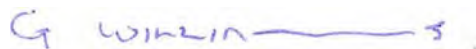
"To meet the current and future needs of communities for good quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost effective for households and businesses"

Council continues to use its 'community objectives' as a way of ensuring we provide services that meet the needs and aspirations of our citizens. We will also ensure that the services we provide are well tested against the new purpose, provide 'good quality' and are 'cost effective'.

I wish to thank the citizens of Rotorua, individuals and organisations who worked with Council over the last year. I also wish to express my sincere thanks to our elected members and the committed staff of Council who have worked hard to deliver the projects and programmes. Together we all contribute to making Rotorua a great place to live, work, play and invest.

We hope this document is of interest, particularly if you are a current or prospective resident citizen, a business operator, government or organisational representative, student or visitor.

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



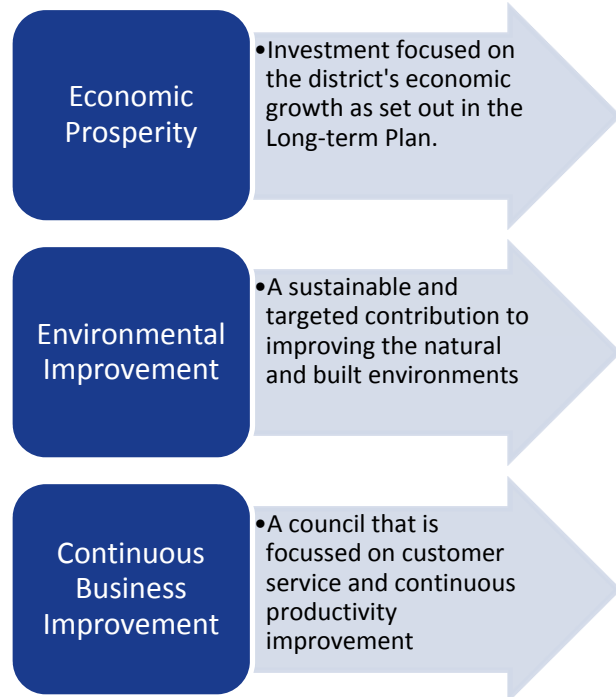
Geoff Williams
Chief Executive



Our progress against the 2012/2013 direction

Three key themes

Council has three key themes over-riding its strategic planning:



Theme 1: Economic Prosperity

Grow Rotorua Limited – council controlled organisation (CCO)

Grow Rotorua Ltd is a council controlled organisation that began operating in November 2012. It is a separate independently governed entity created to lead implementation of the Rotorua Sustainable Economic Growth Strategy.

Grow Rotorua Ltd has a pivotal role in lifting the district's economic performance. Four well established sectors– forestry, tourism, geothermal and agriculture – are being evaluated for their future economic growth potential.

Within each of these sectors Grow Rotorua is tasked with:

- Developing logically robust investment value propositions.
- Communicating and promoting new propositions to the investment community.
- Facilitating private sector investment.
- Identifying and proposing solutions to the barriers for creating investment wealth.
- Understanding, and promoting to the local education sector, the capabilities and skills required for economic growth.
- Understanding the aspirations and opportunities for iwi investment.

These activities will deliver the following outcomes for the Rotorua district:

1. Opportunities for iwi investment, partnership and job creation.
2. Adoption of new technologies and paths for research to be converted to commercial success.
3. Greater infrastructure and institutional capacity.
4. Higher levels of skills development, education and innovation.
5. Identification of ways to improve regulatory efficiency.
6. Enhanced leadership for industry and economic development.
7. Creation of on-going sustainable economic growth.
8. Rising entrepreneurship reflected by increased business start-ups and less industry churn.
9. Attracting new capital investment into the district.

Grow Rotorua Ltd has a highly commercial and connected board providing the governance, strategic direction and ideas for economic growth in the Rotorua district. The chair and six board members are highly pro-active and propel investment opportunities through idea generation, brokering situations and influencing key partners and stakeholders. Grow Rotorua Ltd has a small team of two - a CEO and a commercial technology manager.

Grow Rotorua Ltd Board:



John Greene
(Chair)

Warren Parker

Jane Nees

Michael Barnett



Tony Marks

Gina Rangī

Hemi Rolleston



Achievements since its establishment in November 2012 include:

Deliverables for the first year, set out in the Statement of Intent, focussed on understanding opportunities and barriers for economic growth in the forestry, agriculture, tourism and geothermal sectors. This has led to the identification of 18 very promising opportunities. More robust and detailed work is now underway in each of these areas to understand their full potential and to identify possible investors. These projects range from growing tourism through the spa and wellness sector, to increasing infrastructure and events for mountain biking, and using geothermal resources in direct heat applications.

Innovation Centre - supported Scion with its successful application for \$2.5 million from the Bay of Plenty Regional Infrastructure Fund. The Innovation Centre will be a hub for research and development firms in the forestry and wood processing sectors, both domestic and international. It will leverage off the resources available at Scion and the benefits of clustering in a work environment with other like-minded businesses.

Opportunities exist for this to be the first of four such institutions that could be based in Rotorua and attract highly qualified experts in their fields to the region. The other three options identified to date include:

- Geothermal – direct heat
- Engineered wood products / prefabrication / modularisation
- Freshwater science
- **Representation on Bay of Connections** - a member on both the Bay of Connections governance and management groups which meet on a two to three-monthly cycle.
- **Te Arawa investment** - provided input into both the National Maori Economic Development Strategy and the Bay of Connections Maori Strategy. In addition, a partnership was formed with Icehouse to undertake research on the barriers for Iwi businesses.
- **Communications Strategy** - developed a Communications Strategy to ensure the stakeholders, investors, iwi and wider community are informed of the potential economic growth opportunities for the Rotorua District and the role that Grow Rotorua and other parties can play in achieving those outcomes.
- **Sponsors** - of the Maori Forestry Conference, Bioenergy Association Conference and the Wood Expo 2013.
- **Youth Enterprise Scheme** - supported the scheme this year in Rotorua by engaging a local coordinator to facilitate schools participation, YES grants and corporate sponsorship. The programme involved schools from Rotorua, Tokoroa and Taupo. At the

recent regional competition, student companies from Rotorua took out four of the top five awards.

- **Start-up community** - has ensured that the necessary elements of an entrepreneurial community are put in place to encourage start-up business growth. This has been done in co-operation with Enterprise Angels (based in Tauranga) and like-minded people in Taupo and Whakatane to create a baywide approach to start-up business support and development. This will help us foster a culture of investment and entrepreneurship across the region and attract innovative businesses as part of the wider work on research centres and centres of excellence.

Further information on Grow Rotorua Ltd is available at www.rotoruanz.com.

Marketing Rotorua as a great place to live, work, invest and visit - Famously Rotorua



Our destination marketing function significantly support to the Rotorua tourism sector which makes a 13-15% direct contribution to Rotorua's gross domestic product and provides just over 20% of employment. At the direction of the Rotorua Tourism Committee, Destination Rotorua Marketing has facilitated the development of a significant 'game changing' Rotorua branding and marketing campaign designed to improve perceptions of Rotorua based around the brand 'Famously Rotorua'.

The campaign has three key objectives:

1. Build positive and vibrant profile and awareness of Rotorua amongst key domestic market segments;
2. Focus on increased levels of opportunity through return on investment and increased visitation, ultimately leading to relocation to Rotorua;
3. Raise our own sense of Rotorua pride and passion across our destination and community.

This campaign is domestically focussed, in Auckland, Waikato and Bay of Plenty. Under the brand of **Proudly Rotorua** there is also a large focus on the locals of Rotorua. Its ultimate aim is to create 70,000 resident ambassadors.

Over the course of the 2012/13 year a commitment of over \$1m has been raised for the implementation of year one of the Famously Rotorua campaign. This campaign was launched on 1 July 2013 with the major TV commercials and campaign activity launching 1 October 2013. Funding negotiations included commitments of:



\$350,000 from Destination Rotorua Marketing, an additional 'one-off' \$300,000 from RDC matched by a \$1-for-\$1 investment from the Rotorua visitor industry of just over \$400,000, and growing. To be successful the campaign needs to be committed to and sustained for a period of up to three years. In addition to the current funding, on-going and additional funding commitments are being explored from major Rotorua employers, trusts, iwi and other such entities. Further information can be found at www.rotoruanz.com

CBD revitalisation investment program - Urban Design Framework

The Urban Design Framework was adopted in 2011. The framework is based on an activity precinct approach where distinctive areas within the city centre have been identified for improvement.

As part of improving engagement with the stakeholders of the inner city a review of the revitalisation strategy is being undertaken in the 2013/14 year.

A number of projects form part of the CBD revitalisation programme and during 2012/13 these included:

- **Eat Street** – The design and tender for construction of Eat Street was completed towards the end of June. Council provided final sign-off of the project when it adopted the Annual Plan 2013/14, allowing the project to proceed into the construction phase in August 2013. RDC project partners include, Unison, Phillips, Red Stag, Verda, McAlpine, Firth Concrete, PSP Roofing, APR Architects and Hunter Laminates. The main contractor for the project is Watts & Hughes.

The final project will provide a destination within Tutanekai Street that attracts people into the inner city, and provides safe alfresco dining all year round. The project is aimed at promoting vitality of the inner city, by offering a great dining and entertainment experience.

- **Lakefront development** – Management discussions are well underway among Te Arawa Lakes Trust, Pukeroa Oruawhata Trust and Rotorua District Council around a potential management structure for developing the Rotorua Lakefront into a world class destination, following earlier public master planning and framework concept design.
- **City cleaning comes in-house** – In December 2012 the city cleaning contract came back into Council under the management of Castlecorp. By returning this service to Council, RDC is better able to utilise staff across the many tasks associated with the inner city, streamlining the working process and effectively doing more with less.

- **'Walkable City'** – 'Way-finding' signage has been erected throughout the city during the 2012/13 year. These information panels provide directions for visitors as well as introducing some of our important local stories and Maori legends. Following the panel route, Rotorua District Council also completed installation of free public WiFi in partnership with Kapua Networks.



- **On-street time-limited CBD parking regime** – The "12 days of Christmas" free parking trial in the CBD was an extremely successful initiative that provided evidence for further investigation into changing the way Council provides parking in the CBD. The technology, known as Smart Eye, was also trialled to test its usability and durability in the Rotorua climate and environment. Further trials and assessments are being undertaken in order to develop an appropriate parking strategy for Rotorua's CBD. This will continue in the 2013/14 year.
- **ICE – Inner City Enterprises Department** – During the 2012/13 year council revised the method of service delivery around CBD related services. From 1 July 2013 this has seen the creation of the Inner City Enterprises department. The focus will be an integrated delivery of inner city services including: city cleaning and operations, safety, implementation of the revitalisation strategy, enhanced communication and partnership with CBD stakeholders, inner city i-Site and customer centre and the enhanced focus on the marketing of the CBD as a destination for residents and visitors alike.

Rotorua Airport

Rotorua Regional Airport Limited (RRAL) is a limited liability company which trades as Rotorua International Airport. 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.

The airport is viewed as an essential infrastructure asset for Rotorua and has a key role to play in the economic performance, growth and development of Rotorua. To this end RRAL has



received significant investment from the Rotorua District Council over the last 10 years, including terminal and runway expansions. These facilities were not required solely for international operations, but, just as importantly, for domestic jet operations, and to give the airport the ability to attract additional airlines to the region. The continued investment by the council in airport funding is crucial to enable the airport to continue to grow. This growth will benefit everyone in the district - businesses, local industry, visitors and residents alike.

Airport operations are managed by a chief executive reporting to the company's board of directors. During the year the board appointed a new chief executive officer who has significant airline industry experience. One of his key objectives is to ensure that the airport improves its financial performance and its return to its shareholder.

The vision for the airport has been revised, along with an action plan to implement the vision.

Vision – "to maintain a safe operation whilst sustainably increasing passenger numbers and airport profitability through:

- strong and inspiring leadership
- connecting Rotorua and the Bay of Plenty to NZ and the World
- fantastic customer service and relationship management
- alignment with growing tourism and trade strategies in Rotorua and the Bay of Plenty"

This vision will be achieved through the implementation of the following 5 point action plan:

- Getting the basic building blocks right: team engagement and development, customer relationships, rebuilding community support, reducing expenses and optimising revenue.
- Working closely with Grow Rotorua, Destination Rotorua and their equivalent counterparts across the Bay of Plenty and South Waikato to ensure that our relevant strategies complement each other.
- Exploring opportunities with the Bay of Plenty Regional Council and other airports within the region on how the airports can work closer together and form strategic partnerships.
- Selling and marketing our airport as a gateway to our region and a hub of general aviation activity.
- Re-alignment of the international agreement with Air NZ for Sydney-Rotorua.

Over the 2012/13 year the airport catered for around 220,000 passengers and delivered a net profit of \$141,000 compared to a net profit of \$58,000 in the 2011/12 year.

Joint Venture marketing for trans-Tasman air services

The 2012/13 year did not specifically signal a joint venture marketing campaign as previous financial years have done. The withdrawal of flights from Hamilton to Brisbane and a new Rotorua Airport chief executive, resulted in an increased commitment to tourism with emphasis on trans-Tasman. As a result the joint venture marketing programme was continued. This programme is funded through Economic Development and saw a \$1.923 million contribution towards growing the business. To be really serious about the council's vision for growing the business, the council has agreed to commit further funds of up to \$3 million over two years within the Economic Development activity to provide for joint venture marketing. Council has approved \$1 million in the 2013/14 budget and included up to \$2 million for the 2014/15 Annual Plan.

Lake Road upgrade

Lake Road four-laning was completed in 2012/13. This major project included the replacement of stormwater and water utilities. The benefits of this project include the capability of meeting transport demands for the long term, ensuring greater flow of traffic getting across the district whilst improving accessibility to commercial, retail and light industry located along Lake Road.



TERAX Thermal Deconstruction Plant – treatment of organic waste

The TERAX™ (formerly referred to as Waste 2 Gold) process destroys sewage treatment plant sludge and other organic wastes that are typically landfilled. The technology has been developed by Scion in partnership with Council. A new company, Terax 2013 Ltd, is jointly owned by the two organisations and has responsibility for domestic and international protection and commercialisation of the TERAX process. Council appointed Dr Ian Boddy and Don Atkinson to the Board to join Scion appointed directors, Dr Russell Burton and Judith Stanway.

Council received a grant from government for \$4.7 million towards the Terax project. This funding is broken down into two phases - construction and research.

The \$3 million of the grant is to be used towards the construction of an estimated \$10.6 million full scale waste treatment plant. Over the year the initial design of the plant has been completed and the business case reaffirmed as positive highlighting significant savings of current waste disposal methods.

A further phase is being undertaken to determine the suitability of the TERAX process to treat and recover value from municipal solid waste. This is a three year programme and \$1.7 million funding has been allocated by Ministry for the Environment. Other grants of approximately \$800,000 have also been secured for this, with Council contributing a further \$300,000 over the three year period.

Theme 2: Environmental Improvement

Lake water quality

The Rotorua district covers 2,600 square kilometres within both the Bay of Plenty and Waikato regions, with 16 lakes, many of which are regarded as of national significance and of great importance to the people of Rotorua. Fifteen of the lakebeds are vested in the Te Arawa Lakes Trust. Strategically, the lakes are managed by the Rotorua Te Arawa Lakes Strategy Group. The three partners are Rotorua District Council, Bay of Plenty Regional Council and Te Arawa Lakes Trust, with support from the Ministry for the Environment.

Council continues its significant contribution to improving lake water quality through construction of lakeside community sewerage schemes. These schemes are more efficient than the septic tanks they replace. In the future this will lead to a drop in nutrients entering the lakes and corresponding improvement in lake water quality.

In 2012/13 the Hamurana/Awahou sewerage scheme was completed. This scheme provides sewer connections to about 550 properties

previously serviced by conventional septic tanks. The scheme was completed under budget.

District Plan

During the 2012/13 year the District Plan was notified. During a period for public feedback more than 500 submissions were received. A programme working through the submissions to address the issues raised has been the focus of the latter half of the year. Hearings are scheduled for early 2014 with the plan expected to be operative by 30 June 2014.

Spatial Plan

A spatial plan is intended to provide a clear direction of how and where the district is going to grow over the next 30 years. The plan will become the core strategic planning tool that pulls all relevant local, regional and national strategies together into one comprehensive direction. It will then inform the land use planning and regulatory policy as well as providing direction for critical infrastructure decisions. There are two main prompts for the development of this approach, from Government in the first instance and the second being feedback received during draft District Plan consultation about the difficulty in identifying where district growth is being directed.

Rotorua will be focussing on the development of a 'generation one' sub-regional spatial plan by December 2013, which will focus on the current position of the district. This will progress to a more aspiration lead plan later in the 2014/15 year. Focus in the last year has been on an analysis of relevant strategies and plans to gain an overarching direction for the economic, cultural, environmental, social and infrastructure environments of Rotorua. The Rotorua Sub-regional plan will also feed into the BoP regional spatial plan project being led by the mayors of the region.

The spatial plan will articulate likely future growth scenarios for the district and will become a key future planning tool for Council, residents, regional council, central government agencies and investors. The plan will also be an important step in ensuring the proposed new District Plan and future infrastructure investment is aligned with the growth aspirations of the community.

Earthquake Prone Building

A risk assessment project was completed in the 2012/13 year and RDC is now quantifying and quality assessing this data. Over the period RDC has also undertaken a review of new legislation relating to earthquake building policy and is now working on a communication plan to support the release of assessment information in November 2013



State of the Environment 2012

Council has moved into the digital age with its reporting on the state of the environment, a legal requirement every 5 years. Monitoring the state of the environment is a requirement of section 35 of the Resource Management Act 1991. Its purpose is to measure if or how the Rotorua district environment is changing over time, to check whether policies and processes in place are effective, and whether Council is effectively carrying out its resource management functions. It highlights good, bad or neutral environmental trends.

The two previous reports (2007 and 2002) were static hardcopy reports. From 2012 onwards it has taken more of a rolling review format, with indicators updated regularly on the web and distributed to stakeholders via an e-newsletter. While most of the indicators have been updated during the course of the financial year, some will have to wait until the release of data from the last census, which is expected in early 2014.

Monitoring the state of the environment highlights trends. Knowing these trends assists with making informed decisions on environmental issues and impacts. Intervention to address these is often through programmes, projects and policies. Continued environmental monitoring shows the level of success these interventions make in the Rotorua environment.

A good example of this is lake water quality where the latest data shows it is generally improving. Most other indicators showed a 'steady' state.

Waikato River Joint Management Agreements

The 2012/13 financial year has seen Council take major steps toward meeting its commitments under the Waikato River Act. The first was the signing of the joint management agreement with the Te Arawa River Iwi Trust in August 2012. The second was the signing of the joint management agreement with the Raukawa Charitable Trust. The joint management agreement with Raukawa was signed on 5 September 2013, however the majority of the preparation work was undertaken in the 2012/13 financial year.

Theme 3: Continuous Business Improvement

Customer service/e-services

To help make it easier to interact and do business with the council we are developing on-line services through council's website. This is an area of investment for the council and links to shared services and simplifying council processes and documentation (continuous improvement and Lean Thinking).

'Dogs Online' has now been through its second season of use. In the 2012/13 years usage has increased from 23% to 25% of all dogs registered online. This increase meant a reduction in the number of cheques received, saving cheque processing costs.

Lean Thinking

Lean Thinking is Council's framework for improving customer value. Throughout the 2012/13 year significant changes in both culture and processes included:

- **Lean Thinking training** – in excess of 70 staff undergone training. 50 staff qualified as RDC Lean Practitioners, and 26 staff qualified as internationally recognised Kaizen Practitioners. These trained staff now have the tools and techniques to apply continuous improvement philosophies within their own areas of the business.
- **Kaizen Events** – focusing on increasing customer value, removing waste and saving time and money, including:
 - Land development one-stop-shop
 - Castlecorp request-for-service (reducing administrative waste)
 - Accounts receivable process around supply of bulk rubbish bags
- The adoption of core foundations of Visual Management, ie: 5S, 7 Wastes and standardisation, coupled within improved teamwork and an enhanced awareness on adding customer value.

RDC is now seen as a world leader in the adoption of Lean Thinking principles with visits from chief executives and executive management teams of large NZ and Australian corporations. This includes an invitation to speak to multinational companies and councils in Japan, case studies being written for US publications, webinars attended by the majority of New Zealand local authorities and over 400 visits by businesses and other local authorities to our Lean Thinking 'lighthouse', the Rotorua Aquatic Centre.

Shared services/procurement

New procurement functions were formally introduced to the council in 2008. At the beginning of the financial year procurement teamed with sustainability to create a department with a focus on the continued centralisation of procurement support. This includes providing guidance to council staff on engaging suppliers and contractors, and expenditure with parties. A Procurement Policy adopted in October 2012 setting the guiding principles for staff to engage with contractors and to secure services and products.



Level of Service	Performance measures	2012/13 target	Achievement	Comments
To obtain maximum value for money from everything we buy and all the services we provide to the community.	No. of suppliers used annually	<2,500	2,142 (achieved)	An 18% reduction on the 2011/12 figure of 2,610
	No. of suppliers we spend < \$500 pa with	<800	456 (achieved)	A 45% reduction on the 2011/12 figure of 833
	Year on year procurement efficiency savings (cash off bottom line)	\$500,000	\$724,000 (achieved)	Boosted by three times the targeted savings in the electricity internal hedge account

Sustainability

The Rotorua Recycling Centre on Te Ngae Road has developed an education centre (called 'Resource') to further promote the recycling and sustainability message to the community. The education centre, formerly the old dangerous goods shed (and more recently known as the Urban Ore Store), is coordinated by Council's Sustainability Educator, Keep Rotorua Beautiful coordinator and Senior Pollution Control staff. The centre will focus on household recycling, waste and discharge water, stormwater and drinking water. The new facility was officially opened on 10 May 2013.

Rating framework

Council changed its rating framework from 1 July 2013. The decision was prompted by major shifts in official property valuations across the district. When 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 valuation impacts.

Council implemented the following changes:

- Introduction of a capital value rating system.
- Removed most general rate differentials. An 85% differential to Rural Residential and 220% differential to Business properties were applied.
- Rooding, Stormwater and Land Drainage targeted rates merged back into the general rate.
- Changed the way Business and Economic Development Targeted rate is allocated across the three targeted sectors to 80% business, 10% industrial, 10% farming.
- Replaced the Business and Economic Development variable targeted rated for the home-based short term accommodation (B&B) sector with a stepped fixed charge based on the number of rooms let.

- Removed rating apportionments (parts) for those properties where the minor part has not been created for assessing rates for a higher rated use (eg: motels) with a minor residential part.
- Clarified that holiday homes will be rated as residential if not let for more than 100 days per annum. Beyond this they will be considered to be principally business use.
- Merged all rural water supplies with the urban supply in a single targeted rate (excluding the two predominantly farm supplies of Kaharoa and Reporoa).

Debt

Council keeps a very close eye on its level of debt. This is to ensure that debt levels are always managed within council's prudent debt management policy.

Council debt at 30 June 2013 is \$158 million. This is in line with the debt forecast in the Long-term Plan. (\$158 million).

Asset revaluations

A major project to transfer asset data from unsupported asset databases to the Hansen database has meant that Council has not performed its scheduled asset revaluation this year. A fair value assessment of the assets has been undertaken. This desktop exercise has shown an overall 3.3% difference in the book value and indicative fair value assessment. The Council is comfortable with this assessment.

Youth Spaces

The Western Heights Youth Space was celebrated with the Western Heights Community Day held in partnership with various community organisations on 8 December 2012.

The Koutu Youth Space development project was managed in collaboration with Council's Parks and Recreation team, Hydrus and the Youth Projects Officer. Weather and site drainage issues impacted on the original project timeline. Despite the challenges the youth space celebrated a grand opening on-site on 12 May 2013.



Public toilets review

Following concern by citizens around the level of service of the district's public toilets, in particular the CBD and major tourist attraction sites, Council has undertaken a major review. The result has been the adoption of a new public toilets policy that allows for consideration of the location, design and operation/maintenance of new, and replacement of existing, public toilets.

Putting this policy into practise, the design of new toilet facilities at The Redwoods was completed and construction commenced. The design was focused on the toilets being a 'talking point' for visitors and our citizens; and is consistent with the environment in which the toilets are located, including wooden board walks.



Other public toilets scheduled for design and construction under the new policy include:

- Waipa mountain bike - design finalised.
- i-Site 24 hour toilet - contract tendered and let. Construction scheduled for late 2013.
- Tarawera Landing - toilet upgrade design and contract letting completed. Construction scheduled August 2013.



Financial strategy

In the Long-term Plan 2012-2022 Council published its first formal Financial Strategy, in-line with amendments to the Local Government Act 200

The Financial Strategy is both an overall direction for financial matters, and a synthesis of financial issues and consequences of council policies and service delivery decisions. It tells our community what will be provided and how much it will cost - taking into account pressures and demands from competing expectations of Rotorua's citizens.

In planning its business, Council must undertake a balancing act of delivering expected services while keeping funding affordable, sharing equity between current and future generations, sharing the cost of delivering services fairly across different users, and maintaining a strong balance sheet.

The long-term financial goal is to achieve Council's aspirations as identified in the Long-term Plan, in a responsible manner. This is being done under Council's financial management principles which are used to promote the current and future interests of the community. The principles are known as the 'five drivers of financial management'. These are:

Financial Strategy – Drivers of Financial Management

1. Focus on economic prosperity
2. Return to sustainable balance across all well-beings
3. Rates increase less than 3.5% in years 1-3
4. Retain/improve service levels
5. Ten year debt below policy limits

How do the five drivers of financial management stack up?

Economic prosperity

Council believes that the Rotorua economy can perform much better than it has in the past decade. Over the five years commencing 2012/13 targets of 557 businesses, 2,761 new jobs and 3,887 extra people living in the district have been set. Working towards this goal Council, in the 2012/13 year, has developed the Rotorua Sustainable Economic Development Strategy, established Grow Rotorua Ltd (a council controlled organisation), and aligned activities with economic development as a major driver, in order to best support the focus on growing the economy.

Return to sustainable balance across all well-beings

It is expected that, with the considerable effort of the council, industry and business sector groups, the economy of Rotorua will have grown and strengthened. It is expected that unemployment will reduce, average income increase and new investment continue to be made in the district. At that time, around 2015/16 there will be a more balanced emphasis of Council's efforts across all sustainable well-beings (social, cultural, environmental and economic).

Retain/improve service levels

Every effort has been made to ensure that Council's levels of service do not decline and in fact some services have been increased over the last year. This has been achieved by improved process management, productivity improvements and careful budgeting. Service levels that have been improved in the 2012/13 year include: on-line services (Dogs Online), city cleaning brought in-house, and completion of the Hamurana/Awahou wastewater scheme.

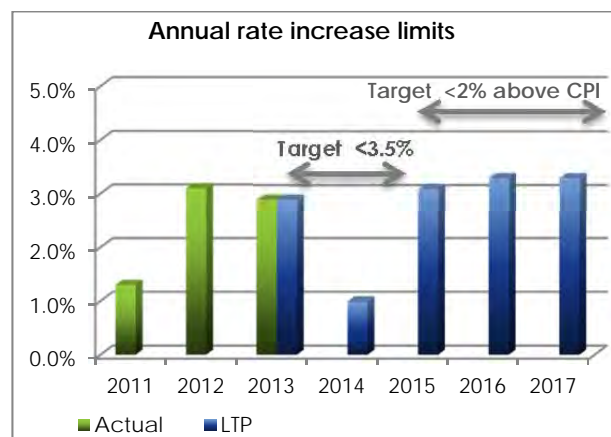
The last two drivers are measures within an adopted set of self-imposed financial parameters (rules) and are required for basing funding and expenditure decisions on. The financial parameters are expressed as limits, and are currently:

Rates increases

The amount rates can increase each year capped at no more than 3.5% for years 1-3 of the Long-term Plan, and no more than 2% above CPI in years 4-10.

Council has continued its commitment to keeping rate increases affordable. In the last five years overall rates have increased on average less than 2%. In the 2012/13 year Council adopted its Long-term Plan with a 2.9% rates increase.

The graph below outlines the Council's current and projected performance against this limit.

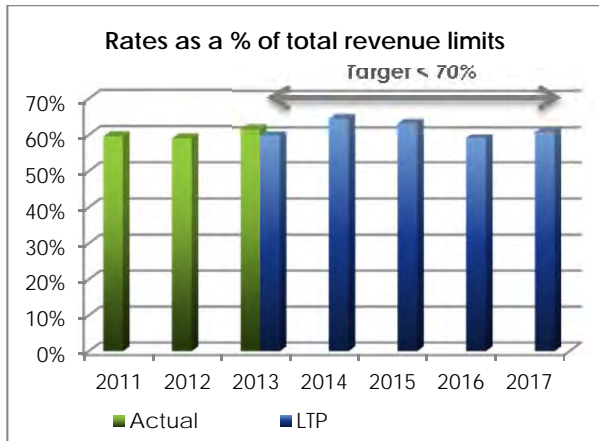


Income that can come from rates

No more than 70% of Council's total income is to be collected from rates.

Council's Funding Policy assesses who benefits from each group of activities. In setting fees, charges and rates, Council recognises the need to consider factors of fairness and equity, including wellbeing and ability to pay.

The graph below outlines the Council's current and projected performance against this limit.

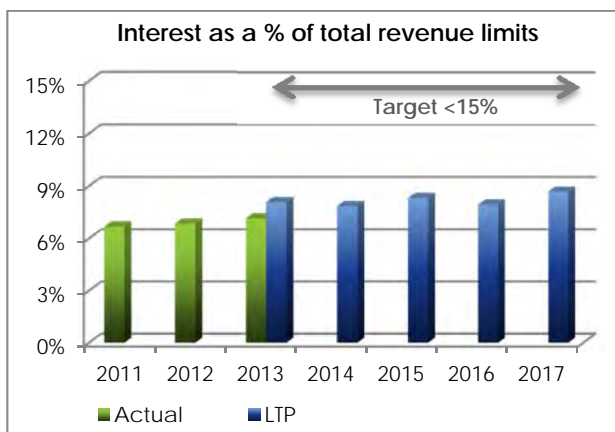


Interest on debt

Interest paid on external debt is to be no more than 15% of total revenue.

Council's Treasury Management Group monitors this and other parameters, including borrowing within Treasury Management Policy. This group ensures targets are appropriate and monitors global and local economic indicators.

The graph below outlines the Council's current and projected performance against this limit.



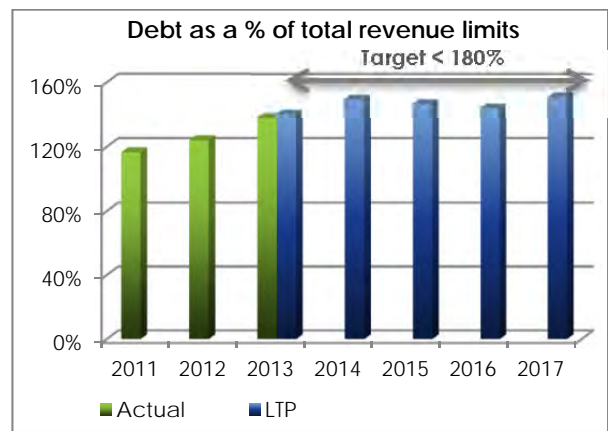
Council borrowing

The Council's external debt is not to exceed 180% of total revenue.

Debt remains under Council's self-imposed limit. As at 30 June 2013 debt is \$158.35 million. This is below Council's forecast debt which was estimated in the Long-term Plan to be \$172.781 million.

Over the course of the year, and in leading up to the adoption of the Annual Plan 2013/14, the level of unease around the level of debt has increased from sectors within the community. To address this issue and show that Council is also serious about debt levels, work has commenced on the development of specific debt reduction plans, in particular for sewerage schemes and the airport.

The graph below outlines the Council's current and projected performance against this limit.



Financial summary

Statement of comprehensive income (Council)

For the year ended 30 June:

<i>\$ in thousands</i>	2013	2012	2011	2010	2009
General rates	44,301	35,023	34,614	34,201	45,974
Targeted rates	27,020	36,751	33,935	31,725	18,487
Other revenue	36,528	49,774	43,848	39,469	38,856
Non operating adjustments	0	0	2,577	8,384	868
Total revenue	107,849	121,548	114,974	113,779	104,185
Operating expenditure	119,053	114,447	105,235	100,414	98,122
Non operating expenditure	0	10,504	2,083	4,775	0
Taxation	0	0	0	0	0
Total expenditure	119,053	124,951	107,318	105,189	98,122
Net surplus/(deficit)	(11,204)	(3,403)	7,656	8,590	6,063

Statement of financial position (Council)

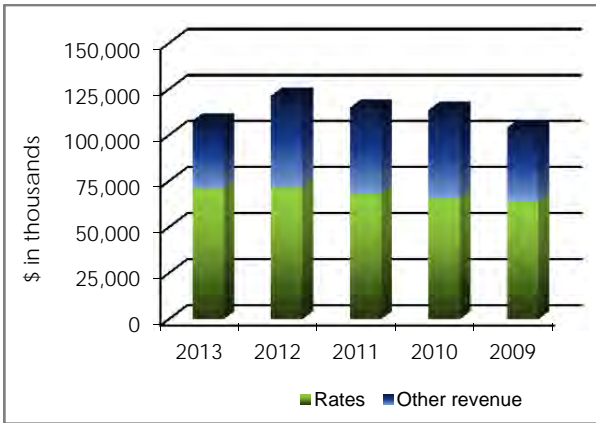
For the year ended 30 June:

<i>\$ in thousands</i>	2013	2012	2011	2010	2009
Current assets	16,217	23,467	21,555	20,545	18,454
Current liabilities	31,003	28,902	32,442	30,652	28,556
Working capital	(14,786)	(5,435)	(10,887)	(10,107)	(10,102)
Investments	2,947	2,147	2,220	2,063	2,440
Non current assets	1,135,149	1,032,807	1,044,415	961,905	912,430
	1,123,310	1,029,519	1,035,748	953,861	904,768
Financed by:					
Rate payers equity	853,903	853,102	848,433	821,812	805,484
Debt	158,383	151,756	135,110	115,632	100,751
Other term liabilities	3,114	3,147	2,661	2,516	2,237
Reserves	107,910	21,514	49,548	13,901	(3,704)
	1,123,310	1,029,519	1,035,752	953,861	904,768

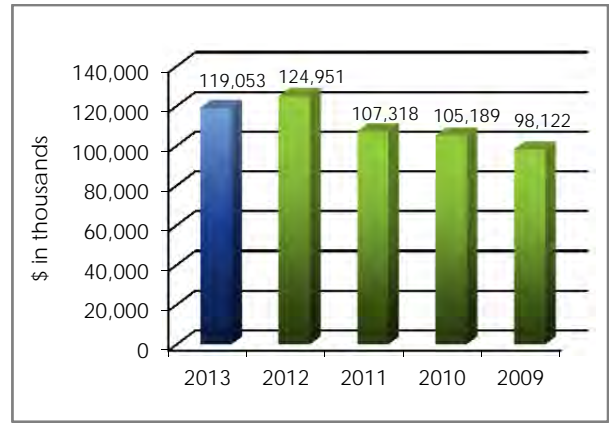
Council continued to manage its operations in a fiscally responsible manner.



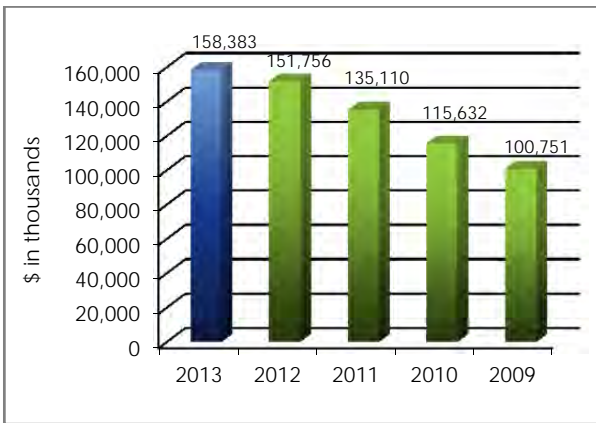
Revenue mix



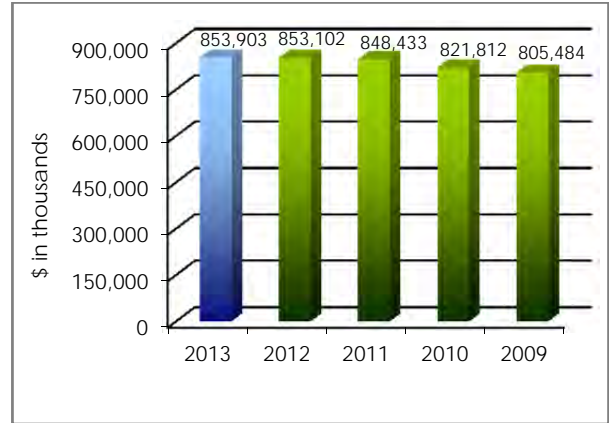
Operating expenditure



Total debt



Ratepayers' equity



Māori 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 Māori 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 Māori 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 Māori and tangata whenua in decision making processes.

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

Te Arawa Standing Committee (TASC)

In 1989 Te Arawa mooted the formation of a Māori 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 Māori 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 Papaouru 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 Papaouru Marae. The elections process was supported by Te Arawa Lakes Trust, Te Kotahitanga o Te Arawa Fisheries and Te Pumautanga o Te Arawa. Information about 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 Committee

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 Ngāti Whakaue and the general public. The Kauae Cemetery Committee consists of members from council and Ngāti Whakaue. They are appointed by the Māori Land Court.

Pūkāki 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 Māori as well as strengthening the organisation's ability to effectively engage with Māori 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 Māori protocol, rituals and basic Māori language and pronunciation. The aim of the booklet is to provide an easy-to-use guide for Māori rituals, structures (marae) practices and language that council and members of the public may encounter in Rotorua.

The Kaupapa Māori department is involved in various projects including Memorandum of Understanding 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 Māori department is building relationships and sharing information with private and public agencies, iwi and other councils that work with iwi and Māori in their regions and/or districts.

This Kaupapa Māori Unit also provides a broad and specific range of services, both internally and externally, on matters to do with Te Arawa/Māori and other local government responsibilities to ensure Te Arawa/Māori are able to participate in the decision-making processes aligning to the Local Government Act 2002 (LGA). The LGA has a number of references to Māori and the Treaty of Waitangi (Section 4 Part 1), Parts 2, 6 and Schedule 10 clauses 5 and Schedule 11. The Resource Management Act 1992 (RMA) and the LGA are both specific in how local authorities must consult and include Māori and tangata whenua in decision-making processes.

It is important that Council staff and elected members are provided with contacts, resources, protocols and methods to consult and communicate appropriately with tangata whenua (Te Arawa and their many hapu) and Māori.

Mana Whenua Funding Policy (Iwi Management Plans)

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 Māori 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 Māori land in the district. The intent is to investigate viable strategies; build capacity of Māori land owners and develop joint projects that will benefit owners and the wider community. Recipients of the fund are Māori Ahu Whenua land trusts in the district, however Māori 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.

Ngāti Rangiwewehi, Ngāti 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

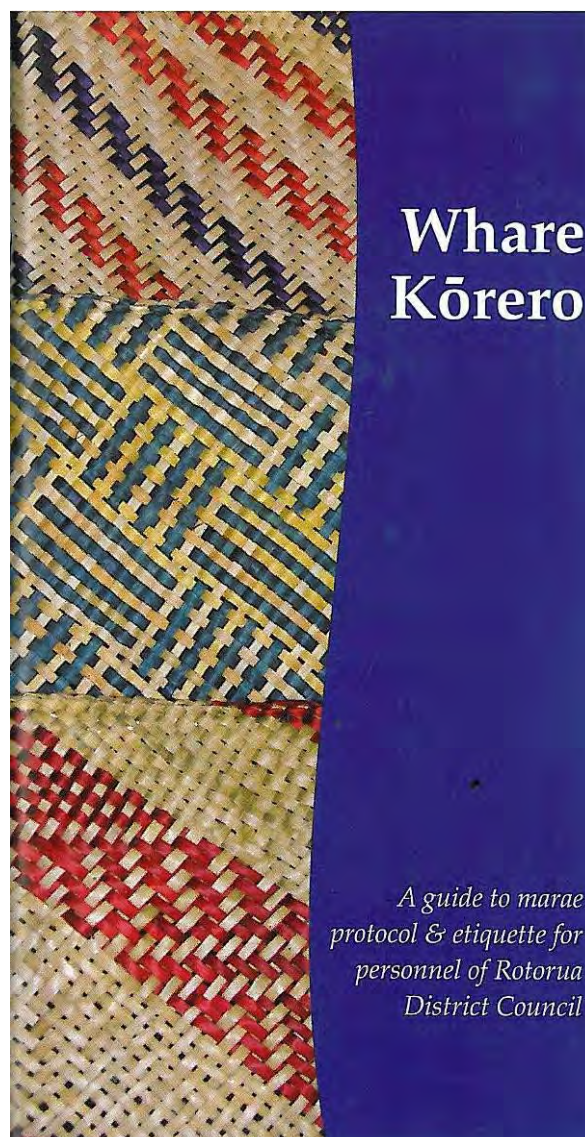
Other MOUs are being developed between Rotorua District Council and hapu of Te Arawa.

Community and Public Arts

Local Māori 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 Māori culture and a thriving community.

Whare Korero

This handbook guides staff in gaining a basic understanding of Māori rituals, protocol and etiquette. The pocket booklet includes Māori 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



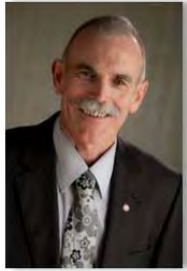
Cr Trevor Maxwell MNZM
Deputy Mayor



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



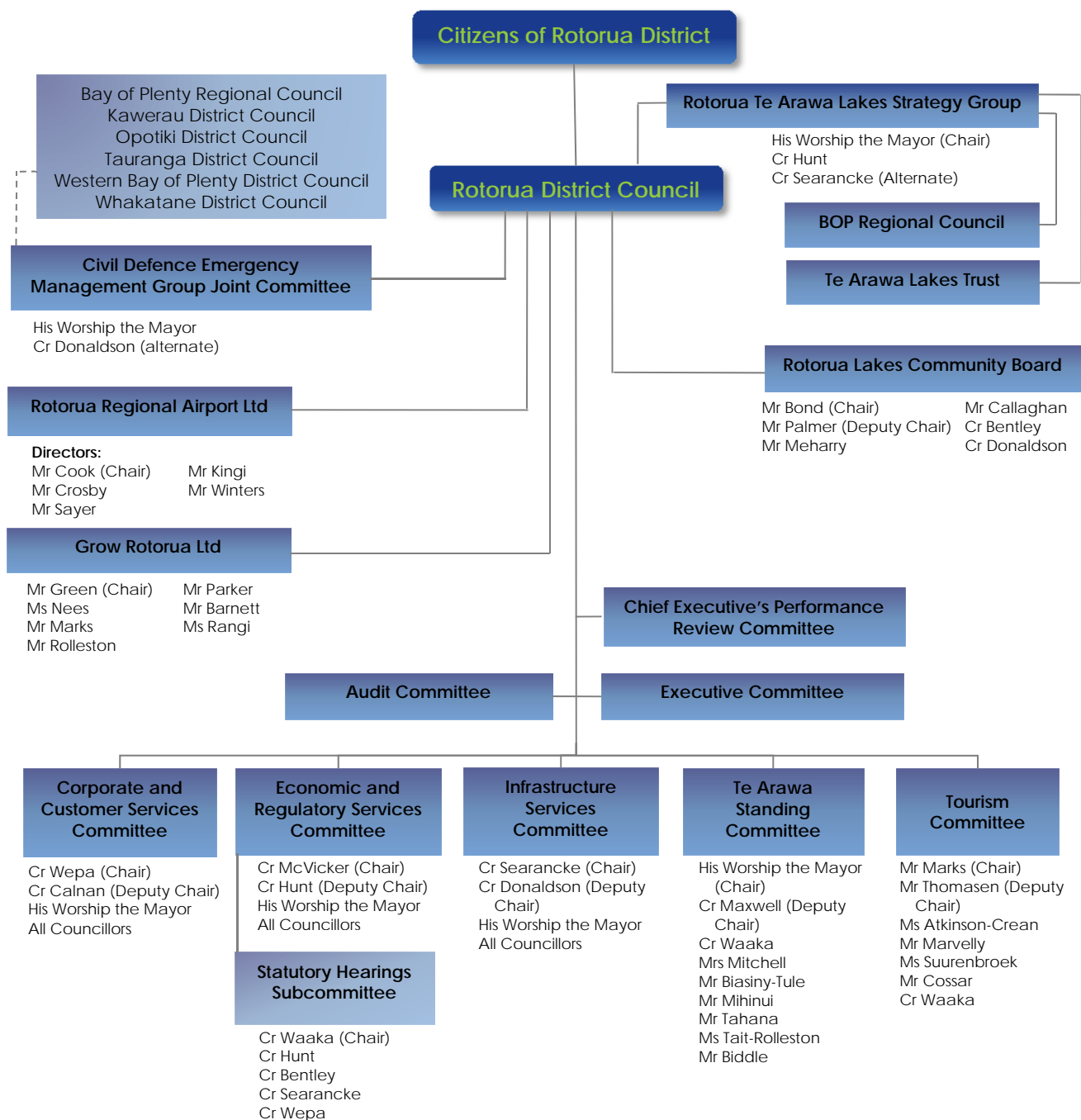
Cr Maureen Waaka, MNZM, JP
(passed away 1 July 2013)



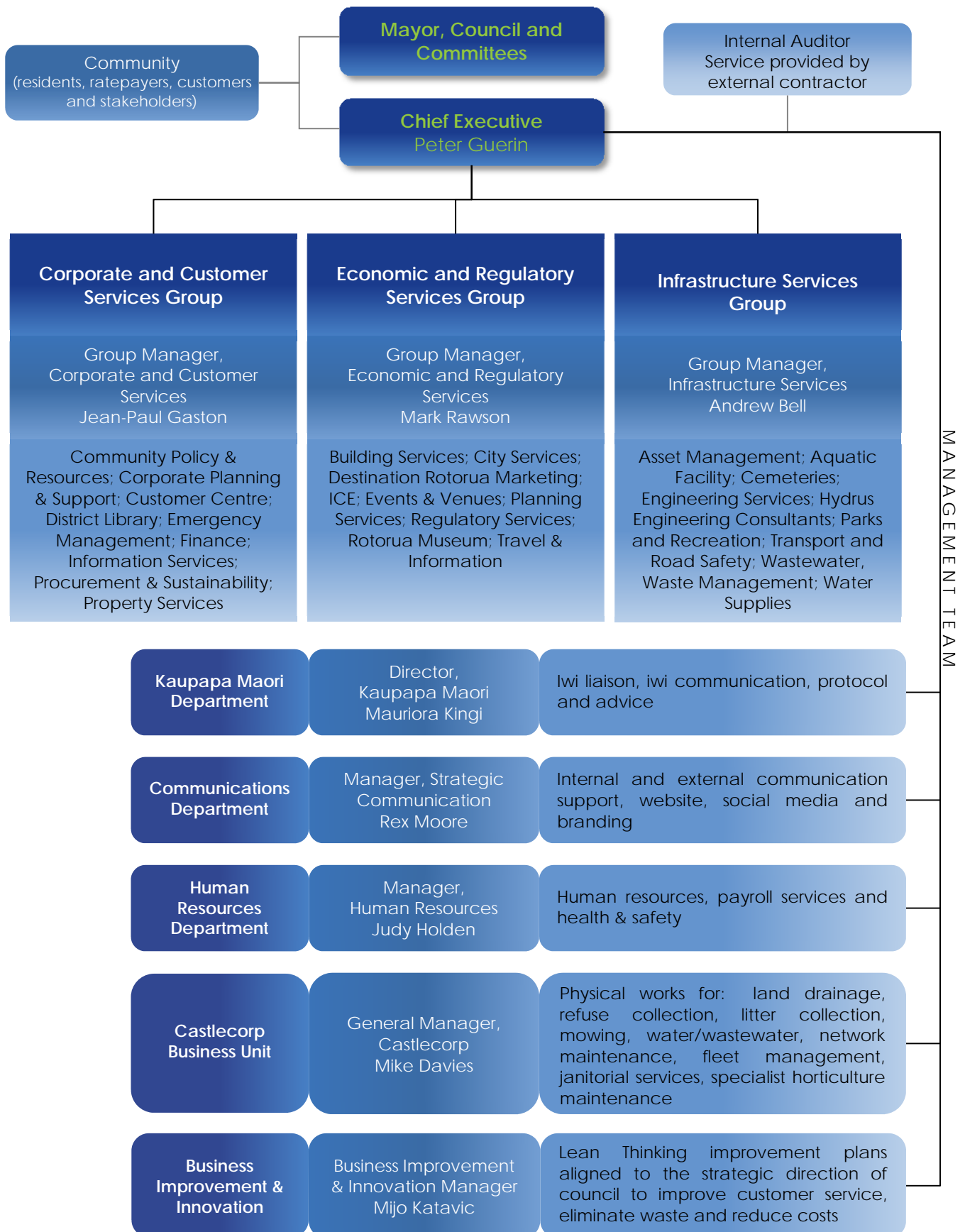
Cr Janet Wepa



Committee structure



Management



Employment relations report

Employment relations

The Northern Amalgamated Workers Union and FIRST Union represent our wage worker employees in terms of the coverage clauses of the respective collective agreements whilst salaried staff are represented by the Public Service Association.

24% of salaried staff and 77% of waged staff employed by Council are union members and therefore employed under the respective negotiated collective agreement terms and conditions, while the remaining percentage of 46% are employed on individual agreements.

Staff turnover

The overall staff turnover for the year ending 30 June 2013 which includes both wages and salaried staff but excludes fixed term and casual employees was 11%.

The average national trend for turnover for this period was 12%.

Council continues to explore and apply innovative solutions to attract and retain the best skills and experience available.

Recruitment

During the year 114 (full-time and part-time) vacancies were advertised.

Of the 114 vacancies there were 104 new starts which included, 64 external appointments 40 internal transfers/promotions and 10 vacancies under review.

68 staff left Council during this term. Exit interviews highlighted reasons included retirement, overseas travel, further education, family commitments.

These figures do not include casual and fixed term recruitment.

Employee Assistance Programme (EAP)/Support services

Council's EAP Service provides external professional support to assist employees across the organisation deal with a broad range of issues which may impact on their work performance, health and well-being. This support system is generally provided over a short-term period. The counselling service remains a confidential counselling service that protects employee anonymity and confidentiality.

Health and safety

Council continues to provide a healthy and safe working place and this is reflected in the achievement of a second term of Tertiary Accreditation with ACC, this audit being done every 2 years.

Staff continue to be actively involved with all aspects of health and safety. During the past year staff have been reporting and investigating incidents that occur in the work place that may cause harm and providing preventative measures for a safer work place. Our electronic Health & Safety system "The Vault" has been upgraded from a PC based system to a web-hosted system. Users can now access the Vault via the Internet.

During the year ended 30 June 2013 there were 126 reported work-related injuries.

210 staff received free flu vaccinations this year. Vaccinations were offered over three days to ensure staff could take up the opportunity.

A number of individuals and teams have been acknowledged for demonstrating innovation and excellence in health and safety. Our informal recognition programme ensures that Health & Safety actions and initiatives are celebrated and acknowledged.

RDC implemented a workplace wellness programme this year with WorkWell, and was successful in gaining Bronze Accreditation. RDC is the first council to receive Bronze accreditation since WorkWell commenced.

The WorkWell Bronze Standard Accreditation is valid until February 2014. Within this time, RDC need to maintain WorkWell Bronze Standard Accreditation and work towards WorkWell Silver Standard Accreditation. Various initiatives have been implemented to address the three target areas of healthy eating, physical activity and smoke-free.

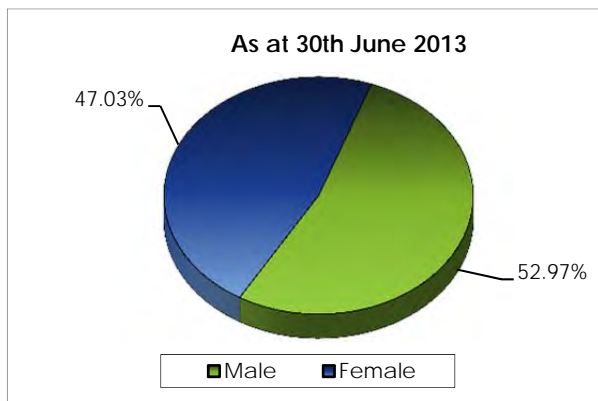


Training and development

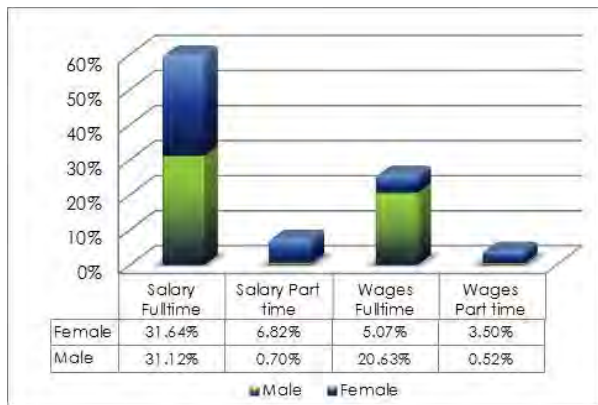
Training and Development needs for staff are obtained from the annual performance review process; Human Resources arrange training with internal and external providers to meet these training needs.

During this period 800 internal and external training courses, seminars, conferences, forums and tertiary development were attended by staff. All training attended was specifically job related or was required for legislative purposes.

2013 gender composition



2013 fulltime and part time status

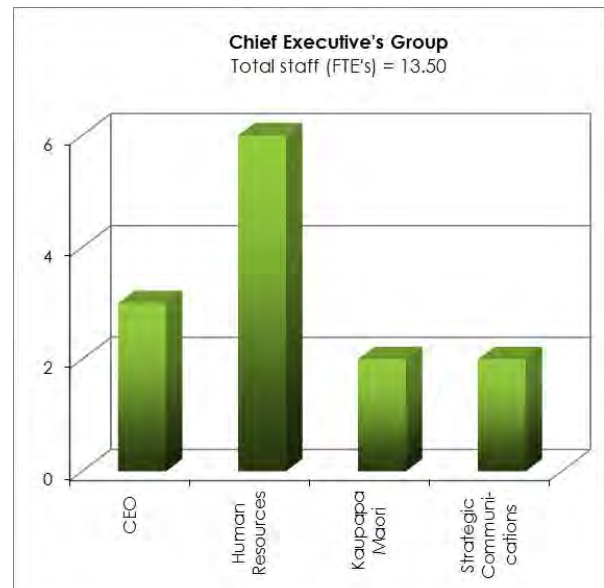
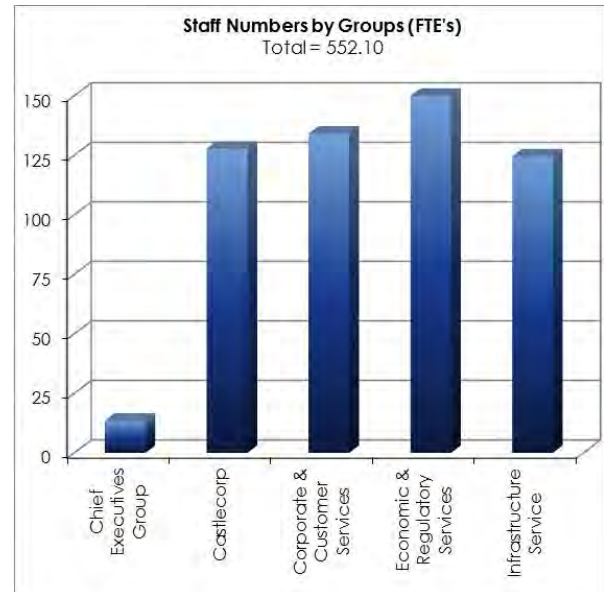


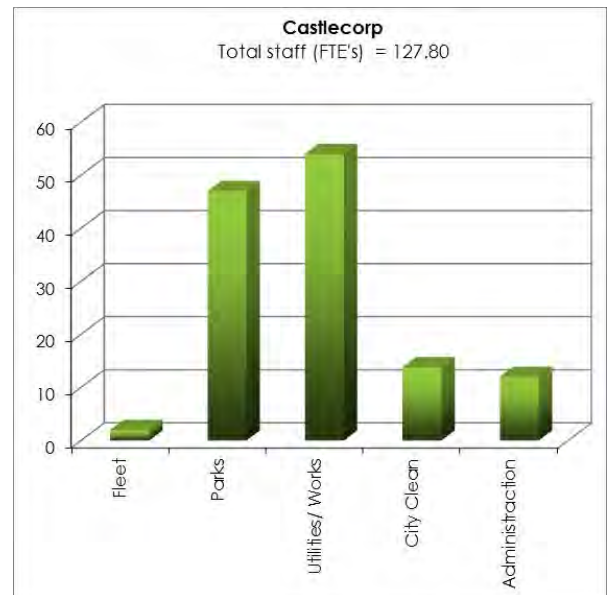
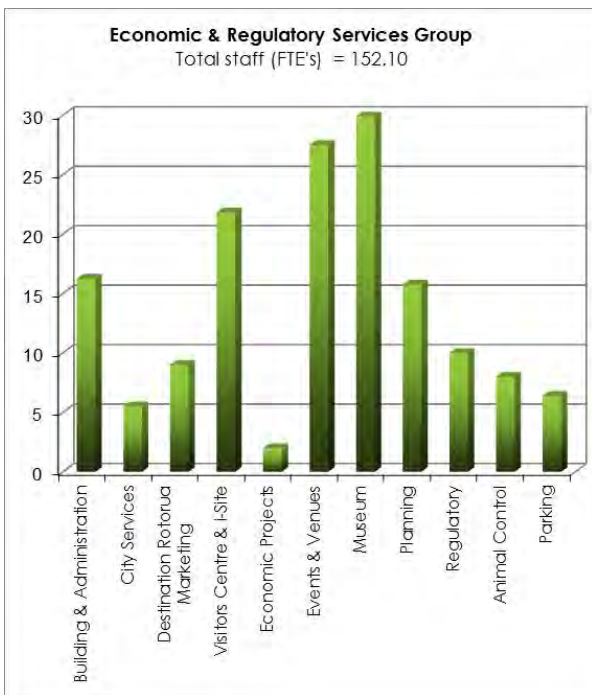
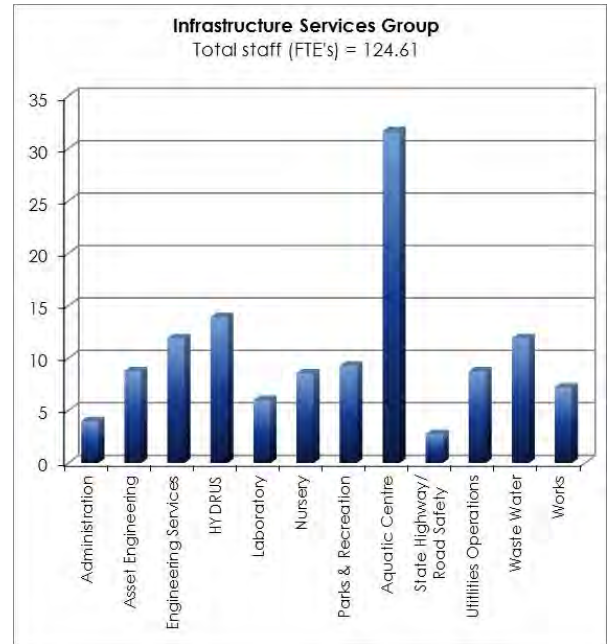
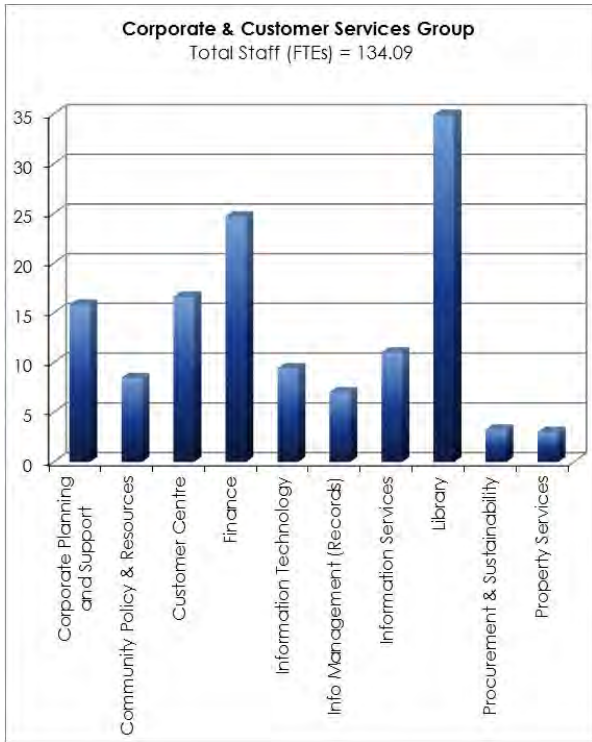
Staff Numbers

The following graphs show staff numbers by Groups and by Department. Overall there has been limited movement within the Groups, any slight change relates to structural addition/changes.

The staff numbers represent fulltime equivalents (FTEs).

The FTE count includes all permanent, part-time and fixed employees. This includes an amount for casual employees which is calculated on the expected standard hours required of the casual workforce during a given year.





Community outcomes

A strategic framework called '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. The community outcomes 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 the Long-term Plan 2012-2022, Council decided that their objectives were 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 increased emphasis on aligning the goals of its services to the strategic long term goals of council. Through this the community outcomes become the council objectives.

The council's eight outcomes 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 future and a 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 haumarū 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 rongō nuitia ana mo te noho mo te mahi me te tākaro, he pai kē atu nga āhuetanga 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
- Geothermal resources

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 rā tonga me nga rā tonga 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 whakaihi 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 hikoi, 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
- Geothermal



Corporate and Customer 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
29	Community Engagement and Support		✓	✓						
33	District Library					✓	✓	✓		✓
37	Emergency Management/Rural Fire		✓							
40	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 services are contributing towards the promotion of the council objectives 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 recent 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:

- Community Engagement and Support, which includes:
 - Community grants
 - 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 Centre
 - Democracy
 - Financial Services
 - Human Resources
 - Information Services
 - Kaupapa Maori
 - Land information services
 - Pensioner housing
 - 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 well-being of the citizens and district during the year.



Performance targets

	Targets	Achieved	Not measured	Not achieved
Community Engagement and Support	7	7	-	-
District Library	11	8	-	3
Emergency Management	8	8	-	-
Governance and Strategic Direction	5	4	-	1
Total	31	27	0	4

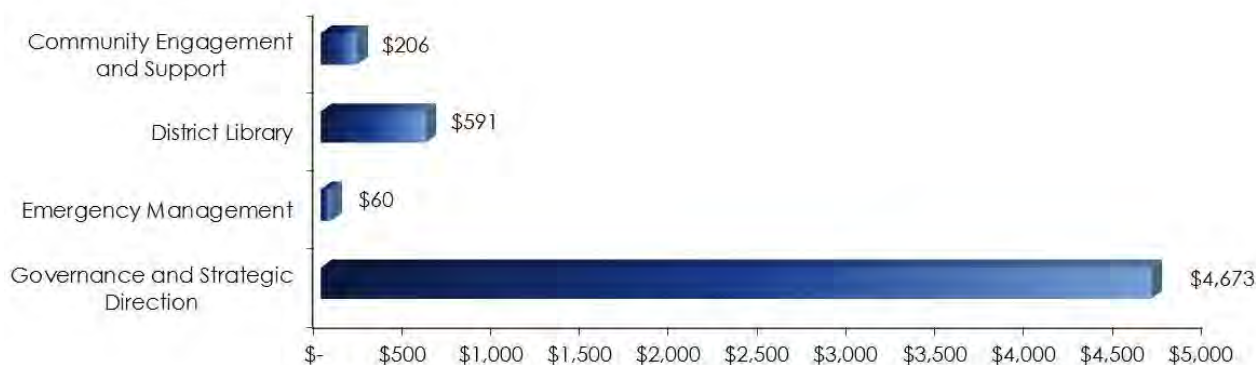
Targets not achieved

District Library: The targets around a specified percentage of population being library members and around annual library items issued per capita were not achieved. This reflects changing patterns in the way libraries are used such as decreasing demand for hard copies of information but more people using the Library and accessing other available resources (internet etc).

Governance and Strategic Direction: There is a declining trend in approval of council decisions (53% in 2012/13 compared to the target of 60%).

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)**
For the period of the Long-term Plan 2012-22, \$50,000 per year is available in this fund, which is \$500,000 over the ten years.
- **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 throughout the period of this Long-term Plan.

- **Grants for Services**

Council currently provides grants of over \$5,000 per annum to a number of local organisations for services. These grants operate in the form of three year contracts with agreed deliverables, the total value being \$300,574 for 2012-2013. 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 Day** – Held March 3 at the Redwoods.
- **Music at the Rotunda** - Ran over 5 weeks on Sunday's through February and March.
- **Community Assistance**
 - **Creative Communities** - allocated \$26,551 to 20 organisations for arts and culture initiatives in the main round, including Philippine Club Festival, Rotorua Arts Village for a Tanabata Day, Rotorua Youth Centre for Photographic exhibition, Oasis Community for a youth Mosaic project and Rotorua Creative Fibre for Explosion of Fibre exhibition
 - **Community Grants** - allocated \$28,000 to 37 organisations including Alzheimers Rotorua for provision of services for people with Alzheimers and their families, Rotorua Prisoners Aid & Rehabilitation Service, Plunket Society for parent education programmes, Sexual Abuse Centre for operational costs and Open Home Foundation to assist with provision of clothes and personal items for displaced children.
 - **Creative Communities Rotorua** - made 14 grants totalling \$18,251 at their discretionary round allocation meeting in October. Projects included Teaching the making of tivaevae, the Hot Lakes Rotorua Ukulele Festive, potters workshop, Floral Art tuition.
 - **Community Crime Prevention Fund** - a total of \$14,855 was awarded to six organisations to implement projects to improve safety in our community. The organisations that received grants were: Oasis Trust, Te Waiariki Pūrea Trust.
- **United Nations Youth Declaration** – Sponsored two Rotorua District Youth Councillors to attend the United Nations Youth Declaration, a four day national conference which gives young leaders the opportunity to voice their opinions and contribute to public policy making in New Zealand.
- **Youth Spaces** – Koutu Youth Space opened on 12 May.
- **Year 2 FreeParking programming** - Funded by a 3 year grant from Sport New Zealand the programme supports youth recreation programmes on the youth spaces, for young people aged 14 to 20 years.
- **2013 Youth Week** - Coordinated and hosted Rotorua Youth Week events from May 4th-12th 2013.
- **Treasure Rotorua Alcohol Harm Reduction Project** – Project completed December 2012. Good results achieved in provision of Liquor Control Qualification and SCAN – Rape Prevention training, for licensed bar staff and superettes. Contributions provided to community anti-violence campaigns such as 'White Ribbon' and 'Blow the Whistle'.
- **Safe City Guardians** - In January a survey of CBD businesses was carried out to gather feedback about the City Safe Guardians (CSG) programme. 126 survey forms were returned providing a response rate of 42% of the 300. 90.47% were in favour of the programme continuing beyond 30 June 2013. Council approved to continue the programme for another two years during the 2013/14 Annual Plan.

Community outcomes

Safe and caring



- By working with a range of organisations on agreed priorities, including International Safe Community designation (Treasure Rotorua).
- By working towards safe homes and streets, lowering crime rates, improving perceptions of safety amongst residents, curbing alcohol related violence in the district.
- By providing safe public spaces through use of Crime Prevention Through Environmental Design (CPTED) principles.
- By actively working to create supportive environments for those affected by child abuse and family violence in the district.
- By supporting 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 with key partners.
- By contributing to the support of local not-for-profit organisations through accommodation and grants for services contracts.
- By partnering with other agencies around priority projects e.g. Safer Families.

Prosperous economy



- By working towards ensuring that older persons have access to housing options that suit their needs and personal situations.



What it cost us

	2011/12 Long-term Plan \$000	2012/13 Long-term Plan \$000	2012/13 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,912	2,026	1,577
Targeted rated (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	44	149	346
Fees, charges and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	851	847	886
Total operating funding (A)	2,807	3,022	2,809
Applications of operating funding			
Payments to staff and suppliers	2,089	2,202	2,031
Finance costs	67	52	21
Internal charges and overheads applied	629	606	612
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,785	2,860	2,664
Surplus (deficit) of operating funding (A - B)	22	162	145
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	4
Development and financial contributions	0	0	0
Increase(decrease) in debt	0	0	(106)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	0	0	(102)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	65	90
- to replace existing assets	118	177	116
Increase (decrease) in reserves	(96)	(80)	(163)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	22	162	43
Surplus (deficit) of capital funding (C - D)	(22)	(162)	(145)
Funding balance ((A - B) + (C - D))	0	0	0

Capital expenditure

	2012/13 actual \$000	Additional demand 2012/13 actual \$000	Improved level of service 2012/13 actual \$000	Replaced assets 2012/13 actual \$000	2012/13 budget \$000	Additional demand 2012/13 budget \$000	Improved level of service 2012/13 budget \$000	Replaced assets 2012/13 budget \$000
Reporoa Hall septic tank replacement and Community House lift upgrade	19	0	0	19	88	0	0	88
Pensioner flats carpark upgrades	90	0	90	0	65	0	65	0
Lucas Place pensioner units roof replace	97	0	0	97	89	0	0	89
	206	0	90	116	242	0	65	177













Variance from budget

- *Operating income:* Additional grants received from Ministry of Business, Innovation and Employment for settlement support, Ministry of Justice for Safe City Guardians and ACC for alcohol project.
- *Operating expenditure:* Unspent Community Asset Development Fund - only one application received.
- *Capital expenditure:* Replacement lift controller in Community House delayed until 2014/15.

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2012/13	Achievement	Comments	Achievement for 2011/12	
Community Engagement and Support						
Provide networks which grow and sustain a strong and empowered Rotorua community through projects including: research, programmes, events, services, resources, maintaining local, regional, national and international networks and relationships.	Number of community development projects delivered each year.	6	9		<ol style="list-style-type: none"> 1. Social Monitor 2013 prepared and distributed. 2. Good Health 2013 updated and available on RDC website and in hard copy. 3. Music Month activities in May 2013 included workshops for young people. 4. Children's Day – March 3rd 2013 involved families and artists from the community. 5. Music in the band rotunda series Feb – March 2013 allowed community to enjoy a variety of musical offerings in Government Gardens 6. Contributed to Luminite kite making workshop opportunities as part of Fire & Ice festival - June 2013. 7. Neighbours in the community series hosted by Settlement Support Coordinator. 8. Art in Public Places policy review engaged with people with creative interests. 9. City Safe Guardian project in the Rotorua Central Business District. 	New measure
Work towards making Rotorua district safer and more connected, through a reduction in crime and injury statistics.	Maintain Safe Community accreditation.	Achieved	Achieved		Submitted and had accepted, our annual report to Safe Community Foundation NZ, at the end of March 2013.	Achieved 
	85% of residents who feel Rotorua is definitely or mostly a safe place to live.	85%	87.5%		In the 2013 survey, 87.5% of respondents stated that they felt 'very safe' or 'safe' in the CBD.	New measure
Provide support for character building/relationship building through programmes/networks aimed at Rotorua's young people.	Four youth development projects are delivered each year.	4	Achieved		Youth Spaces Project, FreeParking programme, 2013 Youth Week events, hosting the Rotaz website, meeting with the youth sector regularly.	New measure
	Four Youth Council meetings each year.	10	17		17 meetings held.	New measure
Housing						
Provide affordable/sustainable housing to Rotorua's older people on low incomes, for housing not funded through rates.	Rental income covers 100% of operations costs.	Achieved	Achieved		End of year budget figures show actual costs as \$631k, and actual revenue as -\$766k. Depreciation is not included in calculation of operational cost as per previous years.	Achieved 
	85% of tenants rate their units as good/very good in two-yearly satisfaction surveys.	85%	86.2%			86.2% 





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 & 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:

- **Te Wiki o Te Reo Maori** - Finalists in the 2012 **Maori Language Awards**.
- **E-books** - Launched in September in collaboration with Whakatane and Western Bay of Plenty Libraries. Taupo Library joined in the consortium early in 2013.
- **Junior Library Chef competition** - First ever competition held in September, which was enjoyed by the participants and their families.
- **'Library Live'** - Launched in November. This programme encourages businesses and community organisations to talk about their activities in the library.
- **'BorrowBox' app** - Introduced in February. This app allows browsing and borrowing from the e-audio book collection on the library's website.
- **'Pounamu Pukapuka'** - Bringing the Library to our Children' was started at the end of 2012. This programme involves delivery of books to pre-school organisations and visits by the mobile library. About 30 groups have signed up for the programme.



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

	2011/12 Long-term Plan \$000	2012/13 Long-term Plan \$000	2012/13 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,397	3,352	3,349
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	0	0	6
Fees, charges and targeted rates for water supply	0	0	1
Internal charges and overheads recovered	59	84	96
Local authorities fuel tax, fines, infringement fees and other receipts	341	368	260
Total operating funding (A)	3,797	3,804	3,712
Applications of operating funding			
Payments to staff and suppliers	2,282	2,312	2,248
Finance costs	248	208	162
Internal charges and overheads applied	758	745	810
Other operating funding applications	0	0	0
Total applications of operating funding (B)	3,288	3,265	3,220
Surplus (deficit) of operating funding (A - B)	509	539	492
Sources of capital funding			
Subsidies and grants for capital expenditure	5	0	0
Development and financial contributions	9	8	10
Increase(decrease) in debt	54	10	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	68	18	10
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	54	10	0
- to replace existing assets	509	638	591
Increase (decrease) in reserves	14	(91)	(90)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	577	557	501
Surplus (deficit) of capital funding (C - D)	(509)	(539)	(491)
Funding balance ((A - B) + (C - D))	0	0	1



Capital expenditure












	2012/13 actual \$000	Additional demand 2012/13 actual \$000	Improved level of service 2012/13 actual \$000	Replaced assets 2012/13 actual \$000	2012/13 budget \$000	Additional demand 2012/13 budget \$000	Improved level of service 2012/13 budget \$000	Replaced assets 2012/13 budget \$000
New books	569	0	0	569	574	0	0	574
Library asset renewals	22	0	0	22	64	0	0	64
Eftpos facility on self issue machines	0	0	0	0	10	0	10	0
	591	0	0	591	648	0	10	638

Variance from budget

- *Operating income:* Favourable income from rent of the third floor but income from rental and other library charges has continued a downward trend.
- *Operating expenditure:* Reduction in the number of periodical titles obtained due to more online availability. Savings in maintenance, freight and cleaning costs.
- *Capital expenditure:* Savings for items not received before the end of financial year.

How we performed

Achieved  Not achieved  Not measured 

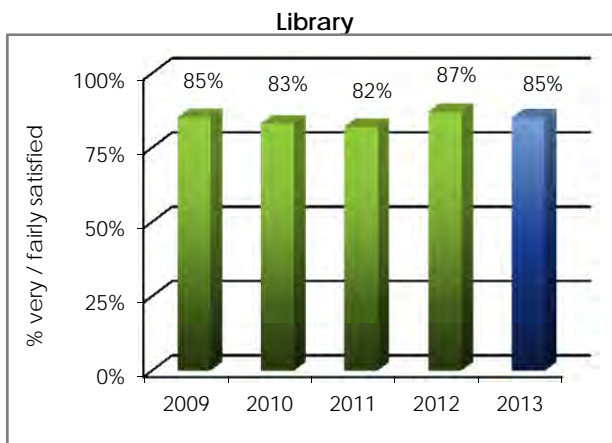
Level of service	Performance measure	Target for 2012/13	Achievement	Comments	Achievement for 2011/12
Library readily accessible to residents and visitors and meets the needs of the community.	60% of the population are members of the library.	60%	58% 	Memberships continue to be deleted regularly if not used.	59% 
	75% of households which have used the library in the last 12 months.	75%	75% 		76% 
	85% of residents are very/fairly satisfied with the level of service.	85%	84% 		87%  (2012 target - 86%)
Maintain a collection of local Maori and European print resources for reference and study.	3% of overall book collection budget dedicated to purchase of Maori and European print resource.	3%	3.2% 		New measure
Maintain collections of fiction and non fiction for information, education and recreation.	Average annual items issued per capita.	10	9.68 	There were 659,276 items issued for the year. Biggest downturn is in issues of rental fiction and is likely a reflection of the current economic climate.	10.37  (2012 target - 11)
	0.2 items purchased per annum per capita.	0.20	0.31 	A total of 21,599 items were purchased. This brings the number of items purchased to the levels recommended by LIANZA and has been helped by a range of discounts from suppliers.	0.29  (2012 target - 0.28)



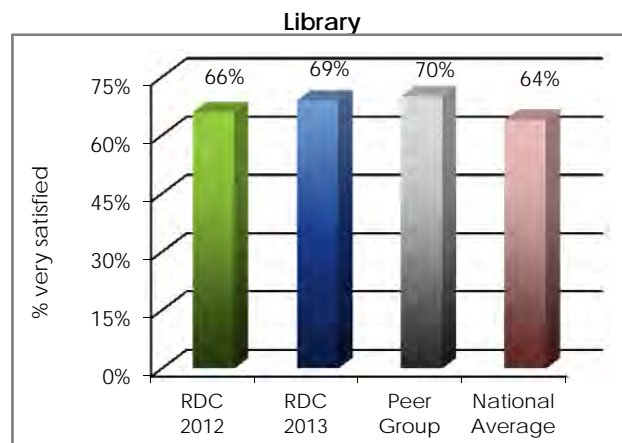
Level of service	Performance measure	Target for 2012/13	Achievement	Comments	Achievement for 2011/12	
Provide events that reflect the art and cultural interest of the community with a specific focus on literacy.	Four children's programmes per year.	4	4	●	There were 4 children's programmes held in July, September, December/January and April.	Achieved ●
	Two teens' programmes per year.	2	5	●	5 Teen's programmes were held during the year in July, 2 in October, December and January Summer reading programme and February.	7 (2012 target - 3) ●
	Two 'Rhyme 'n' Rumpus sessions per week during term time.	2	2	●	Rhyme 'n' Rumpus sessions were held 2 days per week of each term throughout the year.	Achieved ●
	Six guest authors per year.	6	9	●	Anthony Tedeschi, Kathy Sutcliffe, Nicky Pellegrino, Nalini Singh, Aunty Bea, Zahnee Riley-Campbell, Jackie Evans, Joseph Delaney, Kelvin Cruickshank	Achieved (2012 target - 7) ●
	Number of total visits to the Library per year.	390,000	452,177	●	Visits include the mobile library and virtual visits	New measure

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 2013.





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. Extra resourcing has been identified within the CDEM Group, the costs of which are proportioned amongst the local authorities in the Bay of Plenty. As a result there has been an increase of \$28,000 per annum for RDC from 2013 onwards. The plan is consistent with the national framework for CDEM in New Zealand and covers the period 2012-2017.

The Christchurch earthquakes have prompted a number of changes in how CDEM is undertaken at the national and local levels.

The Ministry of Civil Defence Emergency Management now requires local authorities to use EMIS (Emergency Management Information System) during emergencies. This will improve local, regional and national coordination. In addition, many regions are reviewing the resourcing they put to CDEM. RDC is taking a more whole of council approach to CDEM with the various support services being required to support the specific needs of CDEM for our District.

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.

Community outcomes

Safe and caring



- CDEM awareness is promoted throughout the community by talks/presentations to schools, community groups and organisations.
- Effective liaison is maintained with local emergency service personnel, including joint search and rescue activities.
- CDEM is a member of the RDC Community Safety Forum, Treasure Rotorua Steering Committee, Emergency Services Co-ordinating Committee and Lakes DHB Key Stakeholder Forum.
- 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.



This year's highlights and achievements included:

- **Exercise Shakeout** – RDC participated in the National exercise on 26th September aimed at engaging the community to “Drop, Cover, Hold”. The national target of 1 million participants was easily reached with the BOP CDEM Group reaching fourth in the country for numbers taking part. Rotorua was first in the BOP with just over 30% of the population participating.
- **Promotion of civil defence** – A number of events have been attended to promote civil defence including the Marae Expo, Ohinemutu, the Home & Garden Show at the EEC and the Bay Trust Helicopter open day.
- **Local Controller appointment** – Cathy Cooney's appointment as an Alternate Controller for RDC was approved by the Joint Committee, which ensures 24/7 cover for the Rotorua District.
- **Youth in Emergency Services Project** – Coordinated by Ministry of Youth Affairs, Rotorua Emergency Response Team was one of several emergency response agencies to provide training to 15 young people between the age of 16 and 19 years. This four month programme culminated in a weekend camp at Tui Ridge where they spent a whole day putting their knowledge to the test at a variety of scenarios, hosted by the agencies involved. The Minister, Nikki Kaye, presented students and the responders with certificates at a graduation ceremony held in RDC Chambers.
- **Group Emergency Management Office** – Following a recommendation from a structure review, the Group Office is now fully staffed with an increase from 1 FTE to 6FTEs. This will lead to a better coordinated CDEM response across the BOP.

What it cost us

	2011/12 Long-term Plan \$000	2012/13 Long-term Plan \$000	2012/13 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	634	702	735
Targeted rated (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	6	8	23
Fees, charges and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	1
Total operating funding (A)	640	710	759
Applications of operating funding			
Payments to staff and suppliers	288	349	375
Finance costs	6	3	2
Internal charges and overheads applied	254	323	322
Other operating funding applications	0	0	0
Total applications of operating funding (B)	548	675	699
Surplus (deficit) of operating funding (A - B)	92	35	60
Sources of capital funding			
Subsidies and grants for capital expenditure	60	0	0
Development and financial contributions	0	0	0
Increase(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	60	0	0
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	152	35	60
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	152	35	60
Surplus (deficit) of capital funding (C - D)	(92)	(35)	(60)
Funding balance ((A - B) + (C - D))	0	0	0



Capital expenditure














	2012/13 actual \$000	Additional demand 2012/13 actual \$000	Improved level of service 2012/13 actual \$000	Replaced assets 2012/13 actual \$000	2012/13 budget \$000	Additional demand 2012/13 budget \$000	Improved level of service 2012/13 budget \$000	Replaced assets 2012/13 budget \$000
Lake Okareka fire appliance purchase	60	0	0	60	26	0	0	26
Radio and office equipment	0	0	0	0	9	0	0	9
	60	0	0	60	35	0	0	35

Variance from budget

- *Operating income:* Subsidies and grants received from National Rural Fire Association greater than anticipated in the budget.
- *Operating expenditure:* Fire equipment purchased and clothing exceeded budget estimates, recouped in additional grants received.
- *Capital expenditure:* New fire appliance purchased.

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2012/13	Achievement	Comments	Achievement for 2011/12
Emergency Management					
Coordinate and manage emergency management in the Rotorua district, working collaboratively with other emergency management agencies. [Reduction, Readiness, Response & Recovery]	1 locally run exercise each year (desk top) and 1 full mobilisation of local EOC.	1 local exercise 1 full mobilisation	Achieved 	Several exercises / training sessions have occurred with the different areas of CDEM and the EOC was fully mobilised on 26 September for Exercise Shakeout.	Not achieved in entirety 
	100% availability of Emergency Management Co-ordinator or acting EMC.	100%	Achieved 	EMC and alternate available to cover 24/7. See RDC-114720	Achieved 
	100% of personnel are trained to the level appropriate for their CD role..	100%	Ongoing 	Response team members train weekly and a record of topics covered is kept by the Team Training Officer. Staff identified to cover a particular CDEM role have received training in CIMS and EMIS but training is always on going, with a schedule developed for the whole year.	New measure
Improve community and organisational awareness of hazards & raise the capacity of Rotorua district to manage them. [Reduction & Readiness]	90% of attendees at education programmes very/fairly satisfied with mode of delivery.	90%	100% 	Out of 21 evaluations 14 were "excellent" and 7 were "good"	New measure
	50% of residential homes with plans and kits.	50%	56% 		New measure
Rural Fire					
Protection of people, property and the environment from the hazards of fire by prevention, suppression and control in rural areas.	All rural fire forces trained and equipped.	Achieved	Achieved 	Forced trained to minimum standard.	Achieved 
	Database of current fire permits kept up to date.	Achieved	Achieved 	Database kept up to date – 352 permits issued since start of fire season.	Achieved 
	Fire plan updated and certified by 1 October annually.	Achieved	Achieved 	Fire plan updated.	Achieved 





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:

- **Annual Plan** – Council adopted its annual plan for the 2013/14 year. 176 written submissions were received and responded to. In adopting the Annual Plan Council achieved a 0.99% rates increase.
- **Iwi Partners MOUs and JMAs** – 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.
- **Property Services Team** – Review of property services completed. Services maintained in-house providing refreshed focus and direction for the team and the property functions the team is responsible for.

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

	2011/12 Long-term Plan \$000	2012/13 Long-term Plan \$000	2012/13 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,827	2,852	3,793
Targeted rated (other than a targeted rate for water supply)	50	52	48
Subsidies and grants for operating purposes	100	0	26
Fees, charges and targeted rates for water supply	101	0	212
Internal charges and overheads recovered	12,458	2,891	14,465
Local authorities fuel tax, fines, infringement fees and other receipts	811	686	878
Total operating funding (A)	16,347	6,481	19,422
Applications of operating funding			
Payments to staff and suppliers	12,791	4,092	13,832
Finance costs	473	214	239
Internal charges and overheads applied	1,901	1,980	2,745
Other operating funding applications	0	0	0
Total applications of operating funding (B)	15,165	6,286	16,816
Surplus (deficit) of operating funding (A - B)	1,182	195	2,606
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	10
Development and financial contributions	0	0	0
Increase(decrease) in debt	1,026	(1)	2,057
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	1,026	(1)	2,067
Applications of capital funding			
Capital expenditure			
- to meet additional demand	11	0	0
- to improve the level of service	1,015	0	3,750
- to replace existing assets	1,182	194	923
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	2,208	194	4,673
Surplus (deficit) of capital funding (C - D)	(1,182)	(195)	(2,606)
Funding balance ((A - B) + (C - D))	0	0	0

Variance from budget

- Operating income:** Increased internal recoveries for Information Services due to projects undertaken. Recovered unbudgeted income from Bay of Plenty Regional Council for annual share of rating valuation contract cost. Sponsorship for Community Board 2013 conference.
- Operating expenditure:** Increased property valuation fees, and Holden's Bay Holiday Park costs payment not budgeted. Additional software licensing and software upgrade costs. Increased training/ consultation costs spent on Project MOUse.
- Capital expenditure:** Strategic purchases of land for Victoria Arterial, Lake Road and Western Road where projects are budgeted in Long-term Plan and there is a liability on Council where that land is designated to purchase in advance. Software and hardware replacements and software developments as per table overleaf.











Capital expenditure

	2012/13 actual \$000	Additional demand 2012/13 actual \$000	Improved level of service 2012/13 actual \$000	Replaced assets 2012/13 actual \$000	2012/13 budget \$000	Additional demand 2012/13 budget \$000	Improved level of service 2012/13 budget \$000	Replaced assets 2012/13 budget \$000
Victoria Arterial, Lake Road and Western Road strategic purchases	3,241	0	3,241	0	0	0	0	0
Civic building renewals	123	0	0	123	194	0	0	194
IT - new hardware	23	0	23	0	0	0	0	0
IT - new software VMWARE	43	0	43	0	0	0	0	0
IT - hardware replacements	482	0	0	482	0	0	0	0
IT - plant purchases	4	0	0	4	0	0	0	0
Orthophotography contribution	80	0	0	80	0	0	0	0
<u>Software Replacements</u>								
RDC website	112	0	8	104	0	0	0	0
Intranet replacement	92	0	0	92	0	0	0	0
Hansen 8 asset management system	38	0	0	38	0	0	0	0
<u>Software Developments</u>								
Ozone software development	60	0	60	0	0	0	0	0
e-Services software development	249	0	249	0	0	0	0	0
Mobile solutions software development	11	0	11	0	0	0	0	0
Contract management	57	0	57	0	0	0	0	0
Events booking management	58	0	58	0	0	0	0	0
	4,673	0	3,750	923	194	0	0	194

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2012/13	Achievement	Comments	Achievement for 2011/12
Governance and Strategic Direction					
Provide sound analysis and advice to better engage with communities on Council decisions related to the strategic direction of Rotorua.	70% of residents are very/fairly satisfied with how rates are spent on services and facilities provided by Council.	70%	75% 	This compares against 64% in our peer group average and 67% national average	New measure
	60% of residents strongly approve/approve of the decisions and or actions Council makes.	60%	53% 	This is down from 66% in 2012	66% (2012 target - 73%) 
	55% of residents are very/fairly satisfied with the quality of information Council provides.	55%	76.6% 	Based on the average of satisfaction with council via over the counter, phone, writing and email	64% (2012 target - 65%) 
Kaupapa Maori					
Encourage the preservation and sustainable development of Maori resources.	Two Mana Whenua plans funded each year.	2	5 	Kaupapa Maori Unit received and approved 5 Mana Whenua plans	Not achieved (2012 target - 1) 
Foster partnerships between Council and Maori on matters of mutual interest.	Six protocol meetings each year between Maori and Council to discuss matters of mutual interest.	6	2 all up hui, and 14 individual hui 	2 all up hui held with all MOU and JMA partners, and 14 hui with MOU/JMA partners individually	New measure



Economic and Regulatory 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
46	Building Services		✓							
49	Economic Development		✓	✓	✓	✓		✓		
57	Events and Venues			✓		✓				
61	Planning Services			✓	✓					
65	Regulatory Services		✓						✓	
70	Rotorua Museum			✓				✓		✓

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 a major influencer of Rotorua's sustainable economic growth environment.

Significant emphasis, through Economic and Regulatory Services 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 on 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 management of the district's physical and natural environment while supporting strategic direction;
3. Investing in Infrastructure and services that support development of the strategic direction (including a focus on the Rotorua CBD);
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 alignment of 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, Grow Rotorua Ltd.



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

- Building Services
- Economic Development (Inner City Enterprises, City Services, Destination Rotorua Marketing, Travel Office)
- Planning Services
- Regulatory Services; (parking enforcement, health inspection including noise, liquor licensing and Animal Control)
- Events & Venues Rotorua
- 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. A reduction in trading revenue either from decreased tourism expenditure and/or growth (building consents/subdivision consents) continues to be a concern. This will be monitored over the next financial year.

Performance targets

	Targets	Achieved	Not measured	Not achieved
Building Services	10	7	1	2
Economic Development	27	13	-	14
Events and Venues	5	4	-	1
Planning Services	6	6	-	-
Regulatory Services	6	5	-	1
Rotorua Museum	6	4	-	2
Total	60	39	1	20

Targets not measured

Building: Industry satisfaction survey results were collected during the year in order to set a baseline for comparison purposes in subsequent years. This is the first year this particular measure has been used for this activity.

Targets not achieved

Building: This could not be achieved because of the increased demand on resources as a result of changes to the Building Act during the year.

Economic Development: Targets not met reflect the ongoing economic instability that continues to impact on the tourism sector in general and international travel in particular.

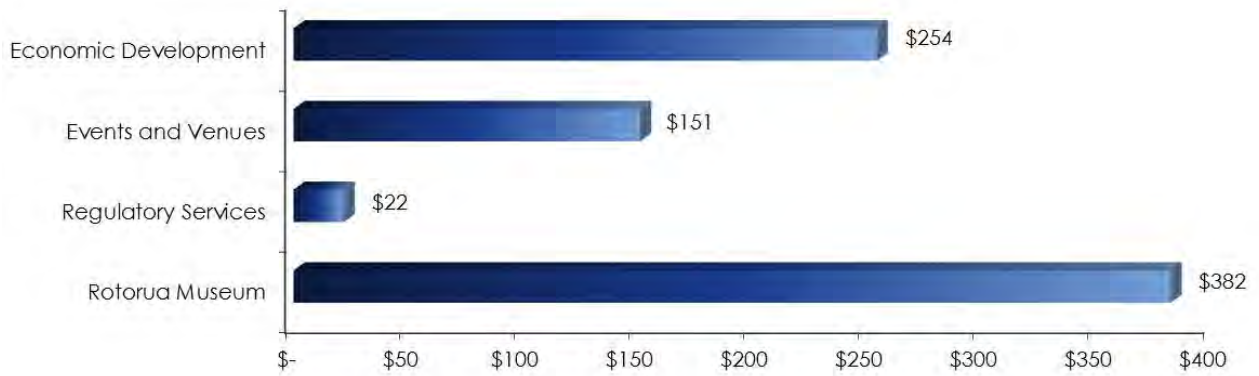
Regulatory Services: Targeted customer satisfaction levels around the control of dogs was not achieved this year. The results were slightly down on last year, however over the period of the last ten years satisfaction has fluctuated between 69% and 77%. This activity is subject to a high level of emotion and public perception variance from year to year, often influenced by media coverage of dog related incidents.

Rotorua Museum: A delay in funding for the Museum Bus – an initiative for taking children from schools to the Museum to participate in the Museum Education Programme – meant a number of school children could not get to the museum as their schools were unable to cover the cost of bringing their students to the museum. Paying visitor numbers were also down which reflects the continued trend of fewer international visitors from key markets.



Capital expenditure

\$ in thousands





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 (BWOF).
 - 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.

Community outcomes

Safe and caring



- By undertaking routine inspections to ensure the 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.

This year's highlights and achievements included:

- **Building consents** – There were 1473 building consents issued and 104 amendments to consents in the 12 month period. Approval of building consents were achieved in a timely manner with;
 - 61.3% of building consents were issued within 5 days compared to 66% the previous year.
 - 76% of building consents were issued within 10 days compared to 77% the previous year.
 - 90.8% of building consents were issued within 15 days compared to 92% the previous year.
- **Code compliance certificates** – There were 1956 code compliance certificates issued for the same 12 month period. Approval of code compliance certificates were achieved in a timely manner with;
 - 69% of code compliance certificates were issued within 5 days.
 - 86% of code compliance certificates were issued within 10 days.
 - 97% of code compliance certificates were issued within 15 days.
- **Historical building consent reduction project** – In the past twelve months the number of historical building consents without code compliance certificates pre July 2007 has reduced by 275 (25%) in number to a total of 810. 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.
- **Building Consent Authority Accreditation** – Rotorua District Council has maintained its accreditation as a building consent authority after having a successful audit undertaken by International Accreditation New Zealand in April 2013.
- **Compliance Schedule Amendments** – A change to the Building Act meant approximately 800 of the 866 buildings that have a compliance schedule / building warrant of fitness needed their compliance schedule amended by Council to align with new regulations and sections of the Act. To date 60% have been updated.



What it cost us

	2011/12 Long-term Plan \$000	2012/13 Long-term Plan \$000	2012/13 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	212	297	518
Targeted rated (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	1,884	1,693	1,549
Internal charges and overheads recovered	0	0	14
Local authorities fuel tax, fines, infringement fees and other receipts	7	7	10
Total operating funding (A)	2,102	1,997	2,091
Applications of operating funding			
Payments to staff and suppliers	1,237	1,270	1,341
Finance costs	1	1	(161)
Internal charges and overheads applied	865	726	911
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,102	1,997	2,091
Surplus (deficit) of operating funding (A - B)	0	0	0
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	0	0	0
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	0	0	0
Surplus (deficit) of capital funding (C - D)	0	0	0
Funding balance ((A - B) + (C - D))	0	0	0

Variance from budget

- *Operating income:* Income has been affected by the downturn in building consents applications.
- *Operating expenditure:* Additional costs incurred due to a legal and specialist fees in relation to leaky homes cases and dangerous building enforcement action.

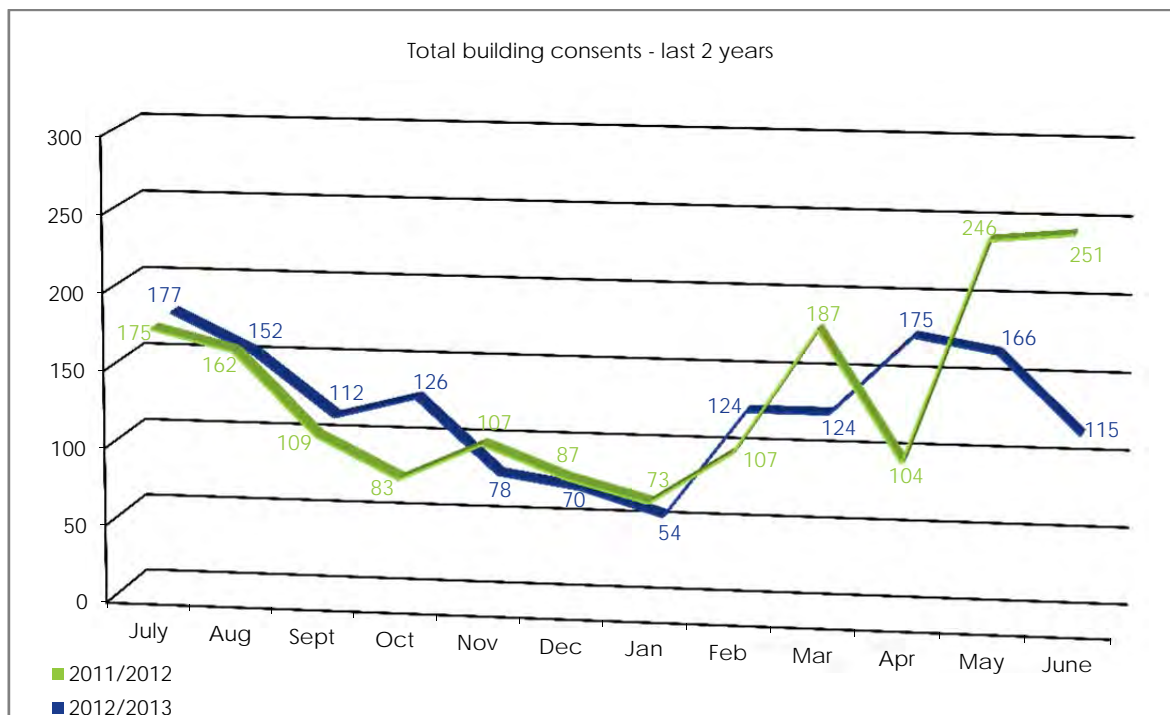


How we performed

Achieved ● Not achieved ● Not measured ●

Level of service	Performance measure	Target for 2012/13	Achievement	Comments	Achievement for 2011/12	
Buildings are constructed and maintained so people can use them safely.	Percentage of PIMs, building consents processed within statutory timeframe of 19 working days.	40% on or before day 10 60% on or before day 15 100% on or before day 19	76% 90.8% 98.4%	● ● ●		Achieved (2012 target - 96%) ●
	Inspections undertaken.	60% within 24 hours	80%	●	New measure	
	within: 60% within 24 hours	80% within 48 hours	98%	●		
	80% within 48 hours	100% within 72 hours	100%	●		
	100% within 72 hours					
Full accreditation without limitations under the Building Act 2004 is maintained.	Achieved	Achieved	●	Accreditation renewed May 2013.	New measure	
25% of all premises in Rotorua district audited annually for compliance with building warrant of fitness.	Achieved	7%	●	Changes in the Building Act resulted in a reduction in resources available to audit premises with a building warrant of fitness.	Achieved (2012 target - >25%) ●	
Percentage of industry/customers who are very/fairly satisfied with building consent process.	5% increase on previous year used as baseline	The data collected this year will be used to set the baseline for 2013/2014	●		New measure	
Dangerous and insanitary buildings are dealt with to maintain public safety.	All complaints investigated within 72 hours.	100%	100%	●	18 hours average with a maximum of 72 hours. Achieved ●	

Building consent levels





What we do

Driven by the objectives of the Rotorua Sustainable Economic Growth Strategy the activity seeks to contribute to the realisation of the District vision: *'Rotorua: Living the Dream - World Class in Every Way'*.

Through various activities the following key economic objectives apply for Rotorua over the next five years:

- 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."
- 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.

In order to achieve these objectives council has focused activity in:

Council Controlled Organisation

In September 2011, Council adopted the Rotorua Sustainable Economic Growth Strategy (RSEGS) and in November 2011, Council agreed to consider the establishment of a Council Controlled Organisation (CCO) as the preferred structure to drive implementation of the growth strategy. The CCO has now been adopted by council and \$850,000 included in the Economic Projects budget in the first year to fund establishment and operation of this entity.

Economic Projects

Tasked with working alongside the CCO and other council departments, the Economic Projects department is responsible to delivering key elements within the newly adopted Sustainable Economic Growth Strategy. These are:

- Focusing on the CBD with implementation of the Urban Design Framework – Walkable City, incentive scheme, transport centre, Eat Street, Lakefront development, CDB investment pitch.

- Marketing of the destination as a place to live, work and invest, leveraging off the work of Destination Rotorua Marketing.
- Partnering with SCION and Bay of Connections to implement Forest & Wood processing strategy actions.
- Participating in identification of land use change/management initiatives with Bay of Plenty Regional Council including the development of a Rotorua spatial plan to inform future investment decisions.
- Overseeing implementation of the Rotorua component of the National Cycleway.
- Working across council departments to assist in making the regulatory interface with RDC (across all regulatory areas) run more smoothly for investment opportunities.
- Focusing on working with neighbouring councils and economic development organisations of the upper North Island.
- Working to bring a more sustainable economic development/growth focus to RDC.

City Services

Managed from City Focus in the CBD to provide hands-on liaison with shoppers, retailers, residents and visitors. The service includes, the CBD, City Focus, public places, street appeals, servicing public conveniences, parking management, Lakefront, Government Gardens, street cleaning and maintenance of a crime prevention camera network.

Sister Cities

The strategic purpose for sister cities has been strengthened meaning that the programme will establish relationships with international cities, with a focus on economic development, growth, trade and potential new business opportunities. Council maintains formal Sister City relationships with Wuzhong (China), Beppu (Japan), Lake MacQuarrie (Australia) and Klamath Falls (USA).

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.

A key focus of the Travel and Information Office is to reduce funding required from rates. Within the first three years of this plan it is forecast that approximately 25%-30% less rates funding will be required.

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

To co-ordinate and influence the building of a sustainable competitive advantage for the district, assisting the local economy to grow faster than it otherwise would through targeted areas of activity.

This year's highlights and achievements included:

- **Resident satisfaction** of appearance and cleanliness of CBD – 94%
- **CCO – Grow Rotorua Limited** – Board and staff in place to achieve outcomes highlighted in the Rotorua Sustainable Economic Growth Strategy. Marketing support in place as well as collaborative projects including business perception survey, investment profiles and business enquiry referrals.
- **Rotorua Wood First Strategy** – RDC is the first local government to lead such an initiative. Aligns with Rotorua Sustainable Economic Growth Strategy, reinforcing Rotorua's position as a leader in forestry. First project launched was a competition to design innovative wooden seats for the CBD. Competition open to local secondary school technology students. Winning student working with RDC and project partners on final design, which will then be manufactured and installed in Pukuatua/ Tutanekai Street intersections.
- **Perception Change Activity** – Rotorua Investment Profile and Forestry Investment Profile completed
- **Famously Rotorua Lifestyle Guide launched** – three issues completed. Business, employee and resident profiles and testimonials (written or video) gathered and promoted on website and key publications. Real stories promoting why Rotorua is a great place to live, work and do business.
- **CBD Revitalisation Strategy, Urban Design Framework** – Kia Ora CBD way-finding signs in place. Free Wi-Fi in the CBD implemented with approximately 12,000 users each month. Free CBD parking trial in the 12 days leading up to Christmas was extremely successful which has led to the development of free time limited parking trial in Pukuatua St.
- **Eat Street development** – final detailed design completed, tenders let to engage construction company for physical works and final approval obtained by Council during Annual Plan 2013/14. Construction commenced in August 2013.
- **Economic performance** – Rotorua achieved 2 billion GDP from previous year. A 5% growth rate compared to national growth rate of 2.5%. Biggest growth achieved in the Agriculture sector. Productivity growth and standard of living higher than national growth rate compared to previous year.
- **Rotorua Cycleway Te Ara Ahi** – 80% of the track completed and official opening was held. Cycleway is being used by a cross section of people for events, training and family outings. Marketing collateral and promotions of the cycleway is available. Completion of the track now managed by RDC's engineering department.
- **Famously Rotorua Campaign** – Campaign launched; a 3-5 year perception changing campaign initiative for Rotorua as a destination across visit, live, work and invest interests. The focus is predominantly targeted at Rotorua's largest visitor market Auckland.
- **China Southern Marketing MOU** – In October an in-market visit to southern China was undertaken by the RDC and major Rotorua operators. This was led by Rotorua's Deputy Mayor. The main success of the trip saw the signing of an MOU between Rotorua District Council and China's largest carrier, China Southern Airlines at their headquarters in Guangzhou, China. The MOU is an accord that offers mutual marketing, promotion and support assistance between both parties and is seen as pivotal component to Rotorua's inbound Semi-FIT market segment opportunities.



- **Discover the Central North Island (Australian East Coast States promotion)** – Partnership with Auckland Tourism (ATEED), Qantas, Flight Centre and others in the lead up to the global launch of The Hobbit. The campaign included visual advertising across key CBD sites in Sydney, Melbourne and Brisbane including major billboards, bus wraps, train stations and leading newspaper print. This was complimented by responsive use of digital and online deals, driven through flight centres across Australia and online with TNZ.
- **Domestic Campaign (NZ Herald/Motorway Billboard Campaign)** – Launched prior to the October school holidays, this involved the soft launch and deployment of key Famously Rotorua campaign elements. This has included inserts into the Visitor & Lifestyle Guide and three months of billboard advertising across Auckland suburbs and the southern motorway.
- **Targeted Media / PR Activity** – Including successes such as Master Chef New Zealand (filmed on Mokoia Island), leading editor and travel writer features in the likes of OH Baby, NZ Herald Travel and Business, Sunday Star Times Travel, TV3 News, Kia Ora Magazine, Woman’s Day, Fashion Quarterly and various online travel, business and blog sites and features.

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.

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
- By providing great range of services from booking office to free information covering all tourism/tourist related information.
- By promoting and enhancing Rotorua’s attractions.
- By encouraging visitors to stay longer through promotion of attractions and venues.

Excellent facilities and services



- By ensuring ease of getting from place to place.
- By providing good quality infrastructure for now and the future.
- By maintaining public conveniences to a very high standard of upkeep and cleanliness.
- By providing a 364 day service.
- By providing a safe, well maintained building.
- By providing well trained, informative staff at first point of contact.

Environment



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

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.



What it cost us

	2011/12 Long-term Plan \$000	2012/13 Long-term Plan \$000	2012/13 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,062	2,560	3,320
Targeted rates (other than a targeted rate for water supply)	3,739	4,852	5,078
Subsidies and grants for operating purposes	777	300	10
Fees, charges and targeted rates for water supply	0	0	1
Internal charges and overheads recovered	45	7	8
Local authorities fuel tax, fines, infringement fees and other receipts	4,083	3,589	2,786
Total operating funding (A)	10,706	11,308	11,203
Applications of operating funding			
Payments to staff and suppliers	9,103	9,667	8,989
Finance costs	159	140	93
Internal charges and overheads applied	1,320	1,400	2,018
Other operating funding applications	0	0	0
Total applications of operating funding (B)	10,582	11,207	11,100
Surplus (deficit) of operating funding (A - B)	125	100	103
Sources of capital funding			
Subsidies and grants for capital expenditure	11	0	0
Development and financial contributions	0	0	0
Increase(decrease) in debt	1,829	599	137
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	1,840	599	137
Applications of capital funding			
Capital expenditure			
- to meet additional demand	1,800	0	0
- to improve the level of service	40	600	137
- to replace existing assets	125	100	97
Increase (decrease) in reserves	0	0	6
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	1,965	700	240
Surplus (deficit) of capital funding (C - D)	(125)	(100)	(103)
Funding balance ((A - B) + (C - D))	0	0	0

Capital expenditure

	2012/13 actual \$000	Additional demand 2012/13 actual \$000	Improved level of service 2012/13 actual \$000	Replaced assets 2012/13 actual \$000	2012/13 budget \$000	Additional demand 2012/13 budget \$000	Improved level of service 2012/13 budget \$000	Replaced assets 2012/13 budget \$000
Pay & Display parking meters	30	0	0	30	32	0	0	32
CCTV replacement	34	0	0	34	30	0	0	30
Urban design project	137	0	137	0	400	0	400	0
Carpark building lift repairs	5	0	0	5	200	0	200	0
Tourism air ventilation replacement	28	0	0	28	38	0	0	38
	234	0	137	97	700	0	600	100








Variance from budget

- *Operating income:* Increase in targeted rates income.
- *Operating expenditure:* Airport marketing contribution not included in budget. Final CPI accrual for external street cleaning contract which was ended and replaced by Castlecop contract.
- *Capital expenditure:* Urban design and parking building auto control projects not yet completed in last financial year.

How we performed





















Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2012/13	Achievement	Comments	Achievement for 2011/12	
Economic Development						
Market Rotorua nationally and internationally as a great place to live, work, invest and do business.	100% of Annual Marketing Plan implemented.	100%	100%		This was the start-up year for Live, Work & Invest with the plan focused on research and putting together quality collateral. New Investment Profiles New Website Hub New Lifestyle Guide publication New tailored economic performance research in place Stakeholder meetings in place Local research completed – Youth and Business Perception Business participation at Careers Expo Local campaign confirmed – Proudly Rotorua and Proudly local concepts identified Local success stories across invest, work and live Forestry video clip and centre of excellence stamp Newcomer video clips on website Centrall Mall signage planning completed Content & functionality planning for website 2.0	New measure
	Number of new Rotorua specific business enquiries generated pa.	50	49		As at 28 June 2013. The enquiries have been around new business ideas, potential relocation, information support, funding assistance and employment vacancy opportunities. Now that Grow Rotorua is established, business enquiries are being referred on or they are receiving them directly.	Not achieved (2012 target – 100)
	Percentage of respondents that list Rotorua as a preferred lifestyle destination to live, work and invest.	60%	63%		NRB Survey revealed a 63% level of satisfaction with promotion of Rotorua as a destination to live, work and invest.	New measure
	Business sector satisfaction rating with live, work and invest promotion.	60%	68.8%		APR business perception survey showed a 68.8% level of live, work and invest promotion.	New measure
Provide mechanisms to enhance revitalisation of CBD through the Urban Design Framework/ Sustainable Economic Development strategy.	Percentage increase in CBD foot traffic.	5%	Not achieved		Not measured at this point. Next review of foot traffic counts to be collected in October 2013. Kia ora way-finding signs and free wifi have been installed and local and visitors are using them. Free parking trial initiatives have encouraged an increase in foot traffic as well as holding events in the CBD – something that will be developed further	New measure



Level of service	Performance measure	Target for 2012/13	Achievement	Comments	Achievement for 2011/12	
Destination Rotorua Marketing						
Promote Rotorua as an exciting, vibrant, high quality destination and encourage more people to visit, to do more and to spend more.	Number of visitor arrivals to Rotorua (i.e. sum of overnight and day visitors).	3.007m	3.070m (est)		Growth is being driven by day visitors from the Chinese and cruise markets. External information used to obtain the results data was unavailable this year. Results have been projected using baseline data and growth rates obtained from other statistics.	New measure
	Number of visitor nights spent in Rotorua.	3.485m	3.314m (est)		Declining volume of arrivals from long stay Western markets is reducing the number of visitor nights spent in Rotorua External information used to obtain the results data was unavailable this year. Results have been projected using baseline data and growth rates obtained from other statistics.	New measure
	Average daily expenditure per domestic visitor.	\$80	\$81 (est)		Growth in domestic average daily expenditure is increasing as targeted	Not measured
	Average daily expenditure per international visitor.	\$154	\$150 (est)		Declining volume of high yielding international markets is reducing the international average daily expenditure	New measure
	Total visitor expenditure in Rotorua.	\$518m	\$502m (est)		Declining volume of high yielding international markets is reducing the total visitor expenditure	New measure
Focus marketing efforts into: - the existing large markets of Auckland and Australia; and - the fast growing key Asian markets	Rotorua's market share of Auckland visitor nights spent in NZ regions, expressed as a percentage.	6.5%	6.5% (est)		Growth in Rotorua's share of Auckland visitor nights spent in NZ is increasing as targeted	New measure
	Rotorua's market share of Australian visitor arrivals to NZ.	19.6%	16.4% (est)		Rotorua's growth in the Australian market is lagging those regions being serviced by low cost air carriers	New measure
	Number of arrivals to Rotorua from key Asian markets (i.e. sum of day and overnight arrivals from China, Japan and Korea).	171,400	212,400 (est)		Rotorua's growth in the Asian markets is being driven by strong growth in the Chinese market, a recovery in the Japanese market and partly offset by a contraction in the Korean market	New measure
Engage with the Rotorua tourism industry in delivering the destination marketing plan.	65% average satisfaction rating within industry members around Destination Rotorua Marketing's industry communications and joint venture.	65%	82%		The average satisfaction rating for DRM communication and JV engagement ranges from 74% to 85% and over the year has averaged 82%	New measure
Encourage the Rotorua tourism industry to deliver on the promise of 'manaakitanga' (provision of exceptional hospitality) to the visitor experience.	80% average rating of satisfaction surrounding the Rotorua visitor experience.	80%	77%		The survey used to set target figures and obtain results in prior years was not available this year. An alternative survey was used which did not have an overall satisfaction rating. All the individual ratings were therefore averaged to obtain the overall satisfaction rating.	Achieved (2012 target – 8 out of 10 score achieved)

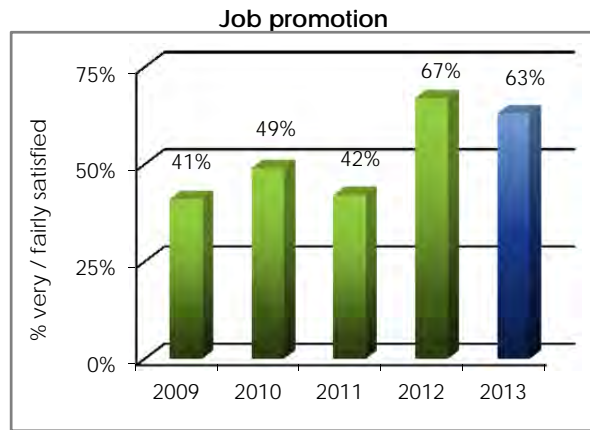
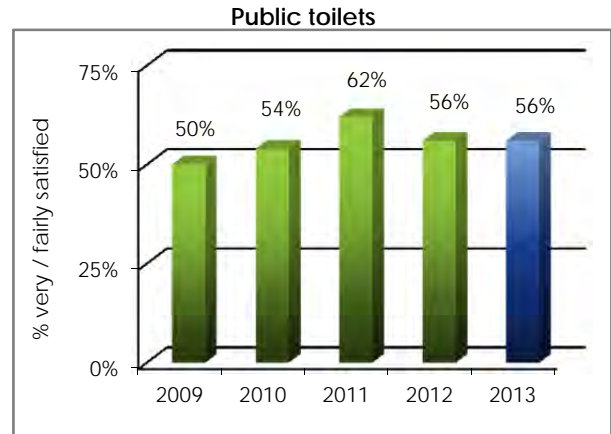
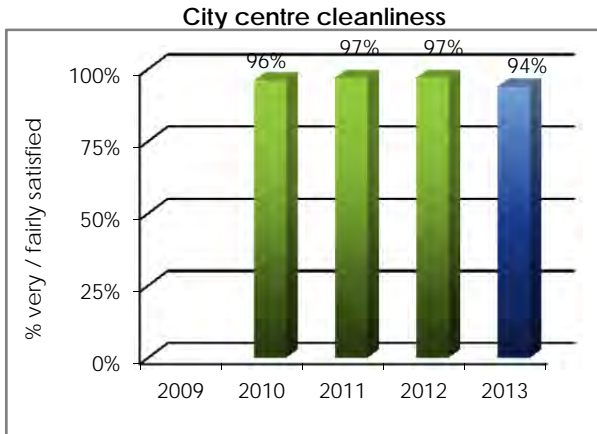


Level of service	Performance measure	Target for 2012/13	Achievement	Comments	Achievement for 2011/12	
Encourage the uptake of sustainability within the tourism industry.	80% of businesses advertising in primary marketing collateral are associated with the Rotorua Sustainable Tourism Charter, Qualmark and/or other tourism industry quality standard.	80%	81%		81% of the tourism businesses advertising in the Rotorua Official Visitors Guide are associated with Qualmark or the Rotorua Sustainable Tourism Charter	80% 
City Services						
Provide and maintain services and a presence that adds to a feeling of safety and respect within the CBD.	90% of respondents feel very safe/safe in the CBD during the day.	90%	87.5%		Slightly down on previous year 89.5%	Not achieved 
	35% of respondents feel very safe/safe in the CBD during night time.	35%	30.3%		Interestingly people feel slightly safer at night this year	New measure
Provide and maintain services and a presence that adds to a feeling of safety and respect within the CBD.	95% of residents very/fairly satisfied with appearance and cleanliness of CBD.	95%	94%		Slight drop due to contract change	97% 
Car parking availability in CBD is managed to the satisfaction of users.	65% of residents are very/fairly satisfied with parking in the CBD.	65%	68%			70% (2012 target - 65%) 
Provision of public toilets in the CBD meets the expectation of users.	70% of residents are very/fairly satisfied with public toilets.	70%	56%		Review under taken and new toilets being constructed.	56% (2012 target - 60%) 
Facilitating events at the city centre which contribute to the vibrancy of the city.	Minimum of 300 events held in the city centre annually.	300	286		Events downward trend away from City Centre	385 (2012 target - >350) 
	85,000 visitors through the City Focus Information centre annually.	85,000	75,831		Just over 10% drop in visitors reflects CBD wide trend	New measure
Rotorua Visitor Centre and i-Site (Travel and Information Office)						
Provide an accessible, informative and friendly point of contact to visitors to Rotorua.	80% of customers satisfied or very satisfied as per annual customer survey.	80%	98%		NZ I-Site Survey	98% 
			93%		Rotorua i-Site Customer Survey	
Booking services are provided to visitors to Rotorua to encourage extended length of stay and visitor spend.	Amount of commissions revenue generated by Travel Office.	\$1.6m	\$1.2m		The global financial crisis caused a major shift in visitor spend.	\$1.4m (2012 target - \$1.8m) 
	Percentage sales directly contributing to the Rotorua economy.	75%	91%			New measure

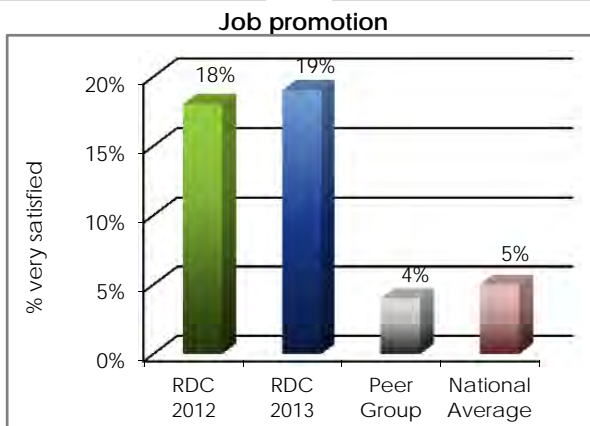
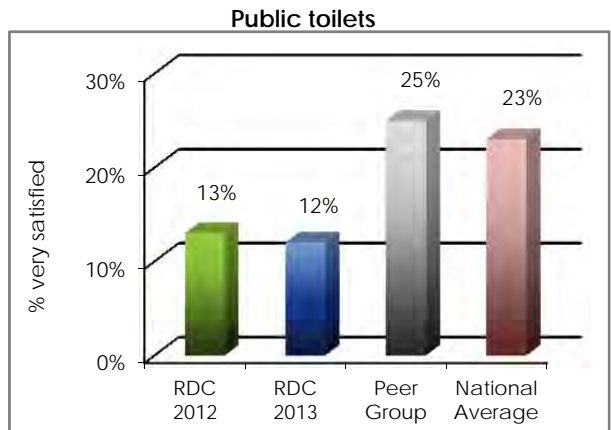
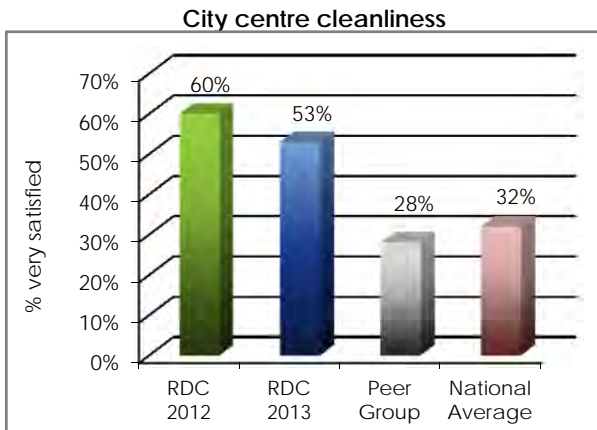


Community satisfaction survey

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

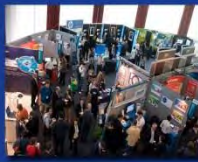


These graphs show the percentage of survey respondents very or fairly satisfied with these services over the last five years.



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 2013.





Events and Venues

What we do

Continued focus on high quality conference and events facilities

In recent times Rotorua has had an encouraging level of forward bookings, especially in the lucrative Conference & Incentive market due to sustained growth in business levels and market share. The challenge is to continue to increase market share to offset the impact of the economic downturn and pricing pressures brought about by competition, to ensure retention of income levels and drive the economic impact of conferences and events for the Rotorua economy.

An updated new strategy on major events attraction is being finalised and will concentrate on securing regular events with a logical linkage to Rotorua as a destination and to assist in their ongoing retention. Emphasis will also be placed on growing existing events and maximising length of stay and spending levels from participants and families.

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.

In the short to medium future, Events and Venues will be competing in a much more challenging marketplace but successes in recent years have provided a strong base for business retention and growth. In the longer term, business growth will be influenced by the economic health of the Australasian economies in particular.

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.

Community outcomes

Prosperous



- 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.

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.



This year's highlights and achievements included:

- **Te Matatini** – A four day national kapahaka competition returned to Rotorua in February for the first time since 1996. 41 teams from New Zealand and Australia participated at the Rotorua International Stadium in an event widely acclaimed as Te Matatini's best ever. Over 50,000 people attended Te Matatini over the 4 days.
- **Conventions and Incentives** - Business tourism continued to be a strong contributor to the local economy in what has been a highly competitive marketplace. 29 Conferences were hosted in our venues, attracting a total of 11,934 delegates against KPI's of 25 and 11,000 respectively.
- **Raggamuffin Reggae Music Festival** - Despite a congested and highly competitive market place, attendances at this year's festival increased, against 2012 attendances, for both the Friday evening (introduced for the first time in 2012) and for the Saturday (when two stages were operative) for a total attendance of 24,000 patrons.
- **Sporting Events** –
 - Rotorua again hosted the **ANZ Cup netball** as well as a 10 team secondary schools international netball tournament. Our portfolio of annual Mountain Biking events continued as well as the annual hosting of the iconic Rotorua Marathon and a number of very successful multi sport events. The national Indoor Bowls championship was hosted with over 100 mats in use over 8 days.
 - February saw the launch of the **Rotorua Bike Festival** which contained a mix of sporting and recreational cycling events, highlighted by two National Mountain Bike Championships; the Downhill and Cross Country events. In all there was a total of 24 events over 9 days.
- **Other**- new initiatives for the past year included the introduction of the Glo and Fire and Ice Festivals and the X Race.
 - **Glo Festival** - Replaced the long standing New Year's Eve Mardi Gras. It was hosted over three days to celebrate the new year and was designed to extend activities beyond the lakefront and direct activities towards our summer visitor market, the family groups.
 - **Fire and Ice Festival** – Held in July and built around the hosting of a portable Ice Rink. As the Festival covered the school holidays this proved to be popular with both visitors and locals alike. Fire and Ice will be grown further in 2013 and it is hoped it will be a core component in an expanded mid winter festival.
 - **X Race** - A New Zealand wide parent/child event which was introduced for the first time in 2013 with regional qualifying competitions, including Rotorua, leading to a national final which Rotorua has secured for a minimum two year period.



What it cost us

	2011/12 Long-term Plan \$000	2012/13 Long-term Plan \$000	2012/13 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,619	3,071	3,612
Targeted rates (other than a targeted rate for water supply)	1,619	0	0
Subsidies and grants for operating purposes	0	0	205
Fees, charges and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	2,073	2,181	2,307
Local authorities fuel tax, fines, infringement fees and other receipts	2,250	2,347	2,014
Total operating funding (A)	7,561	7,599	8,138
Applications of operating funding			
Payments to staff and suppliers	3,762	4,102	4,428
Finance costs	486	395	458
Internal charges and overheads applied	2,810	2,857	2,994
Other operating funding applications	0	0	0
Total applications of operating funding (B)	7,058	7,354	7,880
Surplus (deficit) of operating funding (A - B)	503	245	258
Sources of capital funding			
Subsidies and grants for capital expenditure	988	0	105
Development and financial contributions	37	32	32
Increase(decrease) in debt	(786)	0	(499)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	239	32	(362)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	5
- to replace existing assets	503	245	146
Increase (decrease) in reserves	240	32	(255)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	743	277	(104)
Surplus (deficit) of capital funding (C - D)	(504)	(245)	(258)
Funding balance ((A - B) + (C - D))	0	0	0

Capital expenditure

	2012/13 actual \$000	Additional demand 2012/13 actual \$000	Improved level of service 2012/13 actual \$000	Replaced assets 2012/13 actual \$000	2012/13 budget \$000	Additional demand 2012/13 budget \$000	Improved level of service 2012/13 budget \$000	Replaced assets 2012/13 budget \$000
Convention Centre renewals	72	0	5	67	86	0	0	86
International Stadium asset replacements	68	0	0	68	3	0	0	3
Soundshell and Tea House renewals	0	0	0	0	31	0	0	31
Energy Events Centre asset replacements	11	0	0	11	125	0	0	125
	151	0	5	146	245	0	0	245













Variance from budget

- *Operating income:* Favourable subsidies and grants income for Council run events such as GLO Festival and Recreation Programme, and Fire and Ice. Greater internal recoveries and internal services revenue through Raggamuffin and Te Matatini. Reduction in fees and receipts for Convention Centre and Energy Events Centre due to market conditions.
- *Operating expenditure:* Unbudgeted Energy Events Centre plant/roofing/walk way refurbishment and additional event staging cost.
- *Capital expenditure:* Savings in projected Convention Centre renewal costs, withholding renewals for the Sound Shell in line with policy and delaying renewals for the Energy Events Centre.

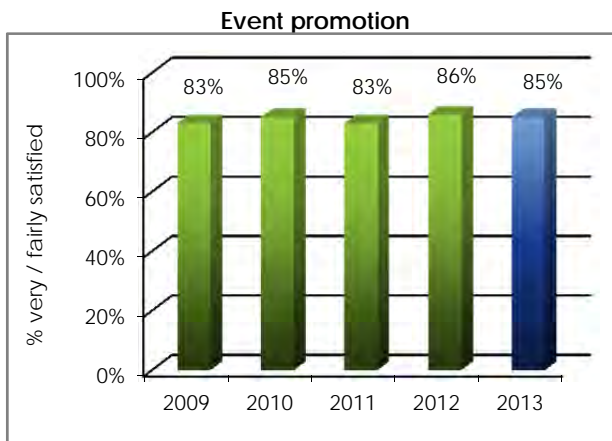
How we performed

Achieved  Not achieved  Not measured 

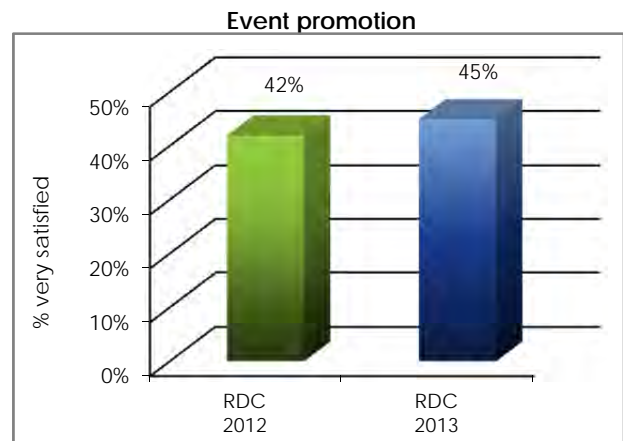
Level of service	Performance measure	Target for 2012/13	Achievement	Comments	Achievement for 2011/12
Excellent well maintained and well used venues.	85% of residents have used/visited an event venue in the last 12 months.	85%	84%	 Results from community satisfaction survey	86% (2012 target - 80%) 
	85% of residents very/fairly satisfied with the service/facility.	85%	85%	 Results from community satisfaction survey	87% 
	50% of repeat bookings from commercial clients within a three year period.	50%	57.8%	 There were 122 repeat bookings from commercial clients for the year which represented 57.8%.	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.	More than 25 conferences held each year.	25	29		34 (2012 target - >34) 
	More than 11,000 conference delegates attending each year.	11,000	11,934		15,632 (2012 target - >11,000) 

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 2013.





Planning Services

What we do

This activity covers the functions of:

- Policy development
- Planning implementation
- Quality assurance and performance.

Policy Development

- 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.

Planning implementation

- 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.

Quality Assurance and Performance

- Monitor and report 'The State of the Environment' within the district every 5 years.
- Monitoring of compliance for conditions of consent.
- Take enforcement actions to ensure compliance is achieved.
- Develop business improvements to optimise the performance of the policy development and planning implementation teams, based on the outcomes of monitoring, compliance and regular reviews of national best practice.

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:

- **Proposed District Plan** – Notified on 31 October 2012. 518 submissions were received. Further submissions were called for in May 2013. A revised 'Summary of Decisions Requested' report is due for release later in 2013 with hearings planned for completion in 2014.
- **Input into central and regional planning matters** – Responding to central government discussion papers, Resource Management Act reform papers, review of other legislative changes including - Te Ture Whenua Act, Local Government Act etc. At a regional level involved in both regional councils' Regional Policy Statements hearings and appeal phases as well as making Council's submission to BOP Regional Council's OSET plan change.
- **Joint Management Agreements (JMA)** – Agreements about improving the health and wellbeing of the Waikato River have been developed with Te Arawa River Iwi Trust (TARIT) and Raukawa. The TARIT JMA was signed in August 2012. The second is with Raukawa which is expected to be signed at a ceremony set down for 5 September 2013.

Community outcomes

Prosperous economy



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

Environment



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



What it cost us

	2011/12 Long-term Plan \$000	2012/13 Long-term Plan \$000	2012/13 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,009	2,852	3,113
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	355	254	196
Internal charges and overheads recovered	5	5	7
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	1
Total operating funding (A)	3,368	3,111	3,317
Applications of operating funding			
Payments to staff and suppliers	2,204	1,895	1,751
Finance costs	0	0	0
Internal charges and overheads applied	1,164	1,216	1,566
Other operating funding applications	0	0	0
Total applications of operating funding (B)	3,368	3,111	3,317
Surplus (deficit) of operating funding (A - B)	0	0	0
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	0	0	0
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	0	0	0
Surplus (deficit) of capital funding (C - D)	0	0	0
Funding balance ((A - B) + (C - D))	0	0	0
















Variance from budget

- *Operating income:* Continued decrease in land use consents resulted in actual being down on budget.
- *Operating expenditure:* Reduced need for specialist advice following formal notification of the proposed district plan. Increased in applied overheads.



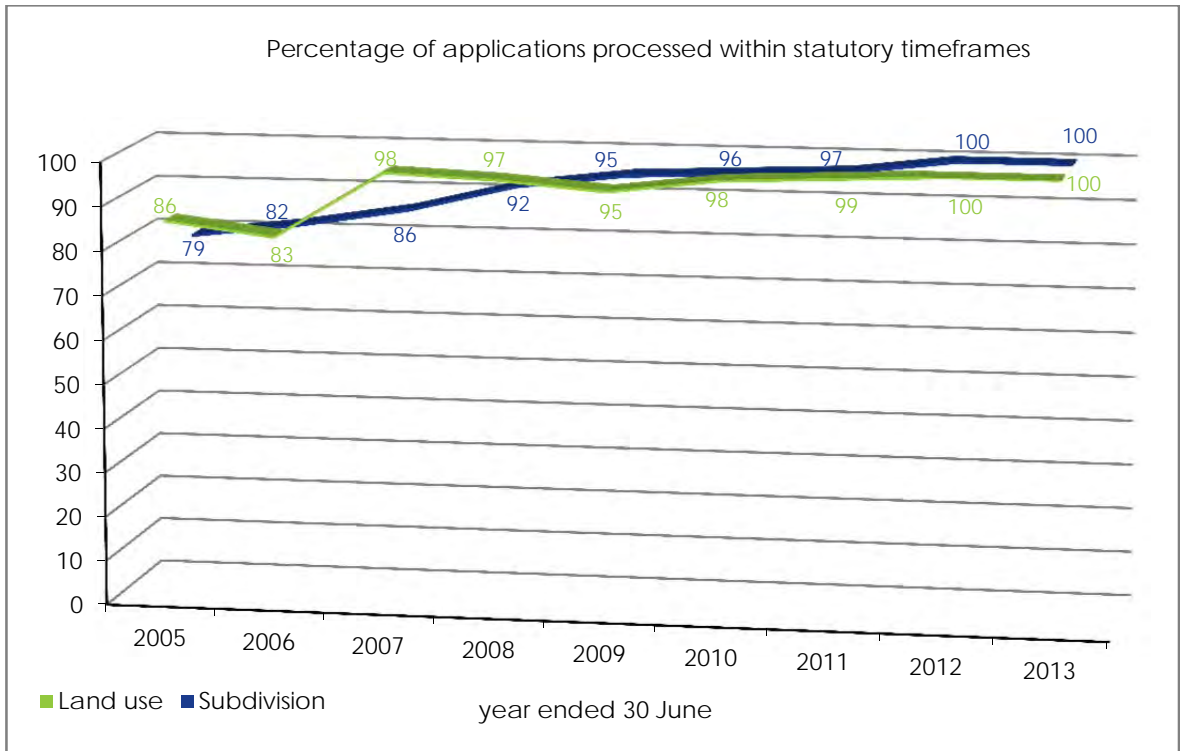
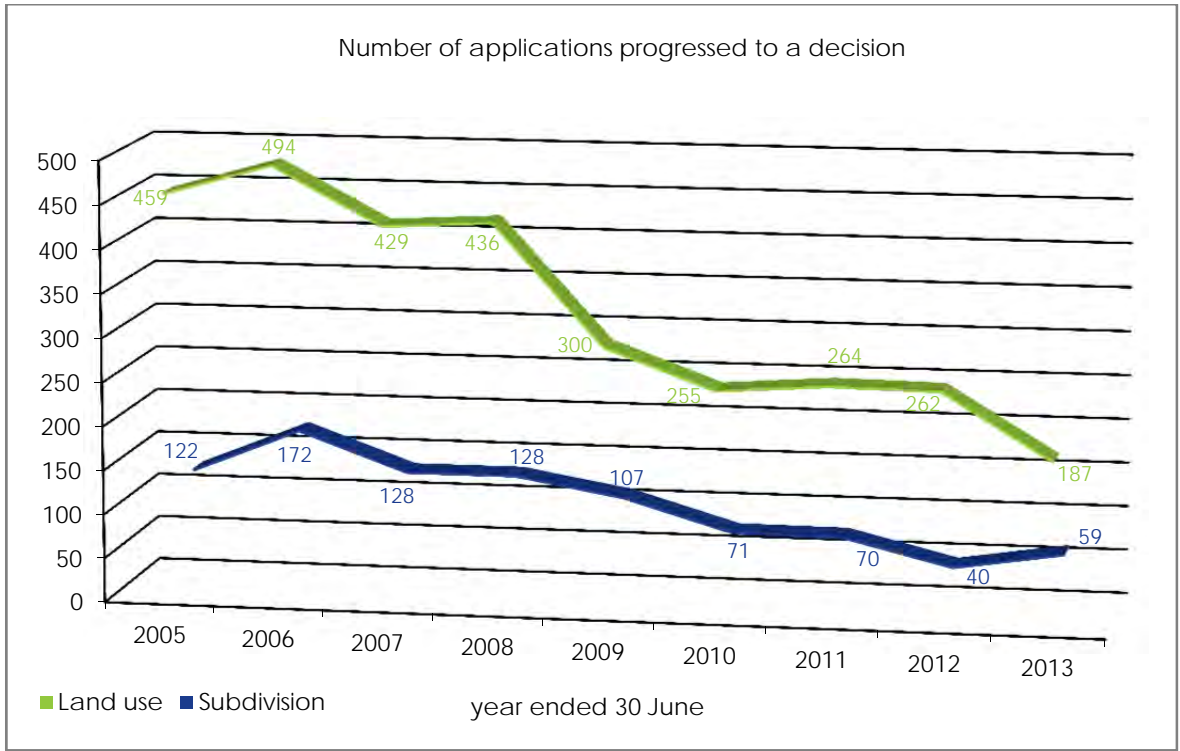
How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2012/13	Achievement	Comments	Achievement for 2011/12
Timely and consistent processing of resource consent applications.	100% of land use consents processed with statutory timeframe of 20 days.	100%	100% 	All 170 land use consent applications and 17 variations processed within statutory timeframes for the year.	99%  (2012 target - >98%)
	40% on or before day 10		40% (75)  within 10 days	179 were non-notified, 6 limited notified and 2 publicly notified.	
	60% on or before day 15		65% (122)  within 15 days	7 applications had timeframes extended under section 37 RMA.	
	100% on or before day 20		100% (187)  within statutory timeframes		
	100% of subdivision consents processed with statutory timeframe of 20 days.	100%	100% 	All 54 subdivision consent applications and 5 variations processed within statutory timeframes.	100%  (2012 target - >98%)
	10% on or before day 10		13% (8)  within 10 days	55 were non-notified and 4 publicly notified.	
	25% on or before day 15		25% (15)  within 15 days	7 applications had timeframes extended under section 37 RMA.	
	100% on or before day 20		100% (59)  within statutory timeframes		
	Council is ranked within the top 20 for timeliness of consent processing.	Achieved	Achieved 	100% resource consents processed within statutory timeframes. RMA survey completed July 2013 results yet to be published by MfE.	New measure
	Percentage of customers very/fairly satisfied with the resource consent process.	Obtain baseline	Achieved 	Quarterly customer surveys will be undertaken from now on.	New measure
Prompt responses to complaints about planning and environmental issues.	100% of complaints responded to within 24 hours of receipt.	100%	100% 	81 complaints responded to within 24 hours of receipt (excluding RMA noise complaints and those dealt with by pollution control)	100% 
Develop and maintain a District Plan which follows good city design principles and creates a sustainable environment for people to live, work, play and invest.	Rotorua District Plan kept current, and progressed through notification, hearings, and decision phase.	Achieved	Achieved 	Proposed District Plan notified 31 October 2013. Revised 'Summary of Decisions Requested' report is due for release later in 2013 with hearings planned for completion in 2014.	New measure



Other indicators





What we do

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

- Animal Control
- Inspection
- Parking Enforcement

The role of this activity is to:

Animal Control

- 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.

Inspection

- Promote and conserve public health.
- Register and inspect food premises, hairdressers and camping grounds.
- Investigate health complaints, monitor water supplies, swimming pool water quality and noise control.
- Manage the district licensing agency to ensure managers and licenced premises hold the appropriate liquor licence and to work towards a reduction in abuse of liquor in the community.
- Provide a complaint response service for matters covered by a number of bylaws to minimise nuisance to the general public (this includes signs, obstruction of public property, disposal of abandoned vehicles, littering, prostitution and gambling).
- Administer the Geothermal Safety Bylaw 2008. Provide an advisory role including undertaking testing for the presence of hydrogen sulphide gas with the intention of ensuring as far as possible, the safety of public from geothermal activity.
- Ensure public safety in the handling and storage of hazardous substances.

Parking Enforcement

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

Why we do it

To enhance the public safety, health and wellbeing of residents and visitors.

This year's highlights and achievements included:

- **Microchipped dogs** - 722 dogs were microchipped at the pound during the period. This represents an increase of 76% on last year's figures.
- **Registered dogs** - 11,028 dogs were registered to the end of the reporting period. This figure represents an increase of 195 registered dogs compared with the previous year. For the first time the total number of dogs registered was more than the known dogs at the beginning of the year.
- **Noise Infringements** - A total of 48 infringements were issued for the six months since Council approved this process to address recidivist offenders. This new process has addressed these issues with previous areas of concern now having abated.
- **Blue Stickers** - Council and staff are the first council in New Zealand being trained, approved and warranted by the Police Commissioner to address, in partnership with the Police, cars illegally parked on the road that are registered in "Persons Unknown". One vehicle has been now registered and another is currently under action.

Community outcomes

Safe and caring



- By providing safe public places free from uncontrolled dogs and wandering stock.
- By ensuring safe public places.
- By minimising risks from nuisances and offensive behaviour.

Healthy



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



What it cost us

	2011/12 Long-term Plan \$000	2012/13 Long-term Plan \$000	2012/13 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	315	627	377
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	937	886	977
Internal charges and overheads recovered	847	938	1,157
Local authorities fuel tax, fines, infringement fees and other receipts	1,900	1,667	1,710
Total operating funding (A)	3,999	4,118	4,221
Applications of operating funding			
Payments to staff and suppliers	2,746	2,570	2,471
Finance costs	3	2	1
Internal charges and overheads applied	1,250	1,514	1,727
Other operating funding applications	0	0	0
Total applications of operating funding (B)	3,999	4,086	4,199
Surplus (deficit) of operating funding (A - B)	0	32	22
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase(decrease) in debt	0	1	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	0	1	0
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	33	22
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	0	33	22
Surplus (deficit) of capital funding (C - D)	0	(32)	(22)
Funding balance ((A - B) + (C - D))	0	0	0

Capital expenditure

	2012/13 actual \$000	Additional demand 2012/13 actual \$000	Improved level of service 2012/13 actual \$000	Replaced assets 2012/13 actual \$000	2012/13 budget \$000	Additional demand 2012/13 budget \$000	Improved level of service 2012/13 budget \$000	Replaced assets 2012/13 budget \$000
Dog pound fence and CCTV system	20	0	0	20	29	0	0	29
Data loggers	2	0	0	2	4	0	0	4
	22	0	0	22	33	0	0	33













Variance from budget

- *Operating income:* Greater registration and prosecution income, health licenses and liquor income.
- *Operating expenditure:* Staff reporting changes.
- *Capital expenditure:* Dog pound fence project cost less than anticipated.

How we performed

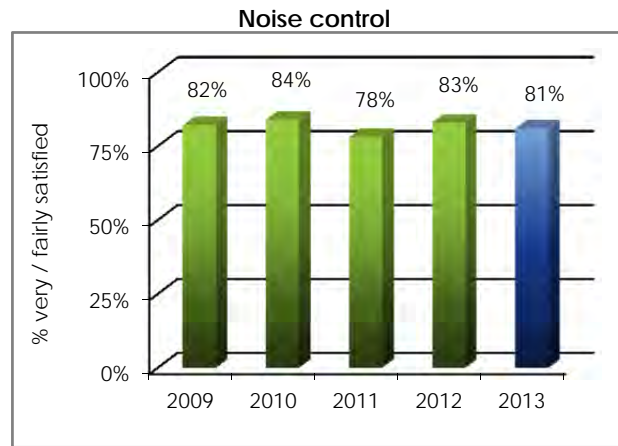
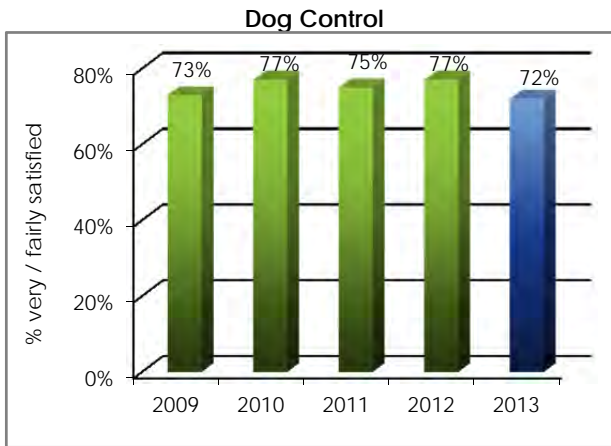
Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2012/13	Achievement	Comments	Achievement for 2011/12
Animal Control					
Provide safe public places free from uncontrolled dogs and wandering stock.	100% of known dogs registered or served with a notice to register by 30 June annually.	100%	102.7% 	11,018 out of 10,807 dogs registered. Significant promotion was undertaken about registering dogs. Staff have continued to infringe dog owners that do not register their dogs.	99% (2012 target - >97.5%) 
	100% of complaints about wandering stock responded to immediately.	100%	100% 	288 / 288 complaints responded to immediately.	100% 
	75% of residents very/fairly satisfied with the control of dogs.	75%	72% 	Whilst slightly down on last year's ranking it is in line with the last 10 years which range from 69% to 77%.	New measure
Inspection					
Ensure district is provided with clean, safe and hygienic food premises, licensed liquor outlets, hairdressers and camping grounds.	100% of all known food premises registered.	100%	100% 	There were 774 food premises registered during the year.	100% 
	100% of all licensed premises are inspected under the Sale of Liquor Act at least once every 12 months to ensure they comply with licence requirements.	100%	100% 	294 premises were inspected. There are 294 registered licensed premises in total.	100% 
	80% of residents very/fairly satisfied with noise control service.	80%	81% 	While up on last year's ranking it is in line with the last 10 years which range from 78% to 86%.	New measure

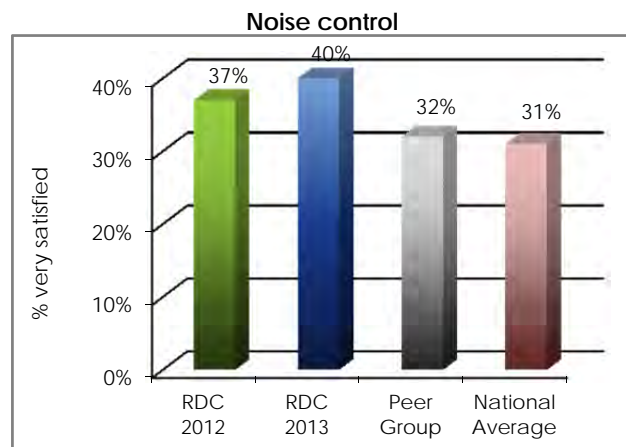
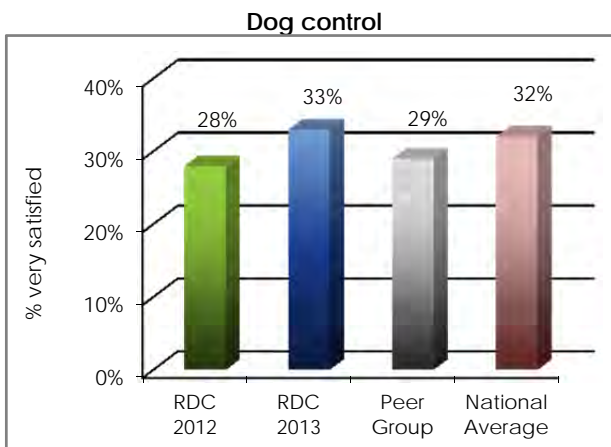


Community satisfaction survey

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

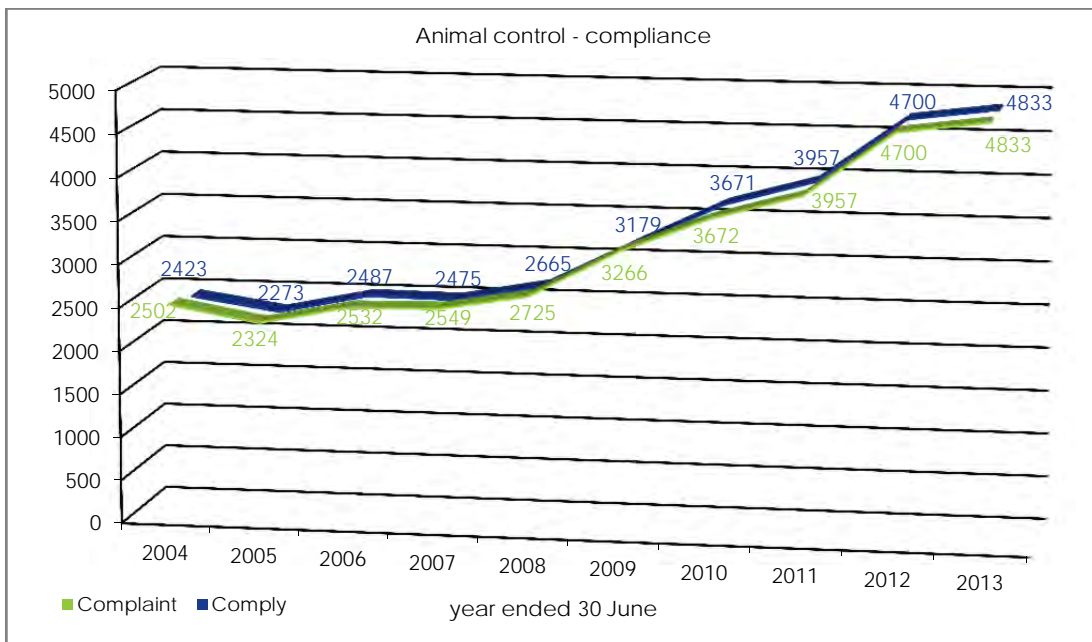


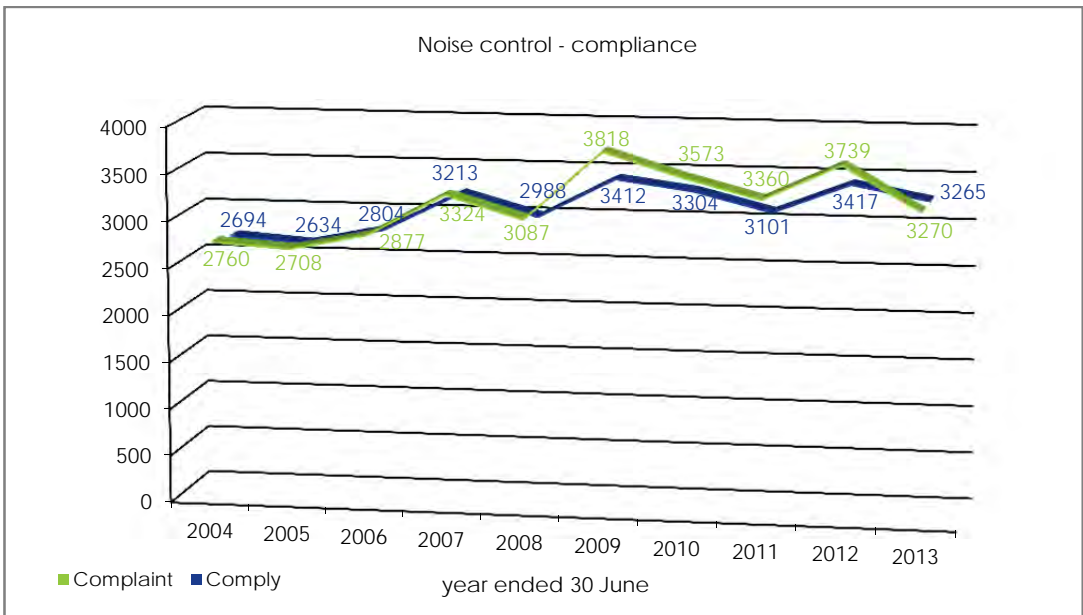
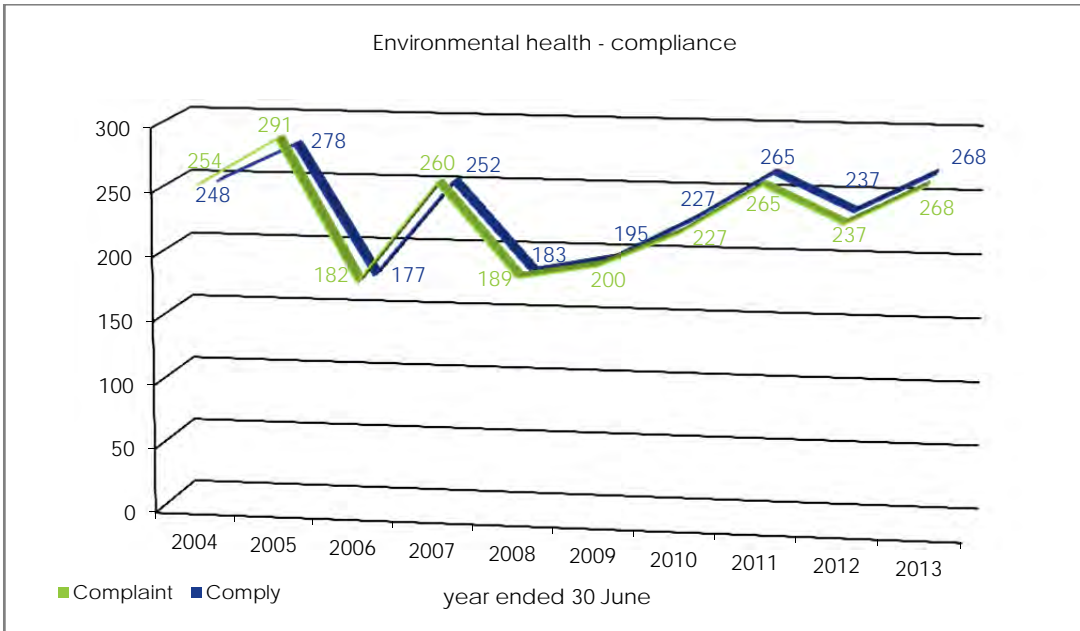
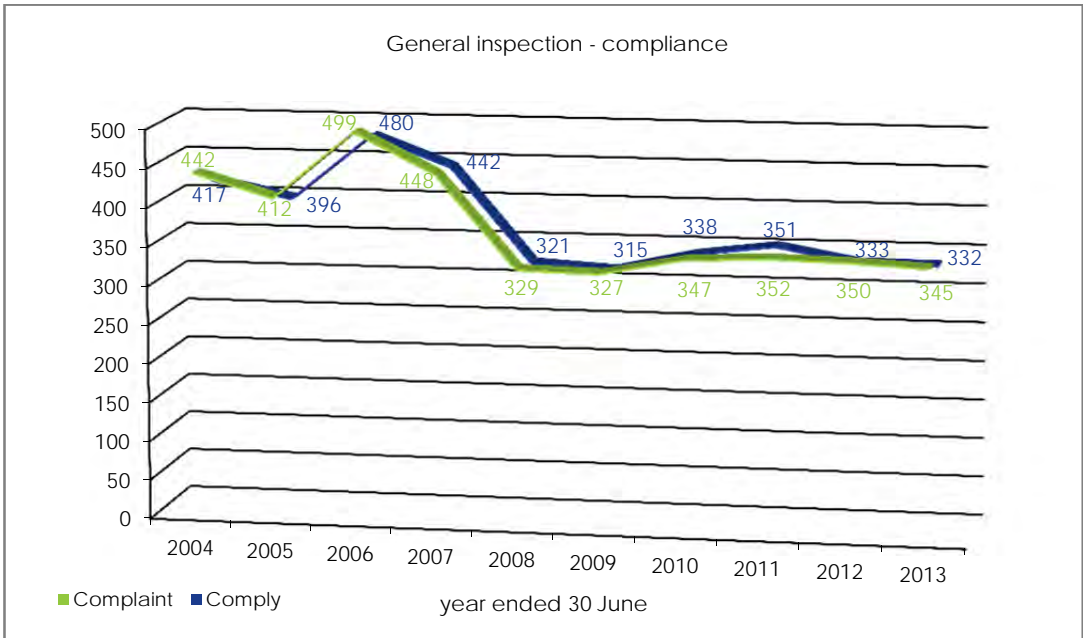
These graphs show the percentage of survey respondents very or fairly satisfied with these services over the last five years.



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 2013.

Other indicators







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 WWI. 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.



What it cost us

	2011/12 Long-term Plan \$000	2012/13 Long-term Plan \$000	2012/13 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,568	1,972	2,049
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	0	0	10
Fees, charges and targeted rates for water supply	98	98	99
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	1,428	1,317	1,183
Total operating funding (A)	3,095	3,387	3,341
Applications of operating funding			
Payments to staff and suppliers	2,422	2,638	2,713
Finance costs	185	237	98
Internal charges and overheads applied	387	397	426
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,994	3,272	3,237
Surplus (deficit) of operating funding (A - B)	101	115	104
Sources of capital funding			
Subsidies and grants for capital expenditure	5,277	2,400	1,750
Development and financial contributions	8	7	6
Increase(decrease) in debt	(3,876)	(1,492)	(1,512)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	1,409	915	244
Applications of capital funding			
Capital expenditure			
- to meet additional demand	8	8	241
- to improve the level of service	1,400	900	2
- to replace existing assets	101	148	139
Increase (decrease) in reserves	0	(26)	(34)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	1,510	1,030	348
Surplus (deficit) of capital funding (C - D)	(101)	(115)	(104)
Funding balance ((A - B) + (C - D))	0	0	0

Capital expenditure

	2012/13 actual \$000	Additional demand 2012/13 actual \$000	Improved level of service 2012/13 actual \$000	Replaced assets 2012/13 actual \$000	2012/13 budget \$000	Additional demand 2012/13 budget \$000	Improved level of service 2012/13 budget \$000	Replaced assets 2012/13 budget \$000
Bathouse Café acquisition	260	241	0	19	0	0	0	0
Exterior Museum building lighting	0	0	0	0	900	0	900	0
Museum asset replacements	83	0	0	83	148	0	0	148
Collection development	5	0	2	3	8	8	0	0
Exhibition fitout	5	0	0	5	0	0	0	0
Bathouse theatre replacements	14	0	0	14	0	0	0	0
Promotional mobile kiosk and audio visual	15	0	0	15	0	0	0	0
	382	241	2	139	1,057	8	900	148













Variance from budget

- *Operating income:* Revenue shortfall was due to decline in paying visitor numbers.
- *Operating expenditure:* Increased emergency repairs and replacement to geothermal bore and unbudgeted insurance cost of the Queen Elizabeth waka on loan from the British Museum.
- *Capital expenditure:* Museum lighting project has been deferred for review. Unbudgeted acquisition of the Bathhouse café.

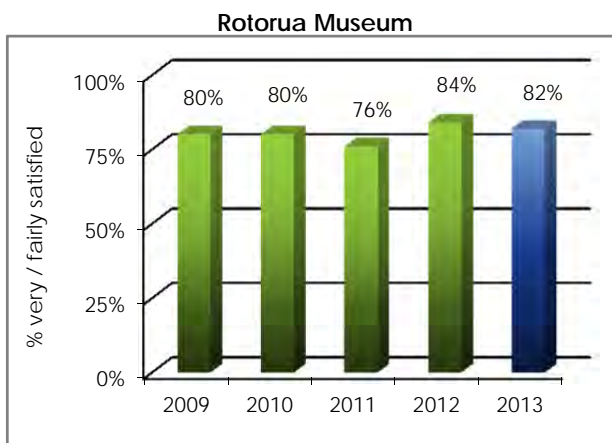
How we performed

Achieved  Not achieved  Not measured 

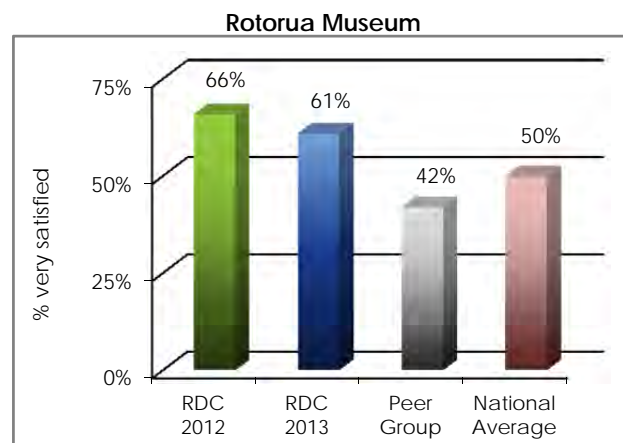
Level of service	Performance measure	Target for 2012/13	Achievement	Comments	Achievement for 2011/12		
An outstanding museum experience, open seven days a week and free to local residents of Rotorua.	60% of households in Rotorua have used/visit the museum in the last year.	60%	64%		64% of Rotorua households reporting having visited the museum each year	66%	
	80% of local residents very /fairly satisfied with the museum and its services.	80%	82%		82% of local residents very/fairly satisfied with the museum and its services	84%	
Provide a range of learning opportunities for primary, secondary, tertiary and adult learners.	Number of public programmes (workshops/ lectures) per year.	20	90		90 public programmes (workshops/lectures) were undertaken for the year, involving a total of 14,400 people.	77	
	Number of students each year participating in the LEOTC programme (curriculum based learning).	11,000 *	10,475		10,475 students participated in the LEOTC programme for the year. Numbers were down as the Museum bus funding did not come through until the end of February. Schools did not visit as bus not available.	12,071 (2012 target - 12,000)	
Position the Museum as a "must see" attraction to visitors to the district, both international and domestic.	Total number of paying visitors per year.	80,000	67,026		67,026 domestic/ international visitors for the year. This has not been achieved due to downturn in tourism visitors in key markets. However, an increase in admission prices to \$20.00 has resulted in record revenue of \$1.143 million.	New measure	
	Average spend per paying visitor.	\$14	\$17.05			New measure	

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 2013.



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
76	Aquatic Centre		✓			✓		✓	✓	
81	Engineering Services		✓			✓				
83	Public Gardens, Reserves and Cemeteries		✓		✓	✓			✓	
88	Roads and Footpaths		✓	✓	✓	✓				
93	Rotorua Airport Infrastructure					✓				
95	Sewerage and Sewage				✓	✓			✓	
99	Stormwater and Land Drainage				✓	✓				
102	Waste Management				✓	✓				
107	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 Centre	5	3	-	2
Engineering Services	6	6	-	-
Public Gardens, Reserves and Cemeteries	9	8	-	1
Roads and Footpaths	7	5	-	2
Rotorua Airport Infrastructure	2	2	-	-
Sewerage and Sewage	6	4	-	2
Stormwater and Land Drainage	4	3	-	1
Waste Management	5	3	-	2
Water Supplies	7	6	-	1
Total	51	40	0	11



Targets not achieved

Aquatic Centre: Despite deferred upgrades to Aquatic Centre facilities satisfaction levels are generally holding their own or reducing slightly.

Roads and Footpaths: Targets were not met for crash rates and public bus services. These are areas Council continues to work on with lead partners on.

Waste Management: The number of tonnes of recycled materials has reduced due largely to competition from a private collection service. The combined amount of recycled material was very close to target (66 tonnes short).

Issues/risks/negative impacts

Potential negative effects associated with undertaking the activities within this group have been assessed. External funding for major capital projects – roads, sewerage schemes – and reduced income at the landfill are considered to be issues/risks. These will be closely monitored in the 2013/14 year.

Capital expenditure

\$ in thousands





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 facilities hold 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:

- **Visitor admissions** – 327,670 total admissions; 2.4% above annual budget.
- **Learn to Swim** – An average of 11,057 students enrolled by term in learn to swim programmes.
- **Awards** –
 - SOLGM GHD Local Government Excellence Awards 2012 winner
 - Sealord NZ Water Safety Awards 2012 Finalist for Unison Lakes Safety programme
 - Swimsation Franchise National Award Winner 2013 – best swim school
 - Keep Rotorua Beautiful Awards Certificate of Appreciation 2013 winner

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

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 events
- By providing pools for competitive swimming, underwater hockey and water polo

Healthy



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



What it cost us

	2011/12 Long-term Plan \$000	2012/13 Long-term Plan \$000	2012/13 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,778	1,894	1,874
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	6	12	24
Fees, charges and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	20	20	20
Local authorities fuel tax, fines, infringement fees and other receipts	1,150	1,136	1,158
Total operating funding (A)	2,954	3,062	3,076
Applications of operating funding			
Payments to staff and suppliers	2,205	2,226	2,263
Finance costs	111	87	57
Internal charges and overheads applied	543	447	460
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,859	2,760	2,780
Surplus (deficit) of operating funding (A - B)	95	302	296
Sources of capital funding			
Subsidies and grants for capital expenditure	0	67	0
Development and financial contributions	48	42	10
Increase(decrease) in debt	184	33	89
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	231	142	99
Applications of capital funding			
Capital expenditure			
- to meet additional demand	81	0	0
- to improve the level of service	184	100	102
- to replace existing assets	96	301	281
Increase (decrease) in reserves	(34)	43	13
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	327	444	396
Surplus (deficit) of capital funding (C - D)	(96)	(302)	(297)
Funding balance ((A - B) + (C - D))	0	0	(1)

Capital expenditure

	2012/13 actual \$000	Additional demand 2012/13 actual \$000	Improved level of service 2012/13 actual \$000	Replaced assets 2012/13 actual \$000	2012/13 budget \$000	Additional demand 2012/13 budget \$000	Improved level of service 2012/13 budget \$000	Replaced assets 2012/13 budget \$000
Aquatic Centre renewals	281	0	0	281	301	0	0	301
Capital upgrade report	83	0	83	0	0	0	0	0
Market research project	19	0	19	0	100	0	100	0
	383	0	102	281	401	0	100	301



Variance from budget

- *Operating income:* Additional sponsorship secured for the Unison Lake Safety Programme.
- *Operating expenditure:* Kaizen Lean training provided to all staff with increased Learn to Swim delivery.
- *Capital expenditure:* Less expenditure to replace the existing assets because of new assets threshold policy.

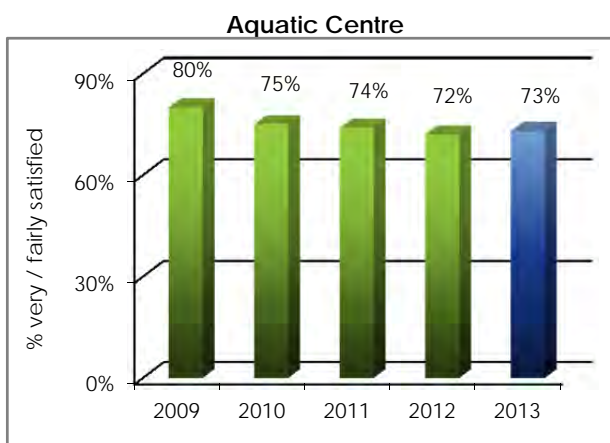
How we performed

Achieved ● Not achieved ● Not measured ●

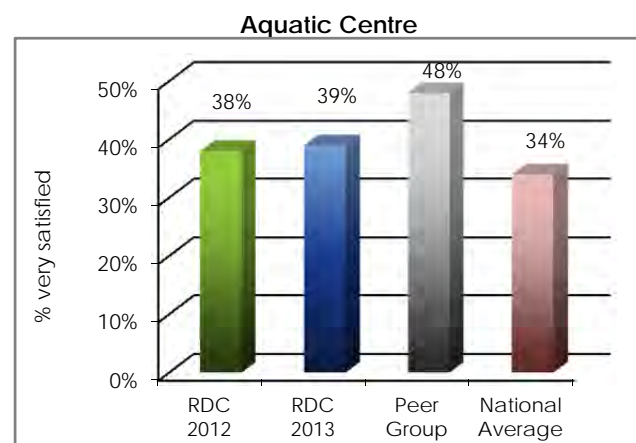
Level of service	Performance measure	Target for 2012/13	Achievement	Comments	Achievement for 2011/12
To provide safe facilities.	PoolSafe accreditation is maintained.	Achieved	Achieved ●	PoolSafe accreditation valid until April 2014.	Achieved ●
Provide water and land based recreational opportunities.	10,500 individuals participate in Learn to Swim School programmes per term.	10,500	11,057 ●		47,692 ● (2012 target - 40,000 enrolments)
Provide an excellent facility and variety of services in a sustainable manner.	75% of residents are very/fairly satisfied with the level of service.	75%	73% ●	Not achieved with major capital development deferred for 2 years (there was a 1% improvement on the previous year)	72% ● (2012 target - 90%)
Provide a variety of fun and accessible activities and events.	Number of visitors to the aquatic centre per year.	320,000	327,670 ●	Achieved at 2.4% above annual target	Not achieved ● (2012 target - 333,250 at \$5.86)
	Percentage of households using/visiting the aquatic centre in a year.	65%	63% ●	Not achieved with the main comments requiring upgrades of facilities.	60% ● (2012 target - 68%)

Community satisfaction survey

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



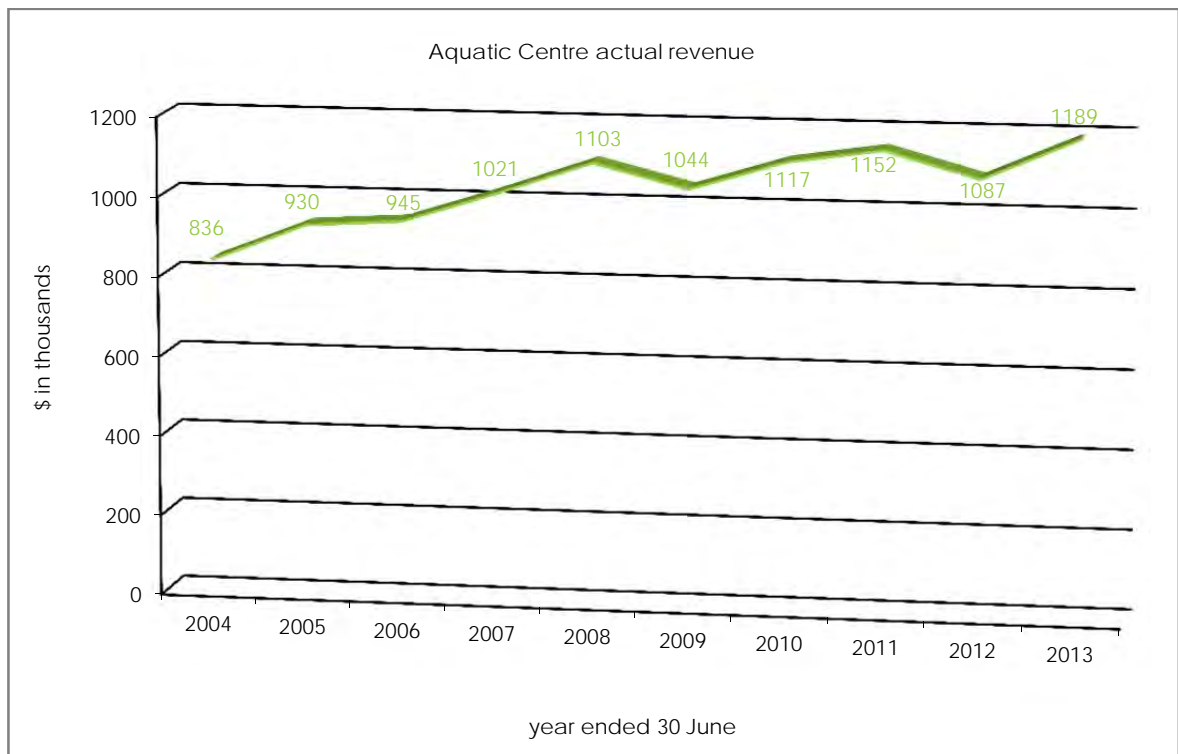
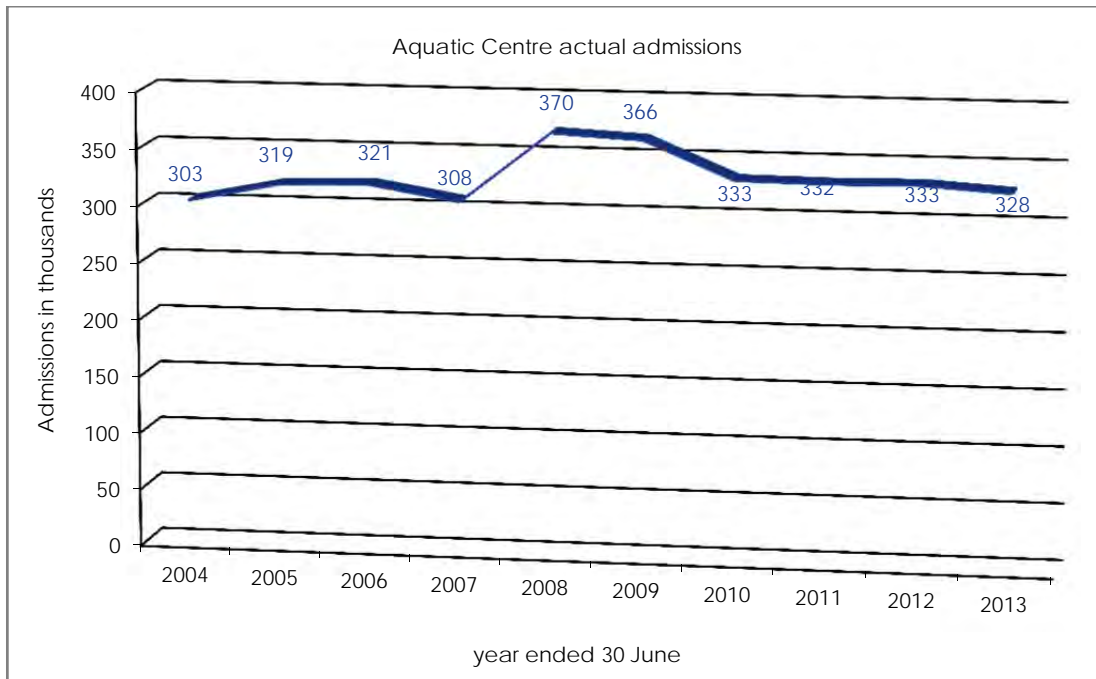
This graph shows the percentage of survey respondents very or fairly satisfied with this service over the last five years.

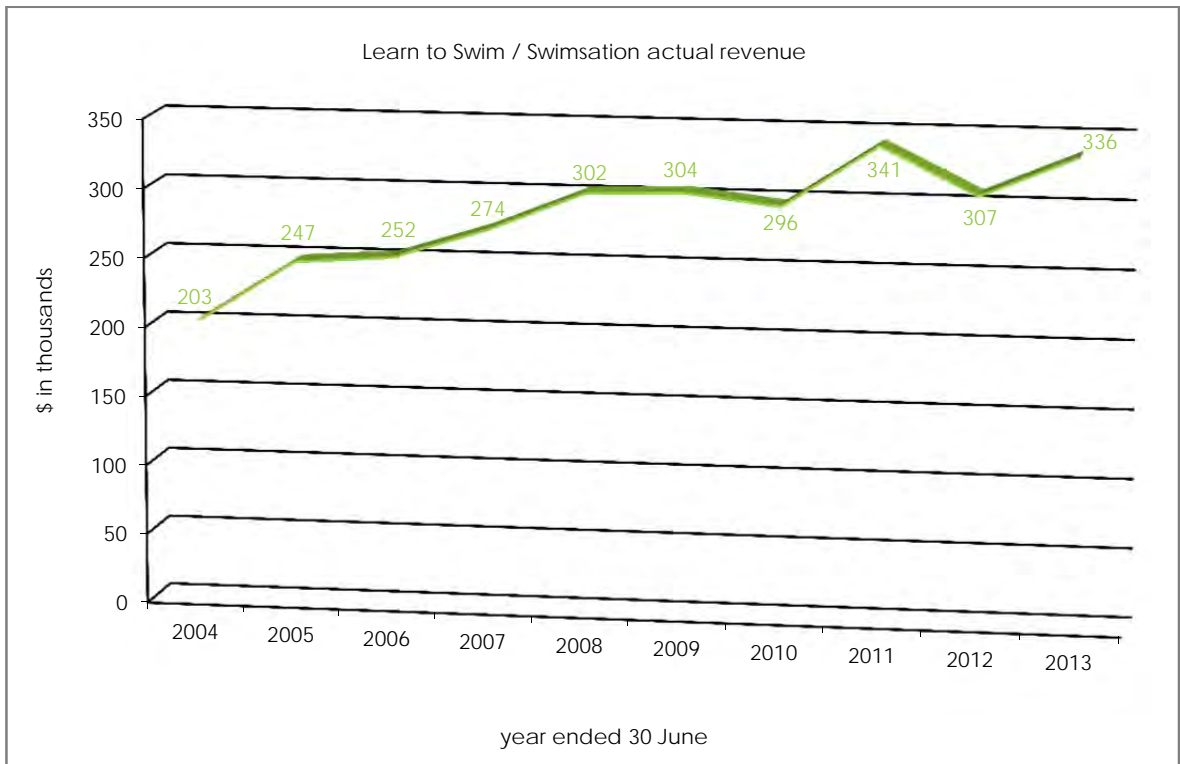
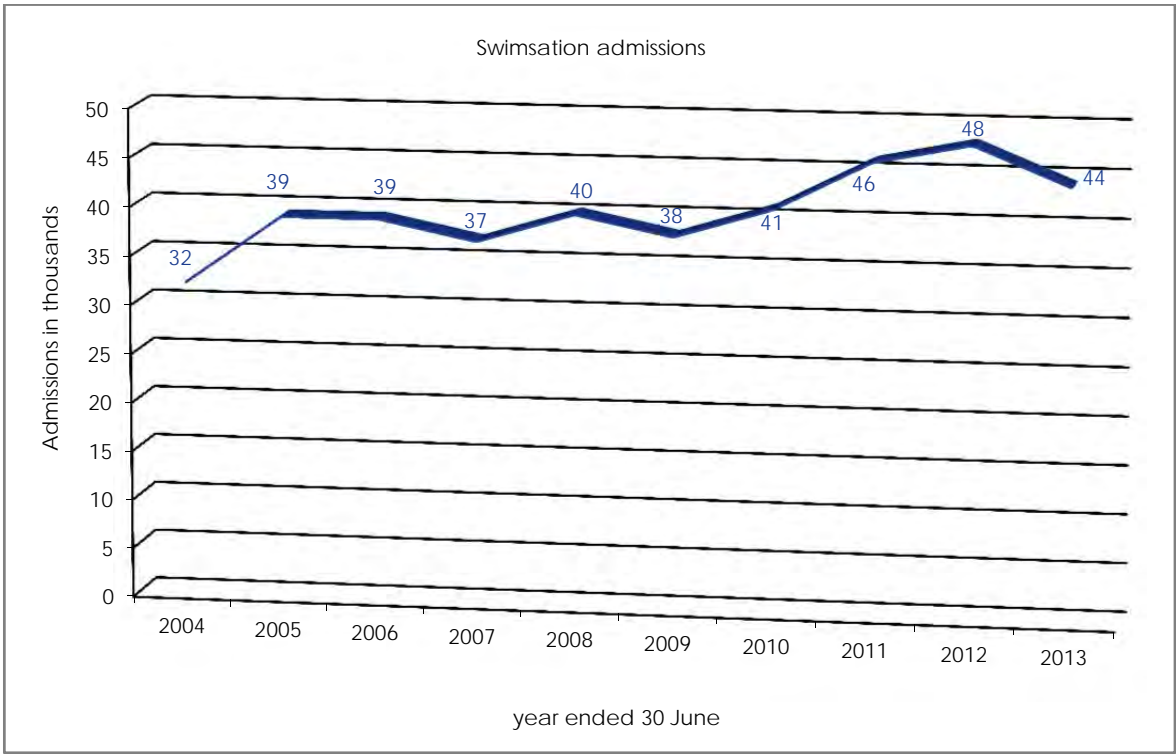


This graph shows the percentage of survey respondents "very" satisfied with this service over the last two years and compares it with our peer group and the national average for 2013.



Other indicators







Engineering Services

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 billing** – Improved billing process following review of the water services billing.
- **Development Contributions Policy** – Submission to government review of development contributions.
- **Risk management** – Independent review of Council's risk management process undertaken.

Community outcomes

Safe and caring



- Effective and efficient administration of road corridor access requests.










Excellent facilities and services



- By providing good quality regulatory controls for the water services.

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2012/13	Achievement	Comments	Achievement for 2011/12	
Monitor and control the community's wastewater discharges (trade waste, stormwater).	40% of premises with a conditional trade waste consent or stormwater licence inspected each year for compliance.	40%	44%		388 inspected out of a total of 891	67% 
	100% of high risk premises annually monitored for compliance.	100%	100%		Total of 43 audited	91% 
	95% of pollution control complaints responded to within two hours.	95%	97%		76 out of a total of 78 responded to within timeframe	100% 
Manage process in accordance with the national code of practice for utility operators access to transport corridors.	60% of works approval notices consented within 5 days.	60%	77%			New measure
	90% works approval notices consented within 10 days.	90%	92%			New measure
	95% of works approval notices consented within 15 days.	95%	100%		Total number of notices 477. An increase from 2012 of 39.	New measure



What it cost us

	2011/12 Long-term Plan \$000	2012/13 Long-term Plan \$000	2012/13 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	125
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	536	578	743
Internal charges and overheads recovered	7,833	8,398	7,922
Local authorities fuel tax, fines, infringement fees and other receipts	434	551	382
Total operating funding (A)	8,803	9,527	9,172
Applications of operating funding			
Payments to staff and suppliers	5,523	5,435	5,453
Finance costs	6	20	9
Internal charges and overheads applied	2,626	3,374	3,683
Other operating funding applications	635	687	0
Total applications of operating funding (B)	8,788	9,516	9,145
Surplus (deficit) of operating funding (A - B)	15	11	27
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase(decrease) in debt	20	0	(27)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	20	0	(27)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	20	0	0
- to replace existing assets	15	11	0
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments			
Total applications of capital funding (D)	35	11	0
Surplus (deficit) of capital funding (C - D)	(15)	(11)	(27)
Funding balance ((A - B) + (C - D))	0	0	0

Capital expenditure

	2012/13 actual \$000	Additional demand 2012/13 actual \$000	Improved level of service 2012/13 actual \$000	Replaced assets 2012/13 actual \$000	2012/13 budget \$000	Additional demand 2012/13 budget \$000	Improved level of service 2012/13 budget \$000	Replaced assets 2012/13 budget \$000
Laboratory renewals	0	0	0	0	11	0	0	11

Variance from budget

- *Operating income:* Revenue is up due to mainly testing for WWTP staff setting up the MBR (Membrane Bio Reactor) for Western Bay of Plenty District Council at Maketu. Increased water usage and also some recovery of the works done.
- *Operating expenditure:* Less expenditure on research and trials.
- *Capital expenditure:* No capital expenditure for existing assets.





Public Gardens, Reserves and Cemeteries

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** – Completed construction of Karenga Park youth space in Koutu.
- **Notable trees** – Identified 35 trees and groups of trees for protection in the proposed District Plan.
- **Okawa Bay boatramp** – Following extensive Iwi and public consultation the boatramp accessed from Okawa Bay Reserve was opened for public use.
- **Community plantings** – Conservation Week and Arbor Day plantings days undertaken at Jackson Park and the Utuhina Stream banks adjacent to Ray Boord Park.
- **Rotorua Sustainable Charter Stream Restoration Project** – Restoration planting undertaken alongside Kauaka Stream between the Waipa mountain bike parking area and State Highway 5.
- **Stunning garden displays and plantings** maintained by planting 40,000 spring bulbs, 175,000 bedding display plants and 13,700 trees and shrubs.
- **Redwoods/Tokorangi Forest Green Flag Accreditation** – The Redwoods/Tokorangi Forest was one of only 13 parks in the southern hemisphere to attain the Green Flag accreditation which is the internationally recognised parks benchmark standard.
- **2012 Rotorua Chamber of Commerce Employee of the Year Award Winner – Walter Miller** - Prior to his retirement in December 2012 after 40 years of service, Council's Parks Operations Manager, Walter Miller received the Rotorua Chamber of Commerce's Employee of the Year Award.



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.

Excellent facilities and services



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

Environment



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

Healthy



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

What it cost us

	2011/12 Long-term Plan \$000	2012/13 Long-term Plan \$000	2012/13 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	7,970	7,812	7,667
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	0	0	3
Fees, charges and targeted rates for water supply	(26)	0	3
Internal charges and overheads recovered	1,845	593	581
Local authorities fuel tax, fines, infringement fees and other receipts	2,502	2,865	1,596
Total operating funding (A)	12,292	11,270	9,850
Applications of operating funding			
Payments to staff and suppliers	3,370	3,229	3,052
Finance costs	976	865	267
Internal charges and overheads applied	7,157	6,107	6,258
Other operating funding applications	0	0	0
Total applications of operating funding (B)	11,503	10,201	9,577
Surplus (deficit) of operating funding (A - B)	789	1,069	273
Sources of capital funding			
Subsidies and grants for capital expenditure	3	0	25
Development and financial contributions	674	649	185
Increase(decrease) in debt	1,062	1,565	759
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	1,739	2,214	969
Applications of capital funding			
Capital expenditure			
- to meet additional demand	90	223	294
- to improve the level of service	1,094	1,554	977
- to replace existing assets	674	884	472
Increase (decrease) in reserves	670	622	(501)
Increase (decrease) in investments			
Total applications of capital funding (D)	2,528	3,283	1,242
Surplus (deficit) of capital funding (C - D)	(789)	(1,069)	(273)
Funding balance ((A - B) + (C - D))	0	0	0



Capital expenditure

	2012/13 actual \$000	Additional demand 2012/13 actual \$000	Improved level of service 2012/13 actual \$000	Replaced assets 2012/13 actual \$000	2012/13 budget \$000	Additional demand 2012/13 budget \$000	Improved level of service 2012/13 budget \$000	Replaced assets 2012/13 budget \$000
Public gardens renewals	375	0	0	375	638	0	0	638
Minor reserve improvements	147	0	147	0	865	0	865	0
Boatramps development	11	6	5	0	60	36	24	0
Karenga Park youth play facility	270	0	270	0	155	0	155	0
Government Gardens lighting upgrade	106	0	95	11	200	0	180	20
Reserve land purchases	354	269	86	0	11	8	3	0
Redwoods toilets	342	0	292	50	207	0	176	31
New toilet construction	62	19	44	0	175	59	116	0
Public toilets improvements	47	0	38	9	250	120	35	95
Crematorium renewals	2	0	0	2	28	0	0	28
Nursery renewals	25	0	0	25	72	0	0	72
	1,743	294	977	472	2,661	223	1,554	884














Variance from budget

- *Operating income:* Unfavourable due to Tokorangi forestry harvesting being deferred.
- *Operating expenditure:* Work now taken over by Castlecop. Rates charges picked up by lessees. Reduction in reserves contribution valuations required and legal fees.
- *Capital expenditure:* Capital programme completed with carry overs forwarded to 2014 financial year for minor reserve improvements, Karenga Park youth facility, Government Gardens lighting upgrade, reserve land purchases and Redwoods toilets. Crematorium building roof renewal not completed.



How we performed

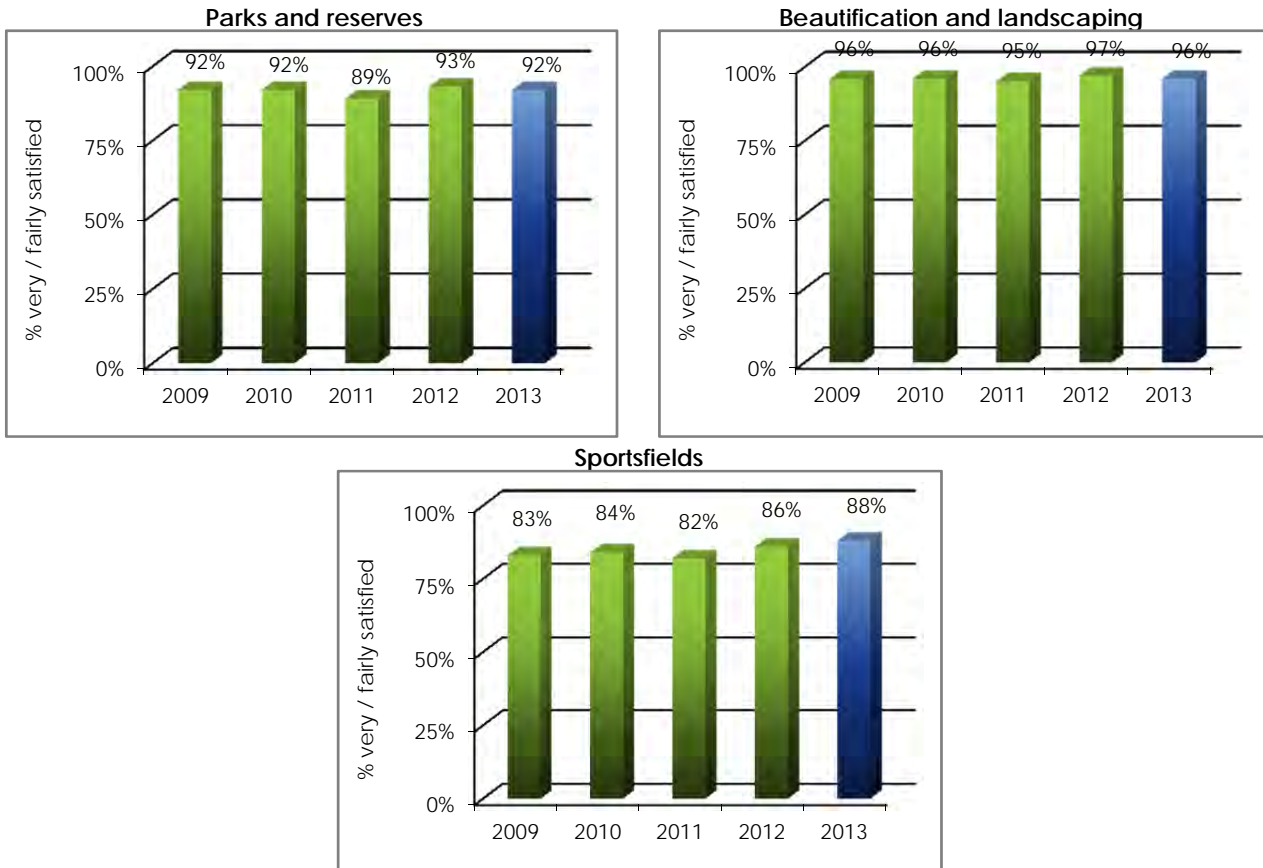
Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2012/13	Achievement	Comments	Achievement for 2011/12
Provide safe parks and reserves.	95% of playgrounds comply with Playground Safety Standard (NZS:4828).	95%	98.7% 	1.7 % improvement on last year	New measure
	100% of all new development on reserves designed to incorporate CPTED principles.	100%	Achieved 		New measure
Enhance the aesthetic look of Rotorua in terms of quality plantings, bedding displays, interpretation and design and appropriate access.	95% of residents very/fairly satisfied with the level of service for beautification and landscaping.	95%	96% 	1.5 % decrease on last year	97% (2012 target – 90%) 
Protecting and enhancing reserves for the enjoyment of all.	90% of residents very/fairly satisfied with the level of service for parks, reserves and playgrounds.	90%	92% 	1 % decrease on last year	New measure
	85% of households used/visited parks, reserves and playgrounds in last 12 months.	85%	90% 	Same as last year	New measure
Provide and maintain facilities for recreational activities.	80% of residents are very/fairly satisfied with the level of service for sportsfields.	80%	88% 	3 % improvement on last year	86% (2012 target – 85%) 
	70% of households have used/visited sportsfields in last 12 months.	70%	69% 	1 % improvement on last year	New measure
Provide adequate open space to meet community needs.	Amount of reserve per 1000 population.	12 ha	17.3 ha/1000 population 		21.93 ha/1000 
	90% of children's play areas within 500m of dwellings in the urban area.	90%	96.6% 	0.9% decrease on last year with 19,120 dwellings closer than 500 metres from a children's play area out of a total of 19,711 dwellings in the urban area.	97.5% (2012 target – 95%) 

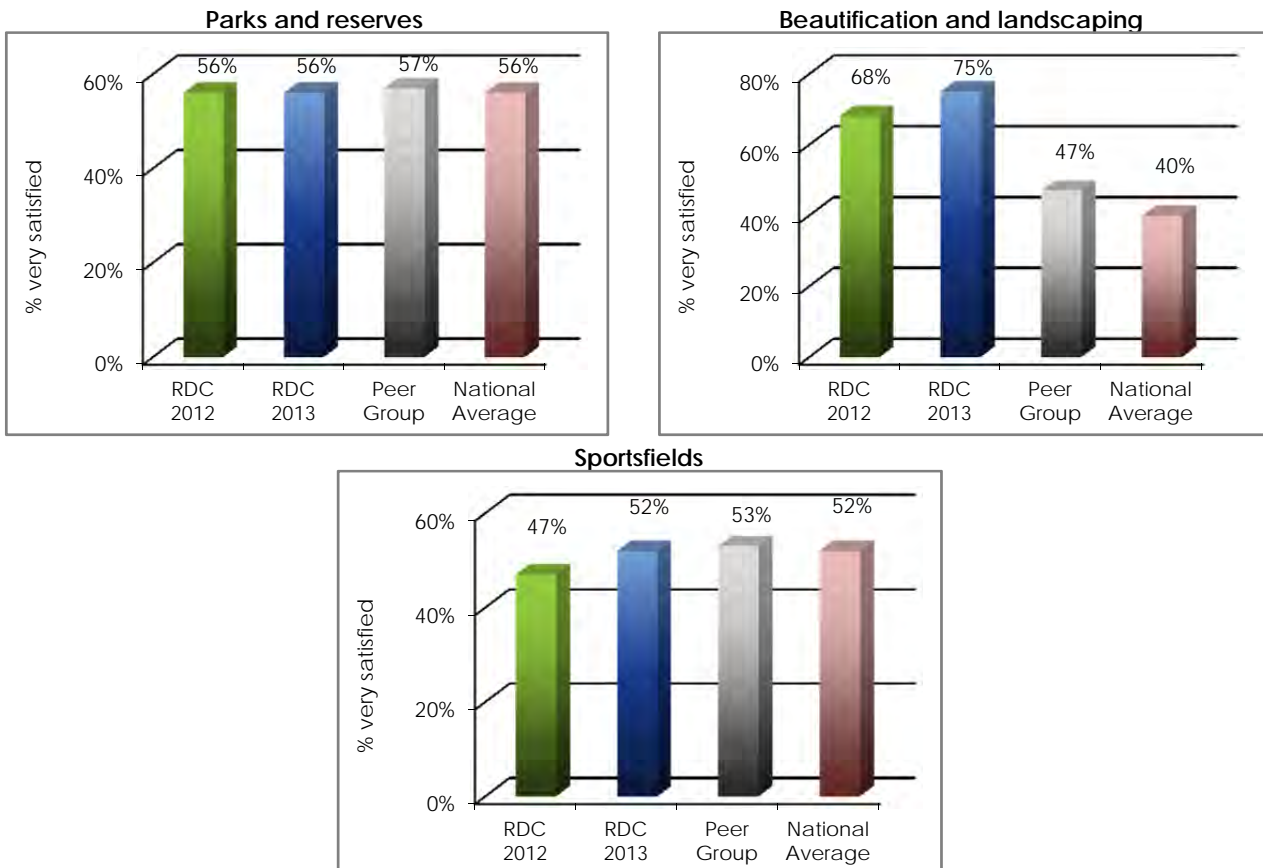


Community satisfaction survey

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



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



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 2013.





Roads and Footpaths

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 Rotorua district where three major economic drivers of forestry, agriculture and tourism are so reliant on efficient transport systems.

Highlights in the Long-term Plan include the Victoria Street Arterial, expansion of the Rotorua Transport Centre and developments within the CBD. The Rotorua Eastern Arterial is a NZTA project but Council will play a significant support role in implementation of this crucial project. The council will:

- 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 transport 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** – Completed and officially opened 25 June 2013.
- **Road safety** – 2012/13 programme successfully completed. Programmes/campaigns included Back to School, education around new give way rules, Rueben 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.

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.

Prosperous



- By providing an attractive and lively city.

Excellent facilities and services



- By ensuring Rotorua is easy to get from place to place.

Environment



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



What it cost us

	2011/12 Long-term Plan \$000	2012/13 Long-term Plan \$000	2012/13 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	12	8,992	5,694
Targeted rates (other than a targeted rate for water supply)	8,951	0	0
Subsidies and grants for operating purposes	2,998	2,913	2,922
Fees, charges and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	0	0	17
Local authorities fuel tax, fines, infringement fees and other receipts	755	708	594
Total operating funding (A)	12,716	12,613	9,227
Applications of operating funding			
Payments to staff and suppliers	6,529	6,092	6,981
Finance costs	2,223	1,928	1,367
Internal charges and overheads applied	1,197	1,493	1,409
Other operating funding applications	0	0	0
Total applications of operating funding (B)	9,949	9,513	9,757
Surplus (deficit) of operating funding (A - B)	2,767	3,100	(530)
Sources of capital funding			
Subsidies and grants for capital expenditure	6,487	7,689	6,279
Development and financial contributions	243	213	346
Increase(decrease) in debt	1,486	3,203	5,565
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	8,216	11,105	12,190
Applications of capital funding			
Capital expenditure			
- to meet additional demand	6,761	6,861	4,251
- to improve the level of service	2,295	4,194	3,832
- to replace existing assets	4,954	5,953	5,394
Increase (decrease) in reserves	(3,027)	(2,803)	(1,817)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	10,983	14,205	11,660
Surplus (deficit) of capital funding (C - D)	(2,767)	(3,100)	530
Funding balance ((A - B) + (C - D))	0	0	0



Capital expenditure

	2012/13 actual \$000	Additional demand 2012/13 actual \$000	Improved level of service 2012/13 actual \$000	Replaced assets 2012/13 actual \$000	2012/13 budget \$000	Additional demand 2012/13 budget \$000	Improved level of service 2012/13 budget \$000	Replaced assets 2012/13 budget \$000
Transport Subsidised								
Emergency capital reinstatement	200	0	200	0	0	0	0	0
Parcliffe Road drainage control	177	0	177	0	0	0	0	0
Minor safety projects	448	0	448	0	520	0	520	0
New BUS SHELTER	10	10	0	0	43	43	0	0
Lake Road project investigation	3	3	0	0	0	0	0	0
Road reseals	2,579	0	0	2,579	2,391	0	0	2,391
Lake Road reconstruction	5,727	4,057	844	826	9,000	6,626	1,325	1,049
Drainage renewals	0	0	0	0	220	0	0	220
Rehabilitation renewals	1,591	0	0	1,591	1,503	0	0	1,503
Cycleway construction	3	3	0	0	0	0	0	0
Culvert renewals	128	0	0	128	129	0	0	129
Passenger transport centre	0	0	0	0	250	0	0	250
Traffic services renewals	171	0	0	171	182	0	0	182
	11,037	4,073	1,669	5,295	14,238	6,669	1,845	5,724

	2012/13 actual \$000	Additional demand 2012/13 actual \$000	Improved level of service 2012/13 actual \$000	Replaced assets 2012/13 actual \$000	2012/13 budget \$000	Additional demand 2012/13 budget \$000	Improved level of service 2012/13 budget \$000	Replaced assets 2012/13 budget \$000
Transport Unsubsidised								
Footpath renewals	73	0	0	73	144	0	0	144
TeAkau Road retaining wall	13	13	0	0	55	55	0	0
Land acquisition	84	84	0	0	50	50	0	0
Maori roadlines	81	81	0	0	87	87	0	0
Minor safety improvements	11	0	11	0	35	0	35	0
National cycleway	402	0	402	0	0	0	0	0
Parks roading renewals	26	0	0	26	85	0	0	85
Rural seal extensions	1,300	0	1300	0	1104	0	1104	0
Security lighting	52	0	52	0	50	0	50	0
CBP upgrade	0	0	0	0	400	0	400	0
Rural street improvements	324	0	324	0	447	0	447	0
Urban street improvements	74	0	74	0	313	0	313	0
	2,440	178	2163	99	2,770	192	2349	229












Variance from budget

- *Operating income:* Subsidies and grants received from Land Transport NZ for operating and administration is in line with budget. Increased size/length of Ruru campaign on local highways.
- *Operating expenditure:* Emergency works related to a storm event in August 2012 resulted in extensive damage to Oturoa, Dalbeth and Paradise Valley Roads.
- *Capital expenditure:* Capital projects approved were all completed. Total costs were marginally below reported budget. Land costs for Lake Road were carried forward to 2014. Victoria Street arterial project and Rotorua transportation centre did not proceed because NZTA funding share was not approved.



How we performed

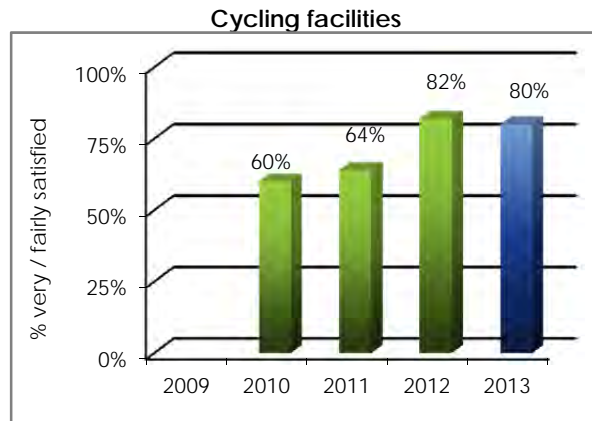
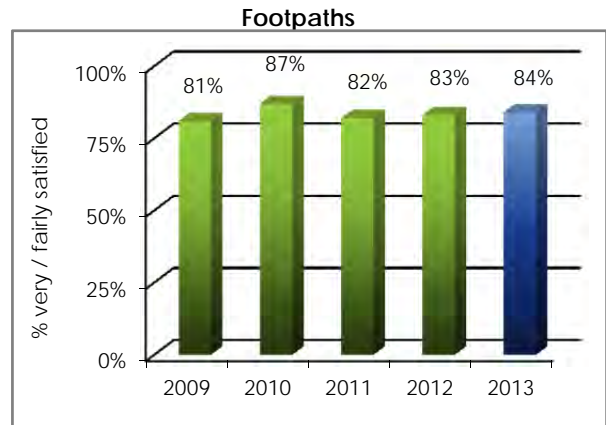
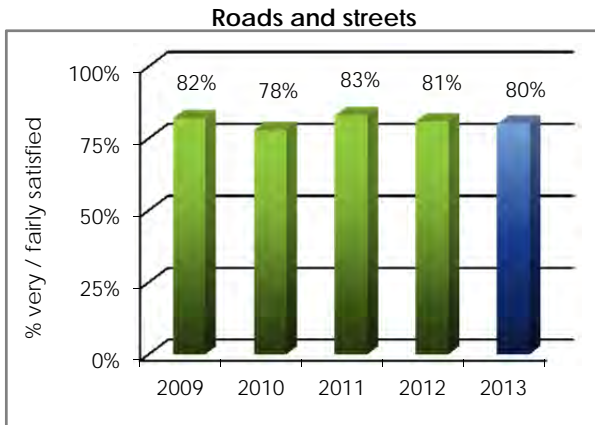
Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2012/13	Achievement	Comments	Achievement for 2011/12
Provide a safe roading network.	Declining trend for injury crashes.	65	67 		New measure
Provision of an efficient well maintained roading network.	95% of public bus services run on time.	Achieved	88% 	Figure as supplied by bus company.	91% 
	Cumulative road condition indice within 1.5% of national average.	Achieved	-0.36% 	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.	+0.23%  (2012 target -1.5% minimum)
	80% of residents are very/fairly satisfied with the roading network.	80%	80% 		New measure
Provide good utilisation of public parking.	70%-90% average parking occupancy during normal business hours.	70-90%	70-90% 	Surveys completed on demand within target range where measured.	Achieved 
	65% of residents are very/fairly satisfied with parking in Rotorua city.	65%	68% 		New measure
Provide educational and sustainability programmes that support the environment.	6 educational programmes delivered per year.	6	9 	9 programmes were delivered which were: <ul style="list-style-type: none"> ▪ Cycling ▪ Speed ▪ Alcohol and drugs ▪ Walking ▪ Rear seat passengers ▪ Younger drivers ▪ Safer roads and roadsides (intersections) ▪ Older drivers – Agewise and Mobility ▪ NCS Highways 	Achieved 

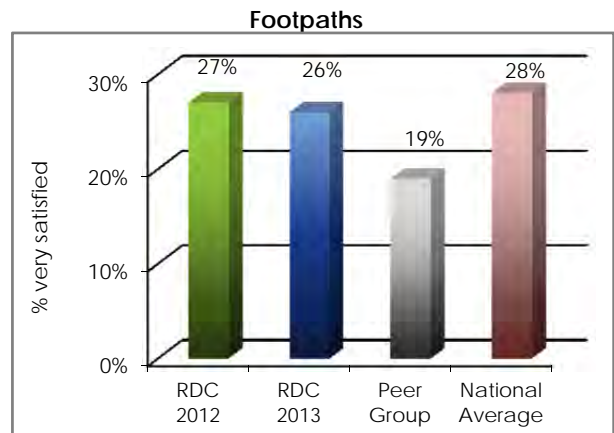
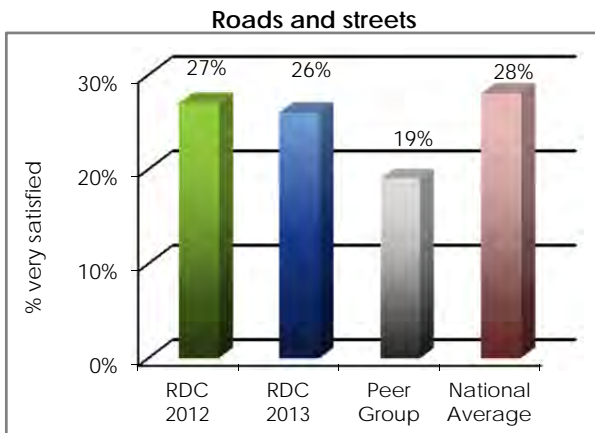


Community satisfaction survey

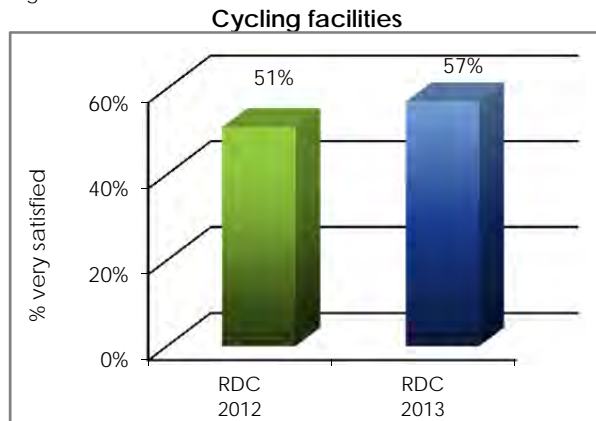
The graphs below have been prepared from the annual Community Satisfaction Survey.



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



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 2013.



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





Rotorua Airport Infrastructure

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.

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.

Community outcomes

Excellent Facilities and Services



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

What it cost us

This year's highlights and achievements included:

- Floating wetland** – Assembly of the largest man-made floating wetland completed. 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 who come into Rotorua via the airport.
- Noise mitigation** – At Pikirangi Marae the effects of aircraft noise was mitigated by the installation of sound deadening insulation, improved door and window sealing, with ventilation for kitchen, dining and meeting areas. Close liaison with hapu and iwi resulted in the successful completion of this project while preserving the taonga and traditional usage of the site.

	2011/12 Long-term Plan \$000	2012/13 Long-term Plan \$000	2012/13 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	4,000	4,000	4,000
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	0	0	1
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	768	1,050	732
Total operating funding (A)	4,768	5,050	4,733
Applications of operating funding			
Payments to staff and suppliers	97	115	214
Finance costs	4,222	4,111	3,814
Internal charges and overheads applied	54	172	168
Other operating funding applications	0	0	0
Total applications of operating funding (B)	4,373	4,398	4,196
Surplus (deficit) of operating funding (A - B)	395	652	537



What it cost us cont'd

	2011/12 Long-term Plan \$000	2012/13 Long-term Plan \$000	2012/13 actual \$000
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase(decrease) in debt	0	0	3,956
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	0	0	3,956
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	793	375	442
- to replace existing assets	0	291	28
Increase (decrease) in reserves	(398)	(14)	4,023
Increase (decrease) in investments			
Total applications of capital funding (D)	395	652	4,493
Surplus (deficit) of capital funding (C - D)	(395)	(652)	(537)
	0	0	0
Funding balance ((A - B) + (C - D))	0	0	0

Capital expenditure





	2012/13 actual \$000	Additional demand 2012/13 actual \$000	Improved level of service 2012/13 actual \$000	Replaced assets 2012/13 actual \$000	2012/13 budget \$000	Additional demand 2012/13 budget \$000	Improved level of service 2012/13 budget \$000	Replaced assets 2012/13 budget \$000
Property purchases	411	0	411	0	225	0	225	0
Runway and other renewals	28	0	0	28	291	0	0	291
Southern extension	8	0	8	0	50	0	50	0
Runway upgrades	3	0	3	0	0	0	0	0
Wetlands mitigation	20	0	20	0	100	0	100	0
	470	0	442	28	666	0	375	291

Variance from budget

- *Operating income:* Development levy and fees and charges down on budget. This is reflective of all development contributions being down against budget as a result of decreased building and subdivision consents.
- *Operating expenditure:* Loan interest lower than budgeted amount.
- *Capital expenditure:* Runway renewals deferred to 2014. Investigation for a suitable site as a condition of airport designation to rehabilitate wetland is ongoing. Strategic purchase of 44 Lee Road for development of the airport. Noise mitigation of Pikirangi Marae as a condition of the airport designation.

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2012/13	Achievement	Comments	Achievement for 2011/12
Provide reliable infrastructure to enable local and trans-Tasman airlinks to and from Rotorua	No airport closures or flight delays caused by the failure of the airport infrastructure to meet industry safety and operational standards.	Achieved	Achieved 	No closures as a result of failure to meet industry safety and operational standards.	Achieved 
Provide a safe airport	100% compliance with CAA regulations	100%	100% 		100% 





Sewerage and Sewage

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.

Rotorua's key wastewater assets are summarised as follows:

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

Why we do it

To 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:

- **Hamurana/Awahau Sewerage Scheme** – Scheme construction completed, connecting 538 properties to the wastewater system which previously discharged into the environment.
- **Fenton Park trunk sewer improvements** – Upsizing and replacement of the main sewer lines from the Whakarewarewa area to the wastewater treatment plant.
- **Future options for wastewater treated effluent disposal** – Completion of a report identifying options for future disposal of treated process water.
- **Depot Street rising main replacement** – Replacement of 1.8km of 600mm diameter pressure main from Depot Street to Victoria Street.
- **Farnsworth pump station generator** – Installation of a standby generator for use in the event of power cuts.
- **Depot Street pump station upgrade** – Replacement of pumps pipework and the standby generator at Depot Street pump station.

Community outcomes

Excellent facilities and services



- By providing good, quality infrastructure for the future.

Environment



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

Healthy



- By providing a sanitary wastewater collection and treatment service.



What it cost us

	2011/12 Long-term Plan \$000	2012/13 Long-term Plan \$000	2012/13 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	624
Targeted rates (other than a targeted rate for water supply)	10,156	10,131	10,887
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	5	0	1
Internal charges and overheads recovered	761	768	951
Local authorities fuel tax, fines, infringement fees and other receipts	477	1,024	924
Total operating funding (A)	11,399	11,923	13,387
Applications of operating funding			
Payments to staff and suppliers	4,263	5,790	5,730
Finance costs	496	787	1,333
Internal charges and overheads applied	3,341	2,729	2,528
Other operating funding applications	0	0	0
Total applications of operating funding (B)	8,100	9,306	9,591
Surplus (deficit) of operating funding (A - B)	3,300	2,617	3,796
Sources of capital funding			
Subsidies and grants for capital expenditure	6,925	10,766	946
Development and financial contributions	264	231	100
Increase(decrease) in debt	0	0	(6,835)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	1,346	1,293	1,905
Total sources of capital funding (C)	8,535	12,290	(3,884)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	12,786	8,099	2,323
- to improve the level of service	2,087	4,701	3,471
- to replace existing assets	2,851	2,276	5,144
Increase (decrease) in reserves	(5,888)	(169)	(11,026)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	11,836	14,907	(88)
Surplus (deficit) of capital funding (C - D)	(3,300)	(2,617)	(3,796)
Funding balance ((A - B) + (C - D))	0	0	0



Capital expenditure

	2012/13 actual \$000	Additional demand 2012/13 actual \$000	Improved level of service 2012/13 actual \$000	Replaced assets 2012/13 actual \$000	2012/13 budget \$000	Additional demand 2012/13 budget \$000	Improved level of service 2012/13 budget \$000	Replaced assets 2012/13 budget \$000
Network renewals	2,528	0	0	2,528	1,500	0	0	1,500
Pump station renewals	1,129	0	0	1,129	172	0	0	172
WWTP renewals	516	0	0	516	240	0	0	240
Land treatment renewals	121	0	0	121	364	0	0	364
Urban network improvements	143	108	0	35	0	0	0	0
Pump station improvements	61	0	61	0	0	0	0	0
Rural wastewater schemes contribution to WWTP	(7,338)	(7,192)	(146)	0	0	0	0	0
Land treatment improvements	204	0	204	0	0	0	0	0
Fenton Park/Sala Street network upgrade	2,709	1,922	0	787	0	0	0	0
Thermal deconstruction	139	0	139	0	3,100	0	3,100	0
Terax contribution	524	0	524	0	0	0	0	0
Gisborne Point/Rotoma treatment plant	327	196	131	0	0	0	0	0
Hamurana/Awahau scheme	4,960	3,472	1,488	0	3,500	2,464	1,036	0
Gisborne Point/Hinehopu WW scheme	50	30	20	0	1,300	780	520	0
Mamaku sewerage scheme	78	43	35	0	100	55	45	0
Okareka sewerage scheme	555	443	84	28	0	0	0	0
Rotoma sewerage scheme	76	76	0	0	4,800	4,800	0	0
Tarawera sewerage scheme	20	20	0	0	0	0	0	0
Brunswick sewerage scheme	2,675	2,167	508	0	0	0	0	0
Okere/Otaramarae scheme	2,449	1,715	734	0	0	0	0	0
Eastern trunk contributions from connected schemes	(988)	(677)	(313)	0	0	0	0	0
	10,938	2,323	3,471	5,144	15,076	8,099	4,701	2,276










Variance from budget

- Operating income:** Increased revenue due to extended operating period for Maketu Treatment Plant. Targeted rates are higher due to increased ratepayer base from new schemes coming on earlier than expected. Trade waste revenue higher than budgeted.
- Operating expenditure:** Increased cost for research, additional methanol used to get nitrogen levels down, higher electricity/ rates.
- Capital expenditure:** Fenton Park / Sala Street network upgrade carried forward from previous years with some work added to the original scope of the project. Depot Street pump station upgrade project was deferred from previous year and scope of work extended. Standby generators were also replaced at Hona Road and Elizabeth Street pump stations. Rotoma/Rotoiti sewerage scheme not progressed due to consenting issues.



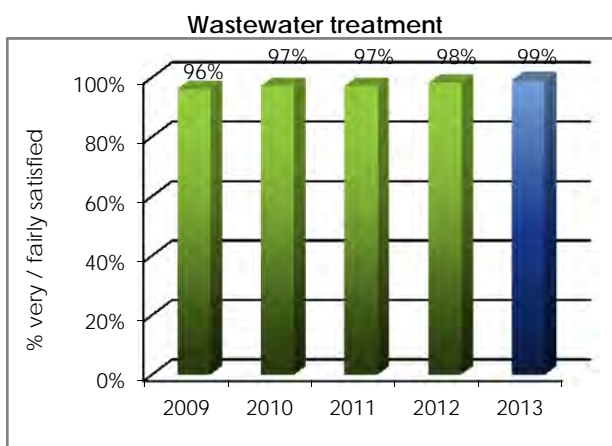
How we performed

Achieved  Not achieved  Not measured 

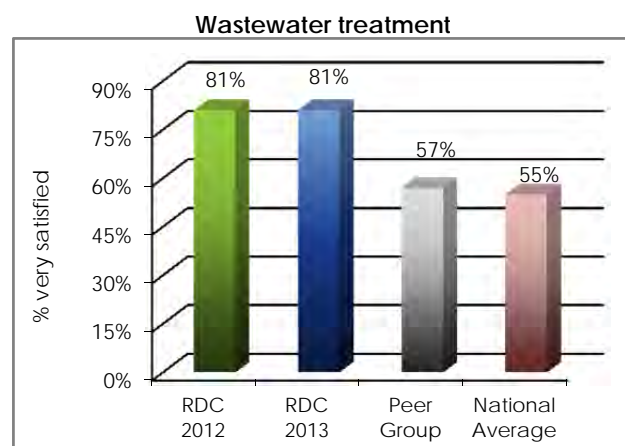
Level of service	Performance measure	Target for 2012/13	Achievement	Comments	Achievement for 2011/12	
Provide sewerage systems that are safe, reliable and sustainable.	Reduction in number of household unit equivalents discharging to septic tanks.	Hamurana 560 Rotoiti 480 Rotoma 252 connected	Hamurana 538 Rotoma/Rotoiti 0	 	Hamurana completed – final scheme area reduced to 538 household equivalent units. Rotoiti/Rotoma not commenced due to resource consent issues.	New measure
	Less than 14 overflows caused by network faults (per 100km of mains) annually.	14	6.4		This represents 30 overflows for the year in total (6.4 overflows per 100km of mains = 30 overflows in total). Council is continually working to reduce the incidence of overflows by targeting problem areas for increased maintenance and inspections.	Achieved (2012 target - <14 overflows) 
	95% of customers are very/fairly satisfied with wastewater services.	95%	99%			98% (2012 target - 99%) 
	95% of overflows responded within 1 hour.	95%	97.5%			New measure
	100% of consent conditions complied with.	100%	99% 1% unable to be achieved as out of Council's control		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, part of which Council has no control over. 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.	99% 

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 2013.





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** – Customer satisfaction has risen again amongst those with urban land drainage schemes, with a rating of 95% of people very/fairly satisfied with stormwater drainage schemes. This is up from 92% last year.
- **Significant rainfall event** – In August 2012 Rotorua experienced a significant rainfall event. No properties were recorded as being affected by the event.

Community outcomes

Excellent facilities and services



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

Environment



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



What it cost us

	2011/12 Long-term Plan \$000	2012/13 Long-term Plan \$000	2012/13 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	454	3,326	3,590
Targeted rates (other than a targeted rate for water supply)	2,000	0	0
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	112	120	311
Total operating funding (A)	2,566	3,446	3,901
Applications of operating funding			
Payments to staff and suppliers	294	433	704
Finance costs	484	730	377
Internal charges and overheads applied	1,258	1,340	1,566
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,036	2,503	2,647
Surplus (deficit) of operating funding (A - B)	530	943	1,254
Sources of capital funding			
Subsidies and grants for capital expenditure	5	0	0
Development and financial contributions	49	43	22
Increase(decrease) in debt	415	255	247
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	469	298	269
Applications of capital funding			
Capital expenditure			
- to meet additional demand	104	246	215
- to improve the level of service	415	255	269
- to replace existing assets	530	978	1,269
Increase (decrease) in reserves	(50)	(239)	(230)
Increase (decrease) in investments			
Total applications of capital funding (D)	999	1,240	1,523
Surplus (deficit) of capital funding (C - D)	(530)	(942)	(1,254)
Funding balance ((A - B) + (C - D))	0	1	0

Capital expenditure

	2012/13 actual \$000	Additional demand 2012/13 actual \$000	Improved level of service 2012/13 actual \$000	Replaced assets 2012/13 actual \$000	2012/13 budget \$000	Additional demand 2012/13 budget \$000	Improved level of service 2012/13 budget \$000	Replaced assets 2012/13 budget \$000
City Stormwater Upgrades	595	215	269	111	679	246	255	178
Stormwater Renewals:					800	0	0	800
Koutu Road Drainage Renewals	304	0	0	304				
Lake Road Renewals	850	0	0	850				
Other Stormwater Renewals	4	0	0	4				
	1,753	215	269	1,269	1,479	246	255	978



Variance from budget

- *Operating income:* Recoveries from Regional Council for Kaituna Scheme work is higher than budgeted but reflects the actual works undertaken, and is proportionate to costs incurred for the Kaituna Scheme.
- *Operating expenditure:* Higher than expected costs on the Kaituna Scheme. Costs were recovered from the Bay of Plenty Regional Council.
- *Capital expenditure:* Exceeds budget mainly due to timing of works and projects progressed more quickly than planned. Major projects this year have been Lake Road stormwater (now completed), Koutu drainage (still in progress), Gordon Road (still in progress).

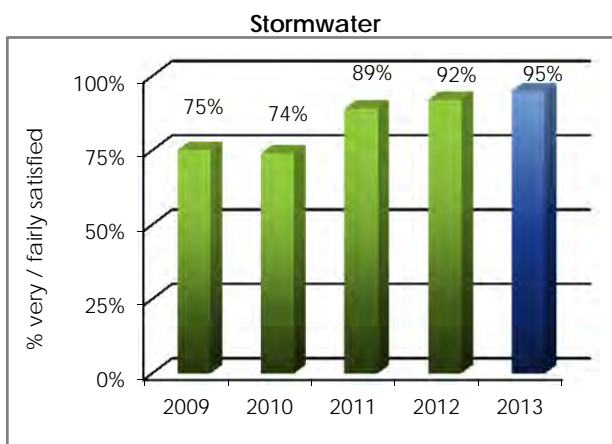
How we performed

Achieved ● Not achieved ● Not measured ●

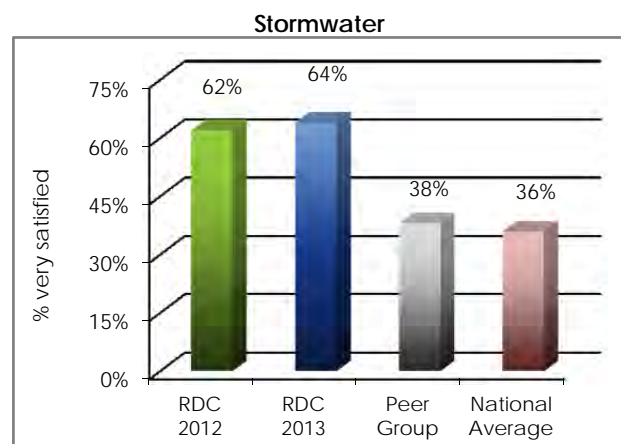
Level of service	Performance measure	Target for 2012/13	Achievement	Comments	Achievement for 2011/12
Provide a stormwater network that minimises the impact on the environment	No breaches of consent conditions	Achieved	0 ●	There were no breaches of consent conditions notified by Regional Council.	Achieved ●
Provide a stormwater network that minimises the impact of flooding to people, their properties and livelihoods.	Less than 3 dwellings per year affected by floodwaters	<3	0 ●	Significant event August 2012 – no dwellings flooded	Achieved ●
	95% of blockages responded to in 24 hours	95%	85% ●	Of 41 blockages, 6 were not completed on time	95.4% ●
	80% of people very/fairly satisfied with stormwater drainage schemes.	80%	95% ●		92% ●

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 2013.





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** - Secured \$4.7 million funding from Ministry for the Environment for construction of the plant to treat biosolids waste and for further research into other organic wastes. Design of the TERAX™ plant commenced.

Community outcomes

Excellent facilities and services



- By providing good quality infrastructure for the future.










Environment



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

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2012/13	Achievement	Comments	Achievement for 2011/12
Provide sustainable recycling facilities for household, green waste and concrete.	Percentage of green waste and concrete recovered from total amount landfilled.	15%	40.7% 	17,059 tonnes of green waste and demolition waste was recovered	12,507  (2013 target - 16,000 tonnes/pa ± 10%)
	Number of tonnes per annum of recycled material recovered.	4,250 tonnes	4,027 tonnes 	3,304 tonnes collected by council. 723 tonnes collected by private collection services.	4,184  (2012 target - 4,050 tonnes)
Minimise impact on environment.	No breaches of consent conditions notified by Regional Council.	Achieved	0 	0 breaches reported for year.	Achieved 
Provide sustainable disposal facilities.	Less than 55,000 tonnes rubbish/waste landfilled annually.	55,000	41,911 tonnes 	The total quantity put in the landfill for 2012/13 was 41,911, which is a 24% reduction on the target.	48,099 tonnes  (2012 target - <62,5000 tonnes ± 10%)
Provide efficient household waste collection service.	95% of residents very/fairly satisfied with refuse collection service.	95%	94% 		New measure



What it cost us

	2011/12 Long-term Plan \$000	2012/13 Long-term Plan \$000	2012/13 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,025	1,052	1,027
Targeted rates (other than a targeted rate for water supply)	2,042	2,103	2,119
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	1,450	1,317	1,292
Local authorities fuel tax, fines, infringement fees and other receipts	4,882	5,620	4,137
Total operating funding (A)	9,399	10,092	8,575
Applications of operating funding			
Payments to staff and suppliers	4,176	4,030	4,235
Finance costs	466	374	438
Internal charges and overheads applied	3,496	3,941	3,927
Other operating funding applications	0	0	0
Total applications of operating funding (B)	8,138	8,345	8,600
Surplus (deficit) of operating funding (A - B)	1,261	1,747	(25)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	300	17
Development and financial contributions	0	0	0
Increase(decrease) in debt	1,000	0	204
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	1,000	300	221
Applications of capital funding			
Capital expenditure			
- to meet additional demand	1,043	0	0
- to improve the level of service	1,000	400	749
- to replace existing assets	150	106	6
Increase (decrease) in reserves	68	1,541	(559)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	2,261	2,047	196
Surplus (deficit) of capital funding (C - D)	(1,261)	(1,747)	25
Funding balance ((A - B) + (C - D))	0	0	0

Capital expenditure

	2012/13 actual \$000	Additional demand 2012/13 actual \$000	Improved level of service 2012/13 actual \$000	Replaced assets 2012/13 actual \$000	2012/13 budget \$000	Additional demand 2012/13 budget \$000	Improved level of service 2012/13 budget \$000	Replaced assets 2012/13 budget \$000
Carbon emission credits	158	0	158	0	0	0	0	0
Landfill renewals	6	0	0	6	106	0	0	106
Landfill development projects:					400	0	400	0
Gas flaring project	386	0	386	0	0	0	0	0
Resource education centre	56	0	56	0	0	0	0	0
Leachate project	12	0	12	0	0	0	0	0
Terax contribution	137	0	137	0	0	0	0	0
	755	0	749	6	506	0	400	106

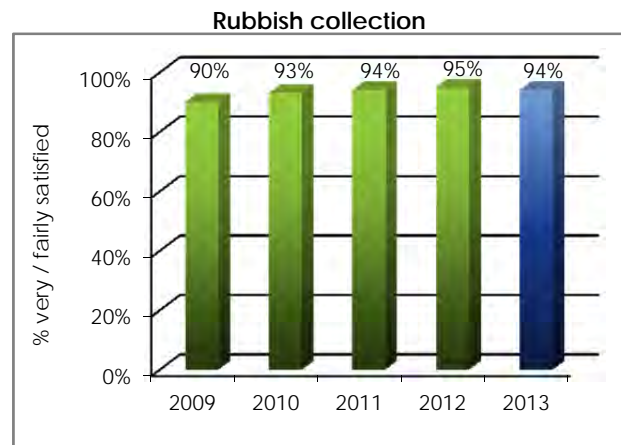
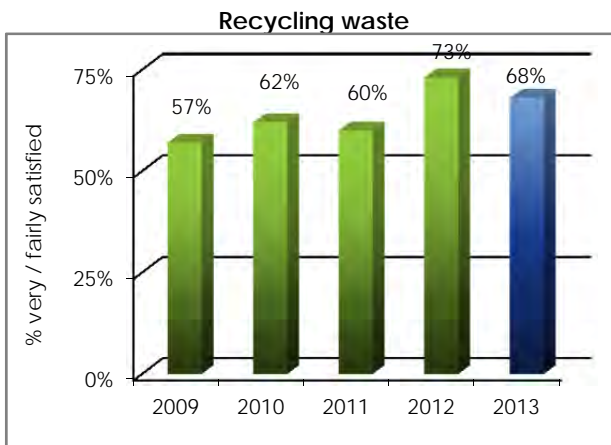


Variance from budget

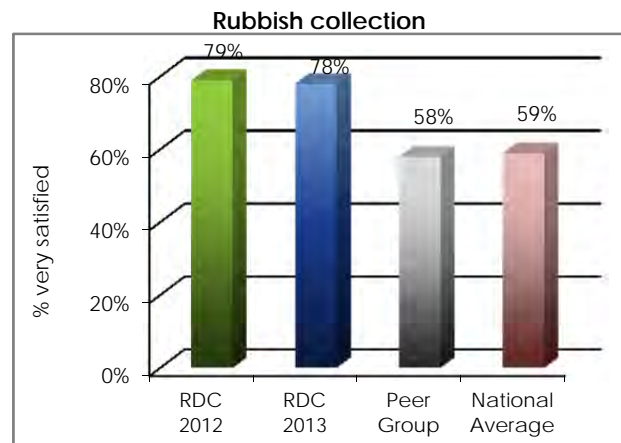
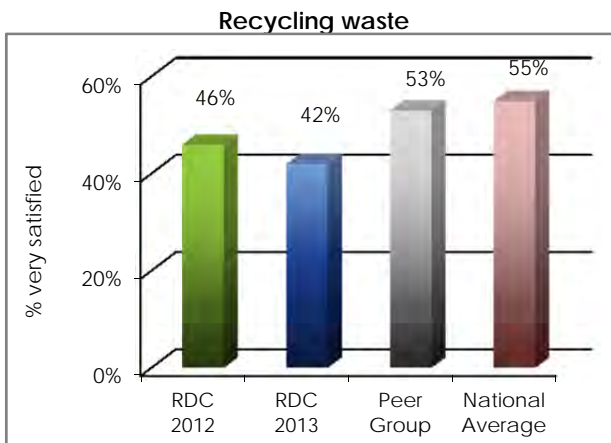
- Operating income:** Unfavourable to budget largely as a result of reduced income at the landfill. This is in direct correlation to the significantly reduced volume of material being disposed of at the landfill. Sale of rubbish bags was also lower than expected.
- Operating expenditure:** Paper commodity prices have also increased.
- Capital expenditure:** Completion of Gas Flaring Project. Resource Education Centre (funded by grants/sponsorship). Terax project was added after approval from Ministry for the Environment (note: project is jointly funded by Ministry for the Environment, RDC and Scion).

Community satisfaction survey

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



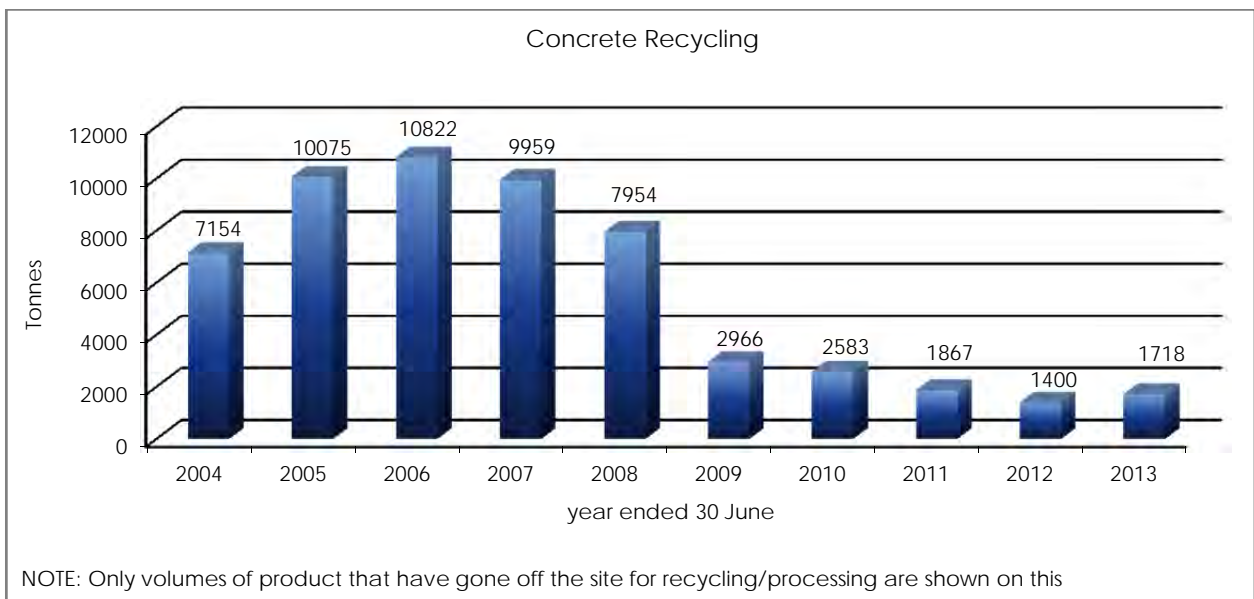
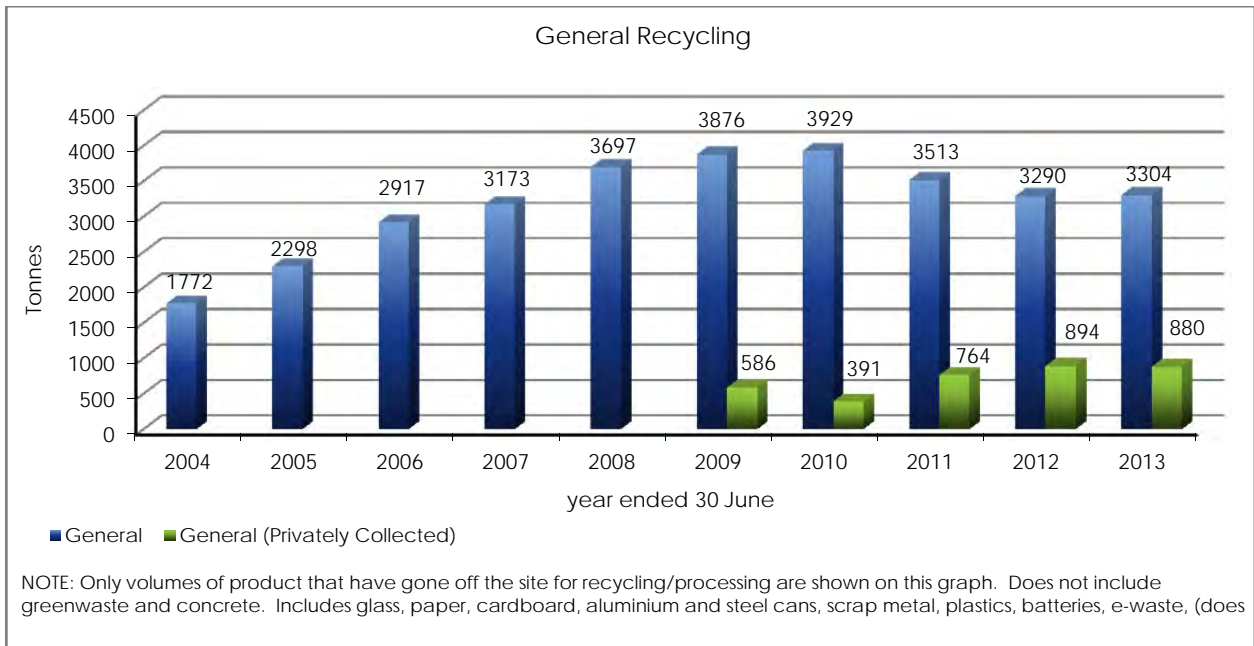
These graphs show the percentage of survey respondents very or fairly satisfied with these services over the last five years.



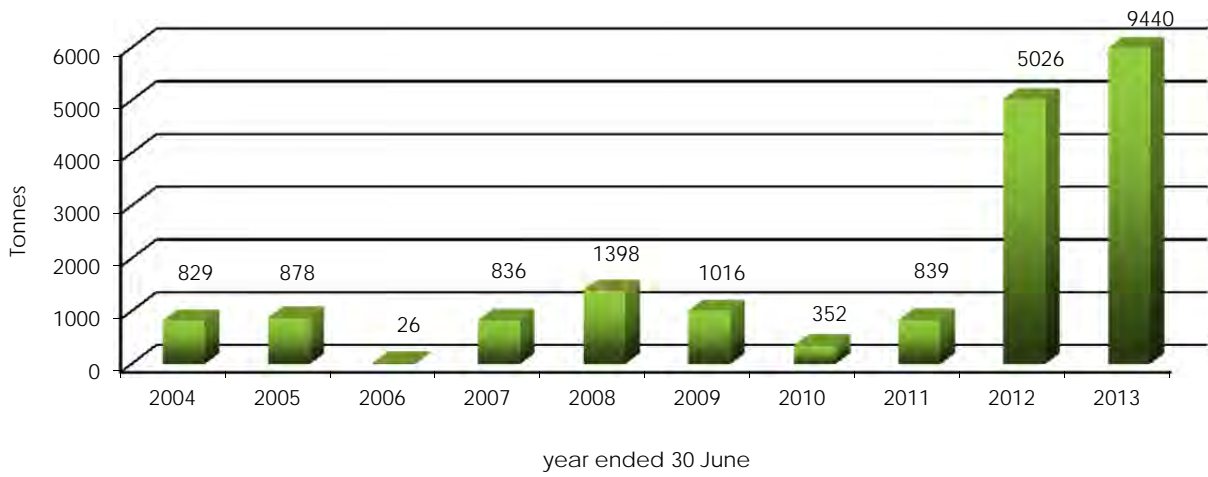
These graphs show the percentage of survey respondents "very" satisfied with these services over the last two years and compares it with our peer group and the national average for 2013.



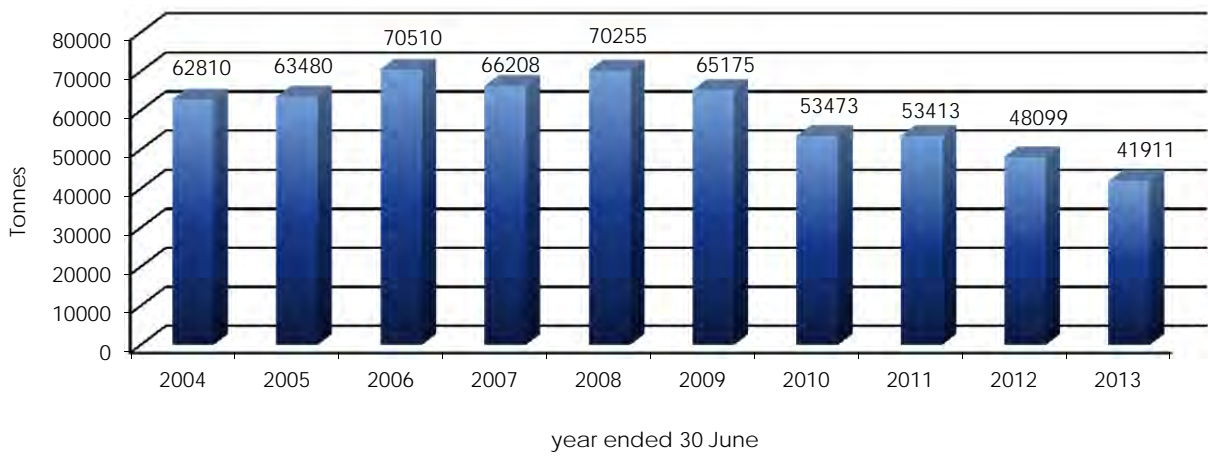
Other indicators



Sludge Recycling



Waste to Landfill





Water Supplies

What we do

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

Functions carried out in providing the service include.

- Strategic planning and improvement of water networks to provide for growth within the district.
- Planning and implementation of renewal work to ensure infrastructure is maintained.
- Developing 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.

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

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

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

The Health Act 1956 (section 23) requires councils to improve, promote and protect public health. Whilst not expressly requiring councils to provide a public water supply, the provision of a safe, potable water supply to dwellings contributes significantly towards this objective.

The Local Government Act 2002 requires councils currently providing public water supplies to continue to do so.

Why we do it

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

This year's highlights and achievements included:

- **Eastern network sectorisation** – Installation of control valves and network modifications to enable pressure reduction and improved leak detection.
- **Eastern additional pump** – Installation of a third main pump at the eastern pump station to provide standby capacity.
- **Rotoma pump station erosion protection** – Construction of a rock wall to protect the pump station from erosion associated with high lake levels.
- **Mamaku firefighting capacity improvements** – Installation of larger mains and hydrants to meet firefighting capacity requirements in Tawhero, Tarena and Umuroa Streets.
- **Reporoa weir** – Replacement of the weir at Wharepapa Spring used for monitoring stream flows as required by the resource consent.
- **Reporoa (Wharepapa source) treatment plant** - Standby power system and generator installed.

Community outcomes

Safe and caring



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

Excellent facilities and services



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



What it cost us

	2011/12 Long-term Plan \$000	2012/13 Long-term Plan \$000	2012/13 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	279
Targeted rates (other than a targeted rate for water supply)	3,387	3,521	3,703
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	3,592	3,786	3,402
Internal charges and overheads recovered	1,719	1,869	7
Local authorities fuel tax, fines, infringement fees and other receipts	318	2	1
Total operating funding (A)	9,016	9,178	7,392
Applications of operating funding			
Payments to staff and suppliers	1,467	591	1,751
Finance costs	359	653	483
Internal charges and overheads applied	5,219	6,281	3,566
Other operating funding applications	0	30	0
Total applications of operating funding (B)	7,046	7,555	5,800
Surplus (deficit) of operating funding (A - B)	1,970	1,623	1,592
Sources of capital funding			
Subsidies and grants for capital expenditure	200	80	11
Development and financial contributions	86	75	92
Increase(decrease) in debt	63	7	(2,214)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	349	162	(2,111)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	523	1,161	193
- to improve the level of service	551	1,508	1,070
- to replace existing assets	1,578	1,736	1,819
Increase (decrease) in reserves	(334)	(2,620)	(3,601)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	2,319	1,785	(519)
Surplus (deficit) of capital funding (C - D)	(1,970)	(1,623)	(1,592)
Funding balance ((A - B) + (C - D))	0	0	0



Capital expenditure





	2012/13 actual \$000	Additional demand 2012/13 actual \$000	Improved level of service 2012/13 actual \$000	Replaced assets 2012/13 actual \$000	2012/13 budget \$000	Additional demand 2012/13 budget \$000	Improved level of service 2012/13 budget \$000	Replaced assets 2012/13 budget \$000
Ngongotaha bore sources	42	0	42	0	50	0	50	0
Urban network improvements	715	0	715	0	1,093	0	1,093	0
Mamaku networks improvements	48	0	48	0	50	0	50	0
Urban plants improvements	230	0	213	17	27	0	26	1
Urban reticulation improvements	159	159	0	0	0	0	0	0
General Utuhina reservoir storage	0	0	0	0	1,400	1,161	239	0
Mamaku bore improvements	13	6	5	0	0	0	0	0
Rotoma pump improvements	20	0	20	0	0	0	0	0
Reporoa capital improvements	37	28	7	4	0	0	0	0
Reservoir seismic valve installation	19	0	19	0	50	0	50	0
Meters and backflow preventers renewals	149	0	0	149	47	0	0	47
Utuhina and Eastern headworks renewals	130	0	0	130	453	0	0	453
Reporoa capital renewals	32	0	0	32	0	0	0	0
Urban reticulation renewals	1,462	0	0	1,462	1,150	0	0	1,150
Reporoa reticulation renewals	25	0	0	25	0	0	0	0
Other rural areas plant renewals	0	0	0	0	85	0	0	85
	3,082	193	1,070	1,819	4,405	1,161	1,508	1,736

Variance from budget

- *Operating income:* Less water by meter collected than budgeted. Urban water rates slightly higher than budget.
- *Operating expenditure:* Licence fees/ software maintenance reduce costs due to licensing changes.
- *Capital expenditure:* Network improvements lower than budgeted as sectorisation, bulk meter and telemetry work was delayed. However Ngongotaha network improvements and Urban plant improvements carried over from last year were completed in 2013. Additional reservoir storage deferred pending a review of growth expectation. Additional meter replacements were required in the Urban and Reporoa areas, but pump and electrical equipment replacement at Utuhina and Eastern sources were deferred. Additional network replacements were required as part of the Lake Road upgrade.

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2012/13	Achievement	Comments	Achievement for 2011/12
Provide water to households that is safe to drink, sustainable and has adequate pressure and flow.	100% compliance with the Drinking Water Standards New Zealand monitoring requirements.	100%	100% 		100% 
	Achieve MOH gradings of minimum Cc across all water supplies.	Achieved	Not achieved 	Technical faults with the treatment monitoring system have delayed the grading review. Currently 6 out of 9 treatment plants meet the requirements for achieving a C grade or better, with Hamurana and Kaharoa sharing a treatment plant, and the remaining 3 are expected to achieve this when the grading is carried out. The distribution zone grades already achieve c. The current grades as published by the Ministry of Health are detailed below.*	Ec 

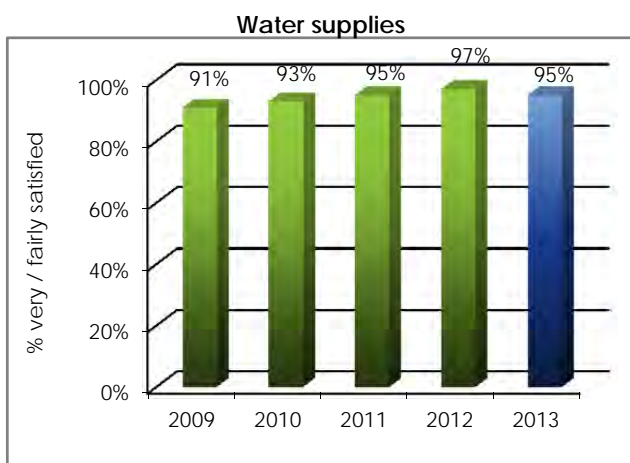


Level of service	Performance measure	Target for 2012/13	Achievement	Comments	Achievement for 2011/12
	Less than 3 per 1000 properties lodge a complaint regarding low pressure during normal operating conditions.	Achieved	1.6		New measure
	90% of customers satisfied with water services as measured by annual survey.	90%	95%		97% (2012 target – 93%)
	95% of breaks responded to within 1 hour.	95%	98.4%		New measure
				The performance measure applies to high priority faults only. High priority faults are those causing a danger to public safety or property, the loss of water supply to any consumer, a significant loss of water or the restriction of water production or distribution.	
Provide educational programmes to ensure efficient use of water.	3 education programmes delivered per year.	3	6		School education programme Adult programme Radio advertising Billboards "RESOURCE" centre World Water Day New measure
Provide an adequate water supply for fire fighting purposes within urban fire districts.	95% of hydrants within the urban fire district meet the requirements of the NZFS CoP for Firefighting Water Supplies under normal operating conditions.	95%	99.3%		19 over 2,560 hydrants. These are tested on a rotational basis over every 5 years and now include Mamaku as an urban fire district. 96.7%

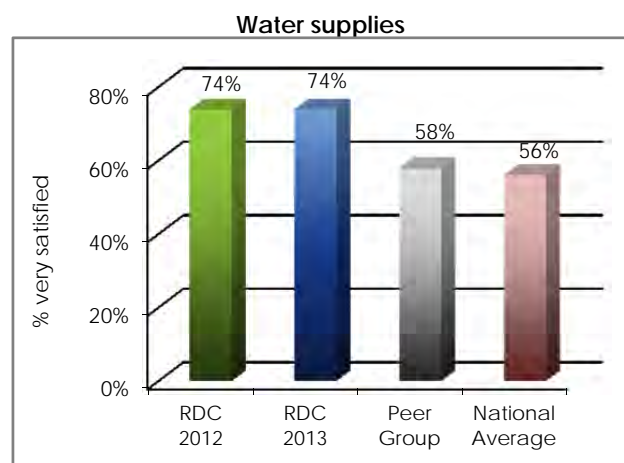
*	Population	Distribution System	Source/Treatment
Central – Matipo and Utuhina	42,500	a	E
Eastern	9,600	c	E
Ngongotaha	4,826	a	D
Okareka	730	a	D
Rotoiti	880	b	D
Rotoma	340	a	E
Hamurana	900	a	E
Kaharoa	800	b	E
Mamaku	868	a	D
Reporoa	1,060	c	E

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 2013.



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

	2011/12 Long-term Plan \$000	2012/13 Long-term Plan \$000	2012/13 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	240	465	468
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	17,423	18,780	19,611
Local authorities fuel tax, fines, infringement fees and other receipts	302	332	466
Total operating funding (A)	17,965	19,577	20,545
Applications of operating funding			
Payments to staff and suppliers	10,280	10,848	11,707
Finance costs	67	33	27
Internal charges and overheads applied	6,593	7,391	7,429
Other operating funding applications	0	0	0
Total applications of operating funding (B)	16,940	18,272	19,163
Surplus (deficit) of operating funding (A - B)	1,025	1,305	1,382
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase(decrease) in debt	64	0	536
Gross proceeds from sale of assets	203	500	(536)
Lump sum contributions	0	0	0
Total sources of capital funding (C)	267	500	0
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	64	0	0
- to replace existing assets	1,228	1,805	1,382
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	1,291	1,805	1,382
Surplus (deficit) of capital funding (C - D)	(1,025)	(1,305)	(1,382)
Funding balance ((A - B) + (C - D))	0	0	0

Capital expenditure

	2012/13 actual \$000	Additional demand 2012/13 actual \$000	Improved level of service 2012/13 actual \$000	Replaced assets 2012/13 actual \$000	2012/13 budget \$000	Additional demand 2012/13 budget \$000	Improved level of service 2012/13 budget \$000	Replaced assets 2012/13 budget \$000
Castlecorp renewals	18	0	0	18	11	0	0	11
Fleet renewals	1,364	0	0	1,364	1,794	0	0	1,794
Proceeds from sale of Fleet assets	(536)	0	0	(536)	(500)	0	0	(500)
	846	0	0	846	1,305	0	0	1,305

Variance from budget

- *Operating income:* Income is increased reflecting the increase in work.
- *Operating expenditure:* Reflects increase in rider main replacement works, cost of running fleet for City Clean not budgeted, increase in preparing vehicles for sale and road user charges.
- *Capital expenditure:* Fleet capital budget was carried over from last year as per RDC vehicle policy. As at year end all passenger vehicles and truck purchases for the 2012/13 year have been finalised.



Rotorua Regional Airport Limited

Overview

Rotorua Regional Airport Limited (RRAL) is a limited liability company which trades as Rotorua International Airport. 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 with RRAL recently appointing a new CEO with significant airline industry experience. One of his key objectives is to ensure that the Airport improves its financial performance and its return to its shareholder.

Management and governance

The following CE/Directors held office as at 30 June 2013:

	Date of appointment
Alastair Rhodes (CEO)	25/03/2013
Raymond Noel Cook (Chairman)	10/12/2002
Wiremu Atetini Kingi	10/12/2002
Stuart Alan Crosby	22/12/2010
Kevin Allen Winters	24/05/2012
Raymond John Sayer	12/03/2013

The following Directors resigned during the year:

	Date of resignation
Peter John Guerin	11/10/2012

2012/2013 Summary

Total revenue

Total revenue was down \$96,238 when compared to the Statement of Intent (SOI) budget, but up \$49,690 when compared to the prior year. The reduction compared to the SOI was due to a reduction in passengers of 19,993 (8.4%). When passenger numbers and aircraft movements are lower this adversely affects landing charges revenue, parking revenue and development levy revenue with reducing passenger numbers attributed to the softening of the regional market as a result of intense competition between Air NZ and Jetstar out of Auckland.

Total expenses

Actual expenses were down \$187,802 when compared to the SOI budget. This is mostly due to a reduction in direct expense as a result of lower international and domestic passenger numbers and aircraft movements as well as prudent cost control in other areas.

	2013 target	2013 actual	2012 actual
Total revenue	\$2,644,337	\$2,548,009	\$2,498,319
Total expenses	\$2,594,337	\$2,406,535	\$2,440,664
Surplus (deficit) before tax	\$50,000	\$141,474	\$57,655
Provision for tax	-	-	-
Surplus (deficit) after tax	\$50,000	\$141,474	\$57,655
Total debt	-	-	-
Total assets (net current liabilities)	\$2,007,352	\$1,925,525	\$1,784,051
Total shareholders funds	\$2,007,352	\$1,925,525	\$1,784,051
Surplus (deficit) after tax to average shareholders funds	2.64%	7.63%	3.28%
Debt to equity percentage	0%	0%	0%
Interest cover - times	-*	-*	3.56
Aircraft			
Aircraft Movements	8,500	7,574	7,712

* No interest paid in 2013



	2013 target	2013 actual	2012 actual
Passengers			
Domestic	212,578	195,248	203,760
International	24,960	22,297	23,035
Total Passengers	237,538	217,545	226,795
Total operating revenue per passenger	\$11.13	\$11.53	\$10.93
Aeronautical revenue per passenger	\$8.69	\$8.64	\$8.39
Commercial revenue per passenger	\$2.44	\$2.89	\$2.54
NPAT per passenger	\$0.21	\$0.65	\$0.25
Ratio of aeronautical revenue to total revenue	78.08%	73.76%	76.17%

2012/13 results

Statement of comprehensive income

	2013 (\$)	2012 (\$)
Revenue		
Operating revenue	2,507,727	2,478,887
Other revenue	40,282	19,432
	2,548,009	2,498,319
Expenses		
Operating expenses	911,017	940,751
Audit fees	22,275	23,294
Depreciation and amortisation	188,855	200,399
Development levy pass-on	482,406	510,035
Directors' fees	17,500	22,500
Interest – loans	-	14,696
Other expenses	621,201	464,664
Rent and rates	163,281	264,325
	2,406,535	2,440,664
Surplus / (Deficit) before tax	141,474	57,655
Income tax expense	-	-
Surplus / (Deficit) after tax	141,474	57,655
Total comprehensive income	141,474	57,655



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 were board members at 30 June 2013:

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

Key Performance Indicator	Status	Comments
Appoint CEO	Achieved	
3 month update presentation to RDC, including a presentation of the Grow Rotorua Ltd business plan 2012/13: Ensure the business plan has alignment with activities of RDC, RCoC and Bay of Connections, as identified in RSEGS.	Achieved	Combined with 6 month presentation
6 month update including financials	Achieved	
Present 2013 -15 draft SOI to RDC	Achieved	
9 month update presentation to RDC	Achieved	Combined with SOI presentation
Annual report presentation to RDC and key stakeholders, including: A report-card on the current position and how actions and activities of Grow Rotorua Ltd are contributing to RSEGS objectives and the performance measures identified in Appendix One of the document.	Achieved	Annual Report submitted. Scheduled for presentation 26 September.
Representation on the Bay of Connections Governance Group and where appropriate the forestry and wood processing, energy, freight and logistics, IT and any other relevant strategy management groups.	Achieved	Members of Governance and Management Groups.
Approve a Rotorua supply chain analysis to identify gaps and opportunities and recommend a strategy with early actions for attraction of investment in the Forest industry, based on a defensible competitive advantage business case.	Achieved	Studies completed on Engineered Wood, Competitive Log Supply. Supported Innovation Centre RIF.
Approve a position paper on Rotorua tourism investment positioning to identify gaps and opportunities and recommend a strategy with early actions for the attraction of investment in the sector based on a defensible competitive advantage business case, in consultation with the Rotorua Tourism Committee and Destination Rotorua Marketing.	Achieved	Three key projects underway in consultation with RTC and DRM on Spa/wellness, Biking and Golf Course.
Approve a position paper on Rotorua renewable energy positioning (in particular, geothermal and biomass) to identify gaps and opportunities and recommend a strategy with early actions for the attraction of investment in the sector based on a defensible competitive advantage business case, in consultation with the BoC Energy Strategy Group and other key stakeholders.	Achieved	Studies provided by GNS and East Harbour Energy on geothermal resources and application opportunities.
Approve a position paper on Rotorua agriculture positioning to identify gaps and opportunities and recommend a strategy with early actions for the attraction of investment in the sector, based on a defensible competitive advantage business case and taking into account the Rotorua Lake Water Quality environment, in consultation with key stakeholders.	Achieved	Engaged with LWQS, STAG. Manuka opportunity. Land Use Change Competition.
Demonstrate how Grow Rotorua Ltd has worked with key Te Arawa business entities to develop a clear understanding of Te Arawa investment positioning and the potential role(s) and implementation actions Grow Rotorua Ltd should own with the aim of stimulating additional Te Arawa investment in the region.	Achieved	Iwi engagement in 8 specific projects. Engaged Icehouse to undertake study on barriers to Maori business.
Demonstration of a targeted dialogue and business engagement plan with the key stakeholders including industry sector groups and businesses in the district. (Communications strategy).	Achieved	Communications Plan underway.



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), the Waikato Regional transport model (WRTM), and through joint procurement contracts.

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 Mayoral 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 2012/13 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 service provided.	Annual survey of shareholders was completed in June 2013 with all twelve shareholder Councils responding. Ten councils responded that the concept of LASS was still delivering benefits to their council. Three Councils responded that they were satisfied with the efforts being made by LASS to advance shared services opportunities and nine were "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 \$13,727 favourable to budget.
The company maintains an overall positive cash flow position.	Achieved. Cash, cash equivalents and bank accounts at end of year were \$571,147.
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.	All parties have confirmed that there were no legislative breaches during the year and this will be reported to the LASS Board at the August meeting when the Annual Report is presented.
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.	99.9% of Sales and Property files were supplied to Property IQ on time.



Performance measure	Actual outcome
All Capital SVDS enhancement work is supported by a business case approved by the Advisory Group. That all required WRTM modelling reports are actioned within the required timeframe.	All Capital enhancement work was approved by the SVDS Advisory Group. Achieved. No complaints received.
That a full report on progress of the WRTM model be provided to the LASS Board twice each year.	Achieved.
In response to requests from shareholders, the Company will provide regular reports and updates to the Regional Governance group regarding progress with shared service initiatives.	The Company has provided, when requested, reporting to the Waikato Mayoral Forum on shared services initiatives. The Company has supported the Mayoral Forum workstream projects, acting as the financial controller of funding and contractual commitments associated with these projects. Additional communications with shareholders include the formation of a Shared Services Working Party with membership from each shareholding Council.

Terax 2013 Ltd and Terax Limited Partnership

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

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

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

The process destroys sewage treatment plant sludge and other organic wastes that are typically landfilled. It combines hydrothermal and biological processing to break down complex

organic materials into simpler molecules. The consequence of this process is elimination of the organic solids content of the feed material. RDC and Scion have both invested in maturing this process targeting specific application to urban waste water treatment and have formed an Unincorporated Joint Venture for this purpose. The Joint Venture was successful in attracting grants from the Ministry for the Environment Waste Management Fund to evaluate the process at pilot plant level. This work has been successful and the potential for commercial application identified for application to the RDC Waste Water Treatment Plant and the much wider application of treating municipal waste streams both in New Zealand and internationally.

Rotorua District Council Holdings Limited

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. Rotorua District Council has 100% shareholding in Rotorua District Council Holdings Ltd. As at 30 June 2013 the holding company had

not traded. As the holding company has not operated, and there are no indications that it will commence operations in the short term, Council have supported an exemption for the 2012/13 year and set the exemption in place for a period of three years commencing 2013/14. This is in accordance with section 7 Local Government Act 2002. The company has been registered on the companies register as a non-trading company.



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 2012/13.

Performance targets for 2012/13

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 initiated – one shared service per year.	Shared IT infrastructure developed through the appointment of external hosting provider, 2012. Shared Valuation Services standards initiated 2012. Rates project initiated 2011. Information Services Strategic Plan (ISSP) completed, 2011. ISSP implementation commenced 2011. Establishment of ISSP foundation services initiated 2011/12. 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.	Access and security principles, protocols and policies implemented with external and internal consultation. Valuation Services standards and contract developed with external support and peer review. Shared service desk and inter-council network management developed with external support and internal review. Video conferencing network established with external support and internal review.
Investigate a minimum of four joint procurement initiatives per year for goods and services from sources offering best value, service, and continuity of supply and or opportunities for integration.	Number of procurement initiatives investigated and or completed. Four joint procurement initiatives per year.	Photocopiers, printers, postage, couriers, print advertising, GIS web viewer software, telephone systems, agenda management.
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 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.



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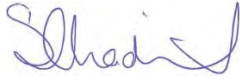
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Statement of compliance

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.



Steve Chadwick
Mayor
30 October 2013



G Williams
Chief Executive
30 October 2013



Statement of comprehensive income

for the year ended 30 June 2013

	Notes	Council			Group	
		2013 actual \$000	2013 budget \$000	2012 actual \$000	2013 actual \$000	2012 actual \$000
Income						
Rates, excluding targeted water supply rates	02	68,190	67,006	68,749	68,108	68,680
Targeted rates for water supply	02	3,131	3,521	3,025	3,131	3,025
Development and financial contributions	05	805	1,300	784	805	784
Subsidies and grants	03	12,629	24,684	20,397	12,629	20,397
Finance income	04	49	36	102	78	87
Other revenue	06	23,000	28,822	28,491	24,989	30,275
Gains	07	45	6	0	45	0
<i>Total Income</i>		107,849	125,374	121,548	109,785	123,248
Expenditure						
Personnel costs	08	34,112	33,881	33,570	34,296	33,570
Depreciation and amortisation expense	18	30,103	24,391	28,282	30,304	28,482
Finance costs	04	8,181	9,119	9,016	8,181	9,016
Other expenses	09	46,657	41,287	54,083	49,150	55,583
<i>Total operating expenditure</i>		119,053	108,678	124,951	121,931	126,651
Surplus/(deficit) before tax		(11,204)	16,697	(3,403)	(12,146)	(3,403)
Income tax expense	10	0	0	0	0	0
Surplus/(deficit) after tax		(11,204)	16,697	(3,403)	(12,146)	(3,403)
Other comprehensive income						
Revaluation on property, plant & equipment	24	97,404	6,754	(19,981)	97,404	(19,981)
Net change in fair value of hedges	24	524	0	122	524	122
Net change in fair value of investment	24	473	0	(103)	473	(103)
Total other comprehensive income		98,401	6,754	(19,962)	98,401	(19,962)
Total comprehensive income		87,197	23,451	(23,365)	86,255	(23,365)

Explanations of major variances against budget are provided in note 34.

Explanations of the changes made to the presentation of income and provided in note 35.

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



Statement of changes in equity

for the year ended 30 June 2013

	Notes	Council			Group	
		2013 actual \$000	2013 budget \$000	2012 actual \$000	2013 actual \$000	2012 actual \$000
Balance as at 1 July	24	874,616	904,968	897,981	874,616	897,981
Surplus/(Deficit) for the year		(11,204)	16,697	(3,403)	(12,146)	(3,403)
Other comprehensive income		98,401	6,754	(19,962)	99,324	(19,962)
Balance as 30 June	24	961,813	928,419	874,616	961,794	874,616

Explanations of major variances against budget are provided in note 34.

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



Statement of financial position

as at 30 June 2013

	Notes	Council			Group	
		2013 actual \$000	2013 budget \$000	2012 actual \$000	2013 actual \$000	2012 actual \$000
Assets						
Current assets						
Cash & cash equivalents	11	663	1,841	883	2,258	1,622
Debtors & other receivables	12	14,227	18,837	21,287	14,541	21,501
Inventories	15	1,327	1,509	1,297	1,327	1,297
Provision for taxation	10	0	0	0	45	48
Total current assets		16,217	22,187	23,467	18,171	24,468
Non-current assets						
Loans & receivables	12	11	29	17	11	17
Property, plant and equipment	16	1,130,845	1,100,037	1,028,756	1,131,638	1,029,589
Intangible assets	17	3,017	4,029	2,804	3,067	2,889
Forestry assets	19	1,276	316	1,230	1,276	1,230
Other financial assets	14					
- Investment in CCOs and other similar entities	14	2,295	0	1,784	0	0
- Investment in other entities	14	652	2,063	363	650	363
Total non-current assets		1,138,096	1,106,474	1,034,954	1,136,643	1,034,088
Total assets		1,154,313	1,128,661	1,058,421	1,154,814	1,058,556
Liabilities						
Current liabilities						
Creditors and other payables	20	24,628	33,407	22,347	25,091	22,432
Provisions	23	723	604	1,128	723	1,128
Employee benefit liabilities	22	5,652	5,160	5,427	5,709	5,477
Borrowings	21	38,450	25,790	42,325	38,450	42,325
Derivative financial instruments	13	0	0	376	0	376
Total current liabilities		69,453	64,961	71,603	69,973	71,738
Non-current liabilities						
Provisions	23	2,638	2,059	2,678	2,638	2,678
Employee benefit liabilities	22	476	717	469	476	469
Borrowings	21	119,900	132,505	108,650	119,900	108,650
Derivative financial instruments	13	33	0	405	33	405
Total non-current liabilities		123,047	135,281	112,202	123,047	112,202
Total liabilities		192,500	200,242	183,805	193,020	183,940
Net assets		961,813	928,419	874,616	961,794	874,616
Equity						
Accumulated funds	24	853,903	883,827	853,102	853,882	853,102
Self funding reserves	24	(74,322)	(56,057)	(62,554)	(74,322)	(62,554)
Council created reserves	24	(25,000)	(33,741)	(25,045)	(25,000)	(25,045)
Restricted reserves	24	1,238	4,754	1,521	1,238	1,521
Cashflow hedge reserve	24	(33)	0	(558)	(33)	(558)
Fair value through equity	24	777	230	304	777	304
Asset revaluation reserve	24	205,250	129,406	107,846	205,250	107,846
Total equity		961,813	928,419	874,616	961,794	874,616

Explanations of major variances against budget are provided in note 34.

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



Statement of cash flows

for the year ended 30 June 2013

	Notes	Council			Group	
		2013 actual \$000	2013 budget \$000	2012 actual \$000	2013 actual \$000	2012 actual \$000
Cash flows from operating activities						
Receipts from rates revenue		71,278	67,006	71,826	71,197	71,757
Interest received		49	36	102	71	106
Dividends received		0	0	1	0	1
Receipts from other revenue		44,925	56,490	41,192	48,043	43,978
Payments to suppliers and employees		(64,492)	(75,110)	(82,950)	(66,563)	(84,381)
Interest paid		(7,934)	(9,178)	(8,560)	(7,949)	(8,570)
Income tax paid/refunded		0	0	0	(3)	10
Goods and Services Tax (net)		(4,734)	0	(2,863)	(4,786)	(2,690)
Net cash from operating activities	25	39,092	39,244	18,748	40,010	20,211
Cash flows from investing activities						
Proceeds from sale of property, plant and equipment		816	500	811	837	811
Collections on advances		6	0	0	6	0
Purchase of property, plant and equipment		(39,977)	(48,582)	(44,611)	(40,101)	(44,800)
Purchase of intangible assets		(1,171)	0	(458)	(1,171)	(458)
Loan advances made		1	0	0	41	0
Purchase of financial assets		(360)	0	0	(360)	0
Non cash fixed asset movements		(6,001)	0	7,711	(6,001)	7,711
Net cash from investing activities		(46,686)	(48,082)	(36,547)	(46,749)	(36,736)
Cash flows from financing activities						
Proceeds from borrowings		25,000	26,839	20,000	25,000	20,000
Repayment of borrowings		(18,000)	(18,000)	(13,676)	(18,000)	(14,096)
Change in usage of registered security stock facility		375	0	10,585	375	10,585
Net cash from financing activities		7,375	8,839	16,909	7,375	16,489
Net (decrease)/increase in cash, cash equivalents and bank overdraft		(219)	0	(890)	636	(36)
Cash, cash equivalents and bank overdrafts at the beginning of the year		883	1,841	1,774	1,622	1,658
Cash, cash equivalents and bank overdrafts at year end 11		663	1,841	883	2,258	1,622

Explanations of major variances against budget are provided in note 34

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



Notes to the financial statements

for the year ended 30 June 2013

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 the ultimate parent, Rotorua District Council (Council) and its subsidiaries Rotorua Regional Airport Limited (100% owned), Grow Rotorua Limited (100% owned), Terax 2013 Limited (50% owned) and Terax Limited Partnership (50% owned). The Council's subsidiaries are 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 2013. The financial statements were authorised for issue by Council on 30th October 2013.

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, forestry 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.

Standards, amendments, and interpretations issued that are not yet effective and have not been early 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 and Group 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 an 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 consolidated.

Subsidiaries

Rotorua District Council consolidates as subsidiaries in the group financial statements all entities where Rotorua District Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where Rotorua District 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 recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. This difference reflects the goodwill 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 group's 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 group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where the group transacts with an associate, 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 and financial contributions

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

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.

Debtors 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 probable 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.

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

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 low materiality, 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

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

Goodwill

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

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

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

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.

Carbon Credits

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

Amortisation

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

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

Computer software	3-5 years	20-33%
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Impairment of property, plant and equipment and intangible assets

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

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



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

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

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

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

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

Forestry assets

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

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

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

Investment property

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

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

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.

Creditors and other payables

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

Borrowings

Borrowings are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless Council or the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Employee Entitlements

Short-term employee entitlements

Employee benefits expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date, and sick leave.

A liability for sick leave 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 makes employer contributions 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 27

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".

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 components.

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 33.

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.

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 2012-22 Long-Term Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing of the financial statements.

Cost allocation

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

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs which cannot be identified in an economically feasible manner, with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

Critical accounting estimates and assumptions

In preparing these financial statements estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Landfill after care provision

Note 23 provides information about the estimates and assumptions surrounding the landfill aftercare provision.

Infrastructural assets

Note 16 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 2013:

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: Rates, excluding targeted water supply rates

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
General rates	43,076	31,558	42,999	31,558
Targeted rates attributable to activities:				
- water, excluding water supply rates	3,703	3,417	3,698	3,348
- sewerage	11,036	10,853	11,036	10,853
- refuse and sanitation	2,119	2,111	2,119	2,111
- lakes enhancement rate	437	423	437	423
- eastern sewerage capital rates	1,409	2,508	1,409	2,508
- business development targeted rates	5,078	5,375	5,078	5,375
- roading targeted rates	-	11,007	-	11,007
- urban sewerage develop. rate	59	58	59	58
- lakes community board rate	48	47	48	47
- rate penalties	1,225	1,392	1,225	1,392
Total rates, excluding targeting water supply rates	68,190	68,749	68,108	68,680

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other Local Authorities rate. The annual rates income of the Council for the year ended 30 June 2013 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is show below.

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Rates, excluding targeted water supply rates	68,190	68,749	68,108	68,680
Targeted water supply rates	3,131	3,025	3,131	3,025
Total annual rates income	71,321	71,774	71,239	71,705

Rates remissions

Rates revenue is shown net of rates remissions. The Council's rates remission policy allows rates to be remitted on condition of a ratepayer's extreme financial hardship, land used for sport, and land protected for historical or cultural purposes.

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Total gross rates, excluding targeted water supply rates	69,371	69,202	69,289	69,133
Rates remissions:				
- General rates remissions	892	122	892	122
- Targeted rates remissions	149	228	149	228
- Penalty remissions	140	103	140	103
Total remissions	1,181	453	1,181	453
Rates (net of remissions), excluding targeted water supply rates	68,190	68,749	68,108	68,680

Non-rateable land

Under the Local Government (Rating) Act 2002, certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens, and reserves. These non-rateable properties may be subject to targeted rates in respect of sewerage, water, refuse, and sanitation. The non-rating of non-rateable land does not constitute a remission under the Council's rates remission policy.



3: Subsidies and grants

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
New Zealand Transport Roothing subsidies	8,764	7,162	8,764	7,162
Grants subsidies and donations capital	3,205	12,259	3,205	12,259
Other subsidies operating	661	976	661	976
Total subsidies and grants	12,629	20,397	12,629	20,397

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2012 \$nil).

4: Finance income and costs

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Finance income				
Interest income				
- term deposits	49	102	78	87
<i>Total finance income</i>	49	102	78	87
Finance costs				
Interest expense				
- interest on bank borrowings	8,198	8,334	8,198	8,334
- discount unwind on provisions (note 22)	(17)	682	(17)	682
<i>Total finance cost</i>	8,181	9,016	8,181	9,016
Net finance costs	(8,132)	(8,914)	(8,103)	(8,929)

5: Development and financial contributions

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Development contributions	646	602	646	602
Financial contributions from subdivisions	159	182	159	182
Total development and financial contributions	805	784	805	784

6: Other revenue

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Traffic and parking infringements	1,709	1,564	1,709	1,564
Rendering of services (other trading revenue)	13,329	14,801	15,318	16,585
Petrol tax	522	547	522	547
Vested assets	74	2,805	74	2,805
Assets recognised for the first time	0	935	0	935
Dividend income	0	1	0	1
Insurance recoveries	0	13	0	13
Fees and charges	3,647	3,628	3,647	3,628
Lease and rental revenue	3,685	4,145	3,685	4,145
Other revenue	34	52	34	52
Total other revenue	23,000	28,491	24,989	30,275



7: Gains

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Non-financial instruments				
Forestry asset revaluation	45	0	45	0
Property, plant and equipment gains on disposal	0	0	0	0
Total non-financial instrument gains	45	0	45	0

8: Personnel costs

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Salaries and wages	32,910	32,246	33,094	32,246
Defined contribution plan employer contributions	977	909	977	909
Increase/(decrease) in employee entitlements	225	415	225	415
Total personnel costs	34,112	33,570	34,296	33,570

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

9: Other expenses

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Fees to auditors				
- fees to Audit New Zealand for audit of the Council's financial statements	147	114	179	137
- fees to Audit New Zealand for other services	14	86	14	86
- fees to other auditors	44	118	44	118
Grants and contributions	1,479	2,566	1,479	2,566
Contractors and physical works	13,041	12,152	13,041	12,152
Insurance premiums	1,647	1,524	1,647	1,524
Consultants and legal advice	2,280	2,231	2,280	2,231
Marketing and promotion	3,071	3,844	3,071	3,844
Lighting and heating	3,369	3,555	3,369	3,555
ACC	406	395	406	395
Change in rates refund provision	(23)	12	(23)	12
Councillor remuneration	587	583	587	583
Impairment of receivables	119	(37)	119	(37)
Property, plant and equipment impairment	0	162	0	162
Research and development expenditure	70	34	70	34
Losses on disposal of assets	5,301	1,656	5,301	1,656
Revaluation reserves in debit	0	10,541	0	10,541
Other expenditure	15,105	14,547	17,566	16,024
Total other expenses	46,657	54,083	49,150	55,583

The fees paid to Audit New Zealand for other services in the year ending 30 June 2013 were for a 2012 audit of the 2012-22 Long-term Plan (2012 audit of the 2012-22 Long-term Plan).



10: Tax

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Components of tax expense				
Current tax expense	0	0	0	0
Adjustments to current tax in prior year	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	(11,204)	(3,403)	(12,146)	(3,345)
Tax @ 28%	(3,137)	(953)	(3,403)	(937)
Plus/(less) tax effect of:				
Non-deductible expenditure	1,923	(247)	2,131	(246)
Tax loss not recognised	998	2,231	1,043	2,218
Deferred tax on temporary differences	216	(1,031)	227	(1,035)
Tax loss not previously recognised	0	0	0	0
Prior year adjustment	0	0	0	0
Tax expense	0	0	0	0

	Property, plant and equipment \$000	Employee entitlements \$000	Other provisions \$000	Tax losses \$000	Total \$000
Deferred tax assets/(liabilities)					
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
Charged to surplus or deficit	(216)	0	0	216	0
Charged to other comprehensive income	0	0	0	0	0
Balance at 30 June 2013	(2,918)	0	0	2,918	0

A deferred tax asset has not been recognised in relation to unused tax losses of Council \$11,690,328 (2012 \$8,146,321), Group \$14,234,063 (2012 \$10,873,892)



11: Cash and cash equivalents

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Cash at bank and on hand	423	557	2,018	1,296
Term deposits maturing three months or less from date of acquisition	240	326	240	326
Total cash and cash equivalents	663	883	2,258	1,622

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.

Cash, cash equivalents and bank overdrafts include the above for the purpose of the statement of cashflows.

12: Debtors and other receivables

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Current debtors and other receivables				
Rates receivables	4,288	4,245	4,288	4,245
Other receivables	7,842	16,456	8,156	16,670
Prepayments	526	471	526	471
Community loans	11	17	11	17
GST receivable	2,644	1,069	2,644	1,069
Current gross debtors - other receivables	15,300	22,241	15,614	22,455
Less: Provision for Impairment of receivables	(1,073)	(954)	(1,073)	(954)
Total current portion	14,227	21,237	14,541	21,504
Non-current portion debtors and other receivable				
Community Loans	11	17	11	17
Total non-current portion	11	17	11	17
Gross debtors – other receivables	14,238	21,304	14,552	21,518

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.



Community Loans

The fair value of community loans is \$10,841 (2012 \$16,876).

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

The status of receivables as at 30 June 2013 and 2012 are detailed below:	2013			2012		
	Gross \$000	Impairment \$000	Nett \$000	Gross \$000	Impairment \$000	Nett \$000
Council						
Not past due	8,817	(15)	8,802	16,473	0	16,473
Past due 1-60 days	2,997	(40)	2,957	2,345	(30)	2,315
Past due 61-120 days	102	(25)	77	127	0	127
Past due > 121 days	3,395	(993)	2,402	3,295	(923)	2,372
Total	15,311	(1,073)	14,238	22,240	(953)	21,287
Group						
Not past due	9,131	(15)	9,116	16,687	0	16,687
Past due 1-60 days	2,997	(40)	2,957	2,345	(30)	2,315
Past due 61-120 days	102	(25)	77	127	0	127
Past due > 121 days	3,395	(993)	2,402	3,295	(923)	2,372
Total	15,625	(1,073)	14,552	22,454	(953)	21,501

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

The impairment provision has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment provision is based on an analysis of past collection history and a debt write-offs.

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Individual impairment	1,073	953	1,073	953
Collective impairment	0	0	0	0
Total provision for impairment	1,073	953	1,073	953

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors is as follows:

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Not past due	15	0	15	0
Past due 1-60 days	40	30	40	30
Past due 61-120 days	25	0	25	0
Past due > 121 days	993	923	993	923
Total individual impairment	1,073	953	1,073	953

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

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
At 1 July	954	991	954	991
Additional provisions made during the year	(119)	37	(119)	37
Receivables written off during the period	238	(75)	238	(75)
At 30 June	1,073	953	1,073	953

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



13: Derivative financial instruments

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Current asset portion				
Interest rate swaps - cashflow hedges	0	0	0	0
<i>Total current asset portion</i>	0	0	0	0
Non-current asset portion				
Interest rate swaps - cashflow hedges	0	0	0	0
<i>Total non-current asset portion</i>	0	0	0	0
Total derivative financial instruments assets	0	0	0	0
Current liability portion				
Interest rate swaps - cashflow hedges	0	376	0	376
<i>Total current liability portion</i>	0	376	0	376
Non-current liability portion				
Interest rate swaps - cashflow hedges	33	405	33	405
<i>Total non-current liability portion</i>	33	405	33	405
Total derivative financial instruments liabilities	33	781	33	781

Fair value

Interest rate swaps

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

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$15 million (2012 \$30 million) and for the group were \$15 million (2012 \$30 million). At 30 June 2013, the fixed interest rates of cashflow hedge interest rate swaps varied from 4.12% to 5.25% (2012 5.25% to 5.99%).

Gains and losses recognised in the hedging reserve in equity (note 24) on interest rate swap contracts as at 30 June 2013 will be released to the surplus or deficit as interest is paid on the underlying debt.

The Council and group currently have no fair value hedges.



14: Other financial assets

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Non-current portion				
<i>Investments carried at fair value through comprehensive income:</i>				
Unlisted shares NZ Local Government Insurance Corporation Ltd (cost)	167	167	167	167
Unlisted shares Waikato Local Authority Shared Services Ltd	170	203	170	203
Unlisted shares BOP Local Authority Shared Services Ltd	-4	-7	-4	-7
Carbon Emissions Credits	0	0	0	0
Borrower Notes	320	0	320	0
<i>Investments carried at cost less impairment losses:</i>				
Unlisted shares Rotorua Regional Airport Limited	1,926	1,784	0	0
Unlisted shares Terax Limited Partnership	40	0	0	0
Unlisted shares Terax 2013 Ltd	-1	0	0	0
Unlisted shares Grow Rotorua Ltd	330	0	0	0
Total non-current portion	2,947	2,147	650	363
Total other financial assets	2,947	2,147	650	363

Fair value

Term deposits

The carrying amount of term deposits approximates their fair value.

Unlisted shares

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

The Waikato LASS share investment comprises:

- 1 ordinary share
- 126,703 Shared Valuation Database shares
- 7,516 WRAP service shares, which are uncalled as at balance date

The service shares are non-voting and do not carry the right to share in any distributions of the company.

The BOP LASS share investment comprises 1 ordinary share. The fair value of the BOP LASS, approximated using the net asset backing method, is \$(3,939) (2012 \$(6,954)).

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 \$1,925,525 (2012 \$1,784,051). The surplus for the year of \$141,474 (2012 \$57,655) is recognised in the Statement of comprehensive income.

The cost price of the share investment in the subsidiary Grow Rotorua Limited amounts to nil. The recoverable amount is approximated by using the net asset backing method and amounts to \$330,011 (2012 \$nil). The surplus for the year of \$335,609 (2012 \$nil) is recognised in the Statement of comprehensive income.

The cost price of the share investment in the subsidiary Terax 2013 Limited amounts to nil. The recoverable amount is approximated by using the net asset backing method and amounts to \$(1,850) (2012 \$nil). The surplus for the year of \$(1,309) (2012 \$nil) is recognised in the Statement of comprehensive income.

The cost price of the share investment in the subsidiary Terax Limited Partnership amounts to \$40,000. The recoverable amount is approximated by using the net asset backing method and amounts to \$40,000 (2012 \$nil). The surplus for the year of \$17,129 (2012 \$nil) is recognised in the Statement of comprehensive income.

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



Impairment

There were no impairment expenses or provisions for other financial assets. At balance date, none of these financial assets are either past due or impaired.

15: Inventory

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Inventories held for distribution or consumption in provision of services	1,011	1,033	1,011	1,033
Inventories held for use in production of goods and services on a commercial basis	316	264	316	264
Total inventories	1,327	1,297	1,327	1,297
Water and sewerage reticulation spare parts	240	267	240	267
Street furniture	14	14	14	14
Nursery store	707	688	707	688
Vehicle workshop and fuel	15	19	15	19
Other inventories held for distribution	36	46	36	46
Museum retail stock	92	101	92	101
Solid waste refuse bags	165	118	165	118
Other commercial inventory	58	44	58	44
Total inventories	1,327	1,297	1,327	1,297

No inventories are pledged as security for liabilities (2012 \$nil). However, some inventories are subject to retention of title clauses.

Held for distribution inventory

The carrying amount of inventory held for distribution that are measured at current replacement cost as at 30 June 2013 amounted to \$nil (2012 \$nil).

The write-down of inventory held for distribution because of a loss in service potential amounted to \$nil (2012 \$nil). There have been no reversals of write-downs (2012 \$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 (2012 \$nil). There have been no reversals of write-downs (2012 \$nil).



16: Property, plant and equipment

2013 Classification	Cost / revaluation 1 July 2012 \$000	Accumulated depreciation and impairment charges 1 July 2012 \$000	Carrying amount 1 July 2012 \$000	Current year additions \$000	Current year disposals \$000	Current year impairment charges \$000
Operational assets						
Land	43,123	0	43,123	0	0	0
Buildings	126,464	(5,068)	121,396	613	(5)	0
Library books	3,572	(739)	2,833	591	0	0
Motor vehicles	8,235	(4,515)	3,720	2,066	(1,817)	0
Art collections	6,050	(35)	6,015	8	0	0
Plant and equipment	16,210	(9,112)	7,098	1,239	0	0
<i>Total operational assets</i>	203,654	(19,469)	184,185	4,517	(1,822)	0
Infrastructural assets						
Land	4,829	0	4,829	2,187	(249)	0
Parks and reserves	28,027	(3,064)	24,963	1,780	0	0
Sewerage	203,298	(5,653)	197,645	10,849	(1,236)	0
Water	102,854	(8,713)	94,141	3,082	(69)	0
Drainage	110,494	(4,261)	106,233	1,754	0	0
Roading	242,434	(7,892)	234,542	13,394	(8,450)	0
Land under roads	40,971	0	40,971	84	0	0
<i>Total infrastructural assets</i>	732,907	(29,583)	703,324	33,130	(10,004)	0
Restricted assets						
Airport	51,927	(2,538)	49,389	470	0	0
Land	79,329	0	79,329	1,227	0	0
Landfill	13,230	(690)	12,540	598	0	0
<i>Total restricted assets</i>	144,486	(3,228)	141,258	2,295	0	0
Total Council	1,081,047	(52,280)	1,028,767	39,942	(11,826)	0
RRAL'S property, plant and equipment						
Building chattels	68	(13)	55	23	0	0
Furniture and fittings	153	(101)	52	3	0	0
Plant and equipment	866	(421)	445	1	(1)	0
Motor vehicles	497	(248)	249	35	(36)	0
Computer equipment	75	(43)	32	5	0	0
Total RRAL's property, plant and equipment	1,659	(826)	833	67	(37)	0
Grow Rotorua's property, plant and equipment						
Motor vehicles	0	0	0	64	0	0
Computer equipment	0	0	0	2	0	0
Total Grow Rotorua's property, plant and equipment	0	0	0	66	0	0
Total group property, plant and equipment	1,082,706	(53,106)	1,029,600	40,076	(11,863)	0



2013 Classification

	Current year depreciation \$'000	Revaluation surplus \$'000	Other cost movements \$'000	Depreciation writeback \$'000	Cost / revaluation 30 June 2013 \$'000	Accumulated depreciation and impairment charges 30 June 2013 \$'000	Carrying amount 30 June 2013 \$'000
Operational assets							
Land	0	0	0	0	43,123	0	43,123
Buildings	(5,160)	0	144	(8)	127,216	(10,236)	116,979
Library books	(427)	0	0	0	4,163	(1,166)	2,998
Motor vehicles	(856)	0	0	1,215	8,484	(4,155)	4,328
Art collections	(5)	0	0	0	6,058	(40)	6,018
Plant and equipment	(1,697)	0	0	0	17,449	(10,809)	6,640
<i>Total operational assets</i>	<i>(8,145)</i>	<i>0</i>	<i>144</i>	<i>1,207</i>	<i>206,493</i>	<i>(26,407)</i>	<i>180,086</i>
Infrastructural assets							
Land	0	0	0	0	6,767	0	6,767
Parks and reserves	(1,240)	0	0	0	29,807	(4,304)	25,503
Sewerage	(4,221)	0	0	178	212,911	(9,696)	203,214
Water	(3,062)	0	0	7	105,867	(11,768)	94,099
Drainage	(2,089)	0	0	0	112,248	(6,350)	105,898
Roading	(9,033)	93,829	(156)	7,893	341,050	(9,033)	332,017
Land under roads	0	0	0	0	41,055	0	41,055
<i>Total infrastructural assets</i>	<i>(19,646)</i>	<i>93,829</i>	<i>(156)</i>	<i>8,078</i>	<i>849,705</i>	<i>(41,151)</i>	<i>808,554</i>
Restricted assets							
Airport	(1,038)	0	0	0	52,397	(3,576)	48,821
Land	0	0	12	0	80,569	0	80,569
Landfill	(317)	0	0	0	13,828	(1,007)	12,821
<i>Total restricted assets</i>	<i>(1,355)</i>	<i>0</i>	<i>12</i>	<i>0</i>	<i>146,794</i>	<i>(4,583)</i>	<i>142,211</i>
Total Council	(29,146)	93,829	0	9,285	1,202,992	(72,141)	1,130,845
RRAL'S property, plant and equipment							
Building chattels	(3)	0	0	0	91	(16)	75
Furniture and fittings	(13)	0	0	0	156	(114)	42
Plant and equipment	(75)	0	0	0	866	(496)	370
Motor vehicles	(17)	0	0	0	496	(265)	229
Computer equipment	(12)	0	0	0	80	(55)	25
Total RRAL's property, plant and equipment	(120)	0	0	0	1,689	(946)	741
Grow Rotorua's property, plant and equipment							
Motor vehicles	(12)	0	0	0	64	(12)	52
Computer equipment	(1)	0	0	0	2	(1)	1
Total Grow Rotorua's property, plant and equipment	(13)	0	0	0	66	(13)	53
Total group property, plant and equipment	(29,319)	93,829	0	9,285	1,204,747	(73,102)	1,131,638

* 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.



2012 Classification	Cost / revaluation 1 July 2011 \$000	Accumulated depreciation and impairment charges 1 July 2011 \$000	Carrying amount 1 July 2011 \$000	Current year additions \$000	Current year disposals \$000	Current year impairment charges \$000
Operational assets						
Land	41,577	0	41,577	2,015	(117)	0
Buildings	139,165	(8,747)	130,418	3,340	0	0
Library books	3,037	(332)	2,705	535	0	0
Motor vehicles	8,165	(4,344)	3,821	904	(834)	0
Art collections	6,008	(30)	5,978	71	(29)	0
Plant and equipment	24,054	(15,849)	8,205	1,328	(8,879)	0
<i>Total operational assets</i>	222,006	(29,302)	192,704	8,193	(9,859)	0
Infrastructural assets						
Land	2,533	0	2,533	2,296	0	0
Parks and reserves	26,484	(1,816)	24,668	1,139	(44)	0
Sewerage	195,648	(7,525)	188,123	17,617	(549)	0
Water	101,157	(6,990)	94,167	3,646	(2,260)	0
Drainage	109,400	(2,163)	107,237	1,290	(324)	0
Roading	256,066	(14,405)	241,658	12,444	0	0
Land under roads	40,971	0	40,971	0	0	0
<i>Total infrastructural assets</i>	732,259	(32,899)	699,357	38,432	(3,177)	0
Restricted assets						
Airport	50,684	(1,510)	49,174	1,251	(8)	0
Land	92,998	0	92,998	0	(553)	0
Landfill	10,394	(4,472)	5,922	476	0	0
<i>Total restricted assets</i>	154,076	(5,982)	148,094	1,727	(561)	0
Total Council	1,108,341	(68,183)	1,040,155	48,352	(13,597)	0
RRAL'S property, plant and equipment						
Building chattels	56	(10)	46	12	0	0
Furniture and fittings	153	(88)	65	0	0	0
Plant and equipment	819	(352)	467	58	(11)	0
Motor vehicles	494	(191)	303	3	0	0
Computer equipment	73	(37)	36	8	(6)	0
Total RRAL's property, plant and equipment	1595	(678)	917	81	(17)	0
Total group property, plant and equipment	1,109,936	(68,861)	1,041,072	48,433	(13,614)	0



2012 Classification

	Current year depreciation \$000	Revaluation surplus \$000	Other cost movements \$000	Depreciation writeback \$000	Cost / revaluation 30 June 2012 \$000	Accumulated depreciation and impairment charges 30 June 2012 \$000	Carrying amount 30 June 2012 \$000
Operational assets							
Land	0	830	(1,182)	0	43,123	0	43,123
Buildings	(5,068)	(19,004)	2,963	8,747	126,464	(5,068)	121,396
Library books	(407)	0	0	0	3,572	(739)	2,833
Motor vehicles	(813)	0	0	642	8,235	(4,515)	3,720
Art collections	(5)	0	0	0	6,050	(35)	6,015
Plant and equipment	(1,628)	0	(293)	8,365	16,210	(9,112)	7,098
<i>Total operational assets</i>	<i>(7,921)</i>	<i>(18,174)</i>	<i>1,488</i>	<i>17,754</i>	<i>203,654</i>	<i>(19,469)</i>	<i>184,185</i>
Infrastructural assets							
Land	0	0	0	0	4,829	0	4,829
Parks and reserves	(1,231)	0	448	(17)	28,027	(3,064)	24,963
Sewerage	(3,914)	(6,007)	(3,411)	5,786	203,298	(5,653)	197,645
Water	(3,098)	0	311	1,375	102,854	(8,713)	94,141
Drainage	(2,102)	0	128	4	110,494	(4,261)	106,233
Roading	(7,761)	(16,648)	(9,427)	14,274	242,435	(7,892)	234,540
Land under roads	0	0	0	0	40,971	0	40,971
<i>Total infrastructural assets</i>	<i>(18,106)</i>	<i>(22,655)</i>	<i>(11,951)</i>	<i>21,422</i>	<i>732,908</i>	<i>(29,583)</i>	<i>703,322</i>
Restricted assets							
Airport	(1,034)	0	0	6	51,927	(2,538)	49,389
Land	0	(13,116)	0	0	79,329	0	79,329
Landfill	(687)	3,084	(724)	4,469	13,230	(690)	12,540
<i>Total restricted assets</i>	<i>(1,721)</i>	<i>(10,032)</i>	<i>(724)</i>	<i>4,475</i>	<i>144,486</i>	<i>(3,228)</i>	<i>141,258</i>
Total Council	(27,748)	(50,861)	(11,187)	43,651	1,081,048	(52,280)	1,028,767
RRAL'S property, plant and equipment							
Building chattels	(3)	0	0	0	68	(13)	55
Furniture and fittings	(13)	0	0	0	153	(101)	52
Plant and equipment	(80)	0	0	0	866	(432)	434
Motor vehicles	(57)	0	0	0	497	(248)	249
Computer equipment	(6)	0	0	0	75	(43)	32
Total RRAL's property, plant and equipment	(159)	0	0	0	1659	(837)	822
Total group property, plant and equipment	(27,907)	(50,861)	(11,187)	43,651	1,082,707	(53,117)	1,029,600

* 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.



Valuation

Land (operational, restricted, and infrastructural)

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.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the "unencumbered" land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

Buildings (operational and restricted)

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

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

- The replacement asset is based on the reproduction cost of the specific asset with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- For Council's earthquake prone buildings that are expected to be strengthened, the estimated earthquake strengthening costs have been deducted off the depreciated replacement cost.
- The remaining useful life of assets is estimated.
- Straight line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value. These valuations include adjustments for estimated building strengthening costs for earthquake prone buildings and the associated lost rental during the time to undertake the strengthening work.

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

Sewerage, water, drainage, and roading infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using this method. These include:

- Estimating any obsolescence or surplus capacity of the assets.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over-or-under-estimating the annual depreciation charge recognised as an expense in the Statement of comprehensive 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
- Roding network: 1 July 2012
- Parks and reserves assets: 1 July 2010

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 2011 by independent valuers Cleghorn Gillespie Jensen Limited and the valuation is effective as at 1 July 2011.

Impairment

Impairment losses of \$nil (2012 \$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 \$25.719 million (2012 \$30.438 million).

Leasing

The net carrying amount of plant and equipment held under finance leases is \$nil (2012 \$nil).

17: Intangible assets

	Carbon Credits \$000	Council Computer Software \$000	Goodwill \$000	Total \$000	Group \$000
Cost					
Balance as at 1 July 2012	0	4,552	0	4,552	4,706
Additions	158	801	212	1,171	1,171
Disposals	0	0	0	0	0
Balance as at 30 June 2013	158	5,353	212	5,723	5,877
Balance as at 1 July 2011	0	7,977	0	7,977	8,054
Additions	0	458	0	458	535
Disposals	0	(3,883)	0	(3,883)	(3,883)
Balance as at 30 June 2012	0	4,552	0	4,552	4,706
Accumulated amortisation and impairment					
Balance as at 1 July 2012	0	1,748	0	1,748	1,817
Amortisation Charge	0	958	0	958	993
Disposals	0	0	0	0	0
Balance as at 30 June 2013	0	2,706	0	2,706	2,810
Balance as at 1 July 2011	0	4,209	0	4,209	4,244
Amortisation Charge	0	532	0	532	566
Disposals	0	(2,993)	0	(2,993)	(2,993)
Balances as at 30 June 2012	0	1,748	0	1,748	1,817
Carrying Amounts					
Balance as at 1 July 2011	0	3,768	0	3,768	3,810
Balance as at 30 June and 1 July 2012	0	2,804	0	2,804	2,889
Balance as at 30 June 2013	158	2,648	212	3,017	3,067

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.



Carbon credits

During the year, the Council acquired carbon credits for the purpose of meeting its obligations under the Emissions Trading Scheme for carbon emissions from its landfill operations. The Council is required to forfeit carbon credits for emissions following the end of each calendar year.

18: Depreciation and amortisation expenses by group of activity

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Directly attributable depreciation and amortisation expense by group of activity				
Aquatic Facilities	387	379	387	379
Castlecorp Business Unit	846	809	846	809
Community Engagement & Support	1,022	1,020	1,022	1,020
District Library	849	853	849	853
Economic Development	385	376	397	376
Emergency Management	34	100	34	100
Environmental Planning	0	1	0	1
Event & Venues	1,822	1,765	1,822	1,765
Governance & Strategic Direction	2,582	2,073	2,582	2,073
Infrastructural Planning & Compliance	24	59	24	59
Public Gardens & Open Spaces	1,987	1,885	1,987	1,885
Regulatory Services	24	22	24	22
Roads and Footpaths	8,709	7,468	8,709	7,468
Rotorua Airport Infrastructure	1,038	1,034	1,227	1,234
Rotorua Museum Of Arts And History	483	449	483	449
Stormwater & Land Drainage	2,087	2,100	2,087	2,100
Waste Management	4,732	4,752	4,732	4,752
Water Supplies	3,093	3,133	3,093	3,133
<i>Total directly attributable depreciation and amortisation by group of activity</i>	30,103	28,282	30,304	28,482
Depreciation and amortisation not directly related to group of activities	0	0	0	0
Total depreciation and amortisation expense	30,103	28,282	30,304	28,482

19: Forestry assets

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Balance at 1 July	1,230	458	1,230	458
Increases due to purchases	0	0	0	0
Increase due to asset recognised for the first time	0	935	0	935
Gains/(losses) arising from changes in fair value less estimated point of sale costs	45	(163)	45	(163)
Decreases due to sales	0	0	0	0
Decreases due to harvest	0	0	0	0
Balance at 30 June	1,275	1,230	1,275	1,230

The Council owns five forestry stands located at:

- Tutukau Road – this stand measures 10 hectares of Pinus Radiata forest with a current age of 13 years.
- Near the Rotorua Landfill that measures 2.4 hectares of Pinus Radiata forest with a current age of 30 years.
- Great West Road spring reserve measures 2.5 hectares of Pinus Radiata forest with a current age of approximately 33 years.
- Hill Road spring reserve measures 1.6 hectares of Pinus Radiata forest with a current age of 25 years.
- Reservoir Road spring reserve measures 7.6 hectares of Pinus Radiata forest with a current age of 12 years.



Valuation assumptions

Independent valuers Prime Forest Management Limited have valued forestry assets as at 30 June 2013. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- a discount rate of 8% (2012: 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 and group 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.

20: Creditors and other payables

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Trade payables	17,154	15,783	17,617	15,868
Other payables	391	221	391	221
Deposits and bonds	1,054	1,021	1,054	1,021
Rates, fees and grants received in advance	3,874	3,431	3,874	3,431
Accrued interest	2,155	1,891	2,155	1,891
Total creditors and other payables	24,628	22,347	25,091	22,432

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



21: Borrowings

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Current portion				
Registered debenture stock	15,000	18,000	15,000	18,000
Registered security stock	23,450	24,325	23,450	24,325
<i>Total current portion</i>	38,450	42,325	38,450	42,325
Non-current portion				
Registered debenture stock	80,000	90,000	80,000	90,000
Registered security stock	19,900	18,650	19,900	18,650
LGFA borrowing	20,000	0	20,000	0
Other secured loans	0	0	0	0
<i>Total non-current portion</i>	119,900	108,650	119,900	108,650
Total borrowings	158,350	150,975	158,350	150,975

Fair values of non-current borrowings

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Registered debenture stock	82,719	94,798	82,719	94,798
Registered security stock	19,900	18,650	19,900	18,650
LGFA borrowing	19,920	0	19,920	0
Derivative valuation	33	781	33	781
Total	122,572	114,229	122,572	114,229

Registered security stock

Security stock of \$43,350,000 (2012 \$42,975,000) is at floating interest rates. The interest rate is reset based on the bank bill rate plus a margin for credit risk.

Borrowing from the Local Government Funding Agency (LGFA) of \$20,000,000 (\$2012 \$nil) is at fixed interest rates for the term of the stock.

Registered debenture stock

Debenture stock of \$80,000,000 (2012 \$78,000,000) is at fixed interest rates for the term of the stock. Debenture stock of \$15,000,000 (2012 \$30,000,000) is at floating interest rates. The interest rate is reset quarterly or six monthly based on the equivalent bank bill rate plus a margin for credit risk.

Security

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

Council does not have an overdraft facility.

Treasury Policy compliance ratios

	Limit	2013	2012
Net debt as a percentage of equity	<20%	16.53%	17.36%
Net debt as a percentage of income	<200%	147.44%	124.94%
Net interest as a percentage of income	<15%	7.65%	6.94%
Liquidity (external debt plus cash or near cash financial investments plus committed loan facilities, to existing external debt)	>100%	110.93%	108.55%
No more than 50% of outstanding debt or \$60 million (whichever is the greater) can mature in any rolling 12 month period	<50%	24.28%	28.04%
Headroom for undrawn committed bank facilities	>\$2 million	\$16 million	\$12 million

The weighted average effective interest rate on borrowings is 5.22% (2012 5.44%).



22: Employee entitlements

Current	Council		Group	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Payroll payables	986	891	1,043	941
Accrued pay	648	648	648	648
Annual leave	3,909	3,779	3,909	3,779
Sick leave	110	109	110	109
Total current	5,652	5,427	5,709	5,477

Non current	Council		Group	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Long Service Leave	129	143	129	143
Retirement gratuities	347	326	347	326
Total non current	476	469	476	469

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

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary. A weighted average discount rate of 2.5% (2012 2.5%) and an inflation factor of 0.7% (2012 1.0%) were used.

23: Provisions

Current provisions are represented by:	Council		Group	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Weather-tightness claims	657	1,005	657	1,005
Landfill aftercare provisions	20	20	20	20
Prov. grants not yet uplifted	46	103	46	103
Total current provisions	723	1,128	723	1,128

Non-current provisions are represented by:	Council		Group	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Landfill aftercare provision	2,557	2,574	2,557	2,574
Provision for refund of rates	81	104	81	104
Total non-current provisions	2,638	2,678	2,638	2,678



Movements for each class of provisions are as follows:

	Weather-tightness claims \$000	Landfill aftercare \$000	Refund of rates \$000	Grants not yet uplifted \$000
2013				
Balance 1 July 2012	1,005	2,594	104	103
Additional provisions made during the year	0	0	0	15
Amounts used during the year	(348)	0	(23)	(72)
Discount unwinding	0	(17)	0	0
Balance at 30 June 2013	657	2,577	81	46
2012				
Balance 1 July 2011	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

Weather-tightness claims

There are currently seven claims lodged with the Weathertight Homes Resolutions Service (WHRS) and the Financial Assistance Package as at 30 June 2013 (2012 eight). These claims relate to weathertight issues of homes in the Rotorua area and name the Council as well as other parties. Council has recognised a provision of \$657,000 for actual and any potential future claims, which has been based on actuarial assessment of claims based on historical average claim levels and other information held.

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

Landfill aftercare costs

Council has resource consent to operate the Rotorua Landfill. The Council has responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the site is closed.

The management of the landfill will influence the timing of recognition of some liabilities. The current landfill will gain increased capacity in two stages. A liability relating to stage one will only be created when this stage is commissioned and when refuse begins to accumulate in this stage.

- The current remaining capacity of the site is 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 45 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 5.5%.

Refund of rates

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



24: Equity

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Accumulated Funds				
Balance at 1 July	853,102	848,433	853,102	848,433
Net surplus/(deficit)	(11,204)	(3,403)	(11,221)	(3,403)
Transfers from self funding reserve	11,762	4,098	11,762	4,098
Transfer to council created reserve	(42)	4,150	(42)	4,150
Transfer from restricted reserve	285	(176)	285	(176)
Balance at 30 June	853,903	853,102	853,882	853,102

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.

2013	Opening balance 01/07/12 \$000	Movement during year \$000	Interest earned/ charged to 30/06/13 \$000	Closing balance 30/06/13 \$000
Pensioner housing	952	(63)	0	888
Events centre	(5,161)	88	0	(5,073)
Airport	(65,407)	3,839	(3,772)	(65,340)
Wastewater	15,225	(5,508)	678	10,397
Eastern sewerage scheme	2,998	(2,638)	91	452
Rural waste water	(754)	(2,543)	(110)	(3,407)
Landfill	(7,606)	161	(409)	(7,855)
Water	(3,149)	(1,200)	(204)	(4,554)
Refuse collection	(206)	(490)	(25)	(721)
Electricity	471	299	34	804
Economic projects	83	0	5	88
Total self funding reserves	(62,554)	(8,055)	(3,712)	(74,322)

2012	Opening balance 01/07/11 \$000	Movement during year \$000	Interest earned/ charged to 30/06/12 \$000	Closing balance 30/06/12 \$000
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)



Council created reserves

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

2013	Opening balance 01/07/12 \$000	Movement during year \$000	Interest earned/ charged to 30/06/13 \$000	Closing balance 30/06/13 \$000
Reporoa Domain	48	8	3	59
Waikite Domain	21	2	1	24
<i>Development Contributions</i>				
Roading	568	(1,453)	(17)	(902)
Public amenities	(7,528)	48	(408)	(7,888)
Land drainage and stormwater	(165)	(193)	(15)	(373)
Parks and reserves	(1,362)	30	(64)	(1,396)
Water	(5,327)	(71)	(292)	(5,690)
Waste water	(11,300)	2,996	(533)	(8,837)
Total Council created reserves	(25,045)	1,367	(1,325)	(25,000)

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.

2012	Opening balance 01/07/11 \$000	Movement during year \$000	Interest earned/ charged to 30/06/12 \$000	Closing balance 30/06/12 \$000
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)

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



Restricted reserves

Restricted reserves are subject to specific conditions set either by legislation, trust or bequests and the purpose may not be changed without reference to the courts of a third party.

2013	Opening balance 01/07/12 \$000	Movement during year \$000	Interest earned/ charged to 30/06/13 \$000	Closing balance 30/06/13 \$000
Reserves development	1,495	-283	0	1,212
Creative NZ Reserve	26	-1	1	26
Total Restricted Reserves	1,521	-284	1	1,238

2012 \$000	Opening balance 01/07/11 \$000	Movement during year \$000	Interest earned/ charged to 30/06/12 \$000	Closing balance 30/06/12 \$000
Reserves development	1,321	85	89	1,495
Creative NZ Reserve	24	1	1	26
Total Restricted Reserves	1,345	86	90	1,521

Restrictions

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

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

Cashflow hedge reserve

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Opening balance	(558)	(680)	(558)	(680)
Valuations gains / (losses) taken to equity	524	122	524	122
Closing balance	(33)	(558)	(33)	(558)

Fair value through equity reserve

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Opening balance	304	407	304	407
Valuations gains / (losses) taken to equity	473	(103)	473	(103)
Closing balance	777	304	777	304



Asset revaluation reserves

2013	2013 asset revaluation reserve for each asset class consist of						Closing balance 30/06/13 \$000
	Opening balance 01/07/12 \$000	Transfer to accumulated funds on disposal of property \$000	Revaluation gains / (losses) during year \$000	Revaluation disposals gains / (losses) during year \$000	Debit reserves transferred to SOCI \$000		
Airport	1,878	0	0	0	0	1,878	
Building	5,458	0	0	(1)	0	5,457	
Bridges	0	0	0	0	0	0	
Footpaths*	0	0	0	0	0	0	
Land	0	0	0	0	0	0	
Landfill	6,207	0	0	0	0	6,207	
Library	274	0	0	0	0	274	
Parks and reserves	5,266	0	0	0	0	5,266	
Roading	5,092	0	101,146	(3,940)	0	102,297	
Stormwater	51,989	0	0	0	0	51,989	
Street items	636	0	(17)	(14)	0	605	
Waste management	0	0	0	0	0	0	
Wastewater plant	7,770	0	0	67	0	7,837	
Wastewater Reticulation	3,553	0	0	181	0	3,734	
Waterworks	19,723	0	0	(18)	0	19,705	
TOTAL	107,846	0	101,129	(3,725)	0	205,250	

* Footpaths reserve has been combined with roading reserve for 2013 as it is of the same asset class.

2012	2012 asset revaluation reserve for each asset class consist of						Closing balance 30/06/12 \$000
	Opening balance 01/07/11 \$000	Transfer to accumulated funds on disposal of property \$000	Revaluation gains / (losses) during year \$000	Revaluation disposals gains / (losses) during year \$000	Major transfers \$000	Debit reserves transferred to SOCI \$000	
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



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

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Surplus/(deficit) after tax	(11,204)	(3,403)	(11,204)	(3,403)
Add/(less) non(cash items:				
Depreciation	29,146	27,749	29,346	27,949
Amortisation	958	532	958	532
Impairment charges accounts receivable	119	(37)	119	(37)
Vested assets and assets recognised for first time	(74)	(3,740)	(74)	(3,740)
(Gains)/losses in fair value of forestry assets	(45)	(773)	(45)	(773)
Loss on revaluation reserves to statement of comprehensive income	0	10,541	0	10,541
Add/(less) items classified as investing or financing activities:				
(Gains)/losses on disposal of property, plant and equipment	9,026	981	9,009	981
Reversal impairment (gain) loss RRAL	(141)	(58)	0	0
Fair value decrease(increase) LASS	30	85	30	85
Fair value decrease(increase) NZLGI	0	45	0	45
Fair value decrease (increase) in Grow Rotorua Ltd	(330)	0	0	0
Fair value decrease(increase) in Terax 2013 Ltd	1	0	0	0
Fair value decrease (increase) in Terax Limited Partnership	(40)	0	(57)	0
Fair value decrease (increase) interest swap	222	(263)	222	(263)
Movement in derivative	(369)	0	(369)	0
Movement property, plant and equipment	2,813	(7,092)	2,813	(7,092)
Add/(less) movements in working capital items:				
Debtors and other receivables	6,941	(2,812)	7,203	(1,643)
Inventories	(28)	46	(28)	46
Creditors and other payables	2,280	(4,500)	2,282	(4,463)
Provision for taxation	0	0	(3)	10
Provisions	(445)	1,240	(445)	1,230
Employee Benefits	232	207	253	207
Net cash inflow/(outflow) from operating activities	39,092	18,748	40,110	20,212

26: Capital commitments and operating leases

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Capital commitments				
Recreation and Community Services	1,805	69	1,805	69
Works and Engineering Services	22,944	34,908	22,944	34,908
Support Services	0	19	0	19
Airport	77	683	77	683
Total capital commitments	24,826	35,679	24,826	35,679

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



Operating leases as lessee

The Council and group leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments payable under non cancellable operating leases are as follows:

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Not later than one year	469	338	469	338
Later than one year and not later than two years	357	244	357	244
Later than two years and not later than five years	722	426	722	426
Later than five years	1,220	505	1,220	505
Total non cancellable operating lease commitments as lessee	2,768	1,513	2,768	1,513
Total commitments	27,594	37,192	27,594	37,192

The total minimum future sublease payments expected to be received under non cancellable subleases at balance date is \$nil (2012 \$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 leasers are as follows:

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Not later than one year	1,385	1,712	1,385	1,712
Later than one year and not later than two years	1,057	1,399	1,057	1,399
Later than two years and not later than five years	2,256	3,008	2,256	3,008
Later than five years	5,443	7,925	5,443	7,925
Total non cancellable operating leases as lessor	10,141	14,044	10,141	14,044

No contingent rents have been recognised during the period.



27: Contingencies

Contingent liabilities

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Financial Guarantees				
Guarantees to community and sporting groups	143	155	143	155
Performance Bond				
Performance bond BNZ on behalf of Tourism Rotorua	235	235	235	235
Suspensory Loan				
Housing New Zealand Corporation suspensory loan	1,532	1,532	1,532	1,532
Legal proceedings				
The Group's effective exposure to legal claims	732	635	732	635
LAPP				
Local Authority Protection Programme Disaster Fund	1,928	0	1,928	0
Total contingent liabilities	4,570	2,557	4,570	2,557

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. Contingent assets (below) on the effect of Council's underwriting conditions on all financial guarantees.

Performance Bond

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

Suspensory Loan

The Housing New Zealand suspensory loan has been spent on specific social housing projects in accordance with the loan agreement. The Council is not required to repay the 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 six legal claims (2012 ten). An estimate of council's share of exposure is \$732,000, and includes an estimate for other known situations out of which a formal claim may arise. The Council does not accept the validity of all these claims and is in the process of resolving them through normal legal channels.

Unquantified claims

As disclosed in note 23, a provision of \$657,000 (2012 \$1,005,000) has been recognised for weathertightness claims. Included in this amount is an estimate of \$375,000 (2012 \$525,000) being Council's exposure to potential future claims which have not yet been advised until the statutory limitation period expires. Claims must be made within 10 years of construction or alteration of the dwelling in order for the claim to be eligible under the Weathertight Homes Resolution Services Act 2006, but other statutory limitation periods could also affect claims.

RiskPool provides public liability and professional indemnity for its members, of which Council is no longer a member. The trust deed of RiskPool provides that, if there is a shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any fund year, then the board may make a call on members for that fund year. \$103,634 was paid by Council during 2013, and a further call for additional contributions is not



expected to be made for 2014. 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 2012 the Scheme had a past service surplus of \$17.4 million (7.7% of the liabilities). This amount is exclusive of Specified Superannuation Contribution Withholding Tax and calculated using a discount rate equal to the expected return on the assets. The actuary to the Scheme has recommended the employer contribution continues at 1.0 times contributors contributions. The 1.0 is inclusive of Specified Contribution Withholding Tax.

Local Government Funding Agency

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

The Council is one of eight local authority borrowers and guarantors with the LGFA which now has 30 local authorities as shareholders of the LGFA.

Local Authority Protection Programme Disaster Fund (LAPP)

Council's underground infrastructure assets are insured through a fund held jointly with the majority of other local authorities. This fund was nearly exhausted through the two Christchurch earthquakes claims. Subsequently, in order to keep premiums at a more affordable level, the fund has incorporated a risk sharing scheme. This means that Rotorua District Council may have to contribute up to \$1,928,000 if there are two Christchurch type events in the next financial year.

Contingent assets

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Loan guarantees				
Rotorua Badminton Club Incorporated	46	51	46	51
Whakarewarewa Rugby Community Sports Incorporated	0	26	0	26
Rotorua Hockey Trust & BOP Hockey Association	167	186	167	186
Total	213	263	213	263

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 2013 there are three facilities with a book value of \$213,362 (2012 \$263,481).



	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Suspensory Loans				
Reporoa College	40	50	40	50
Western Heights High School	60	90	60	90
Rotorua Girls High School	30	60	30	60
Rotorua Rail Trust	1	2	1	2
Kaharoa Primary School	30	40	30	40
Lynmore Primary School	4	8	4	8
St Chads	30	40	30	40
John Paul College	135	155	135	155
Rotorua Kartsport Development	135	135	135	135
Total	465	580	465	580
Total contingent assets	678	843	678	843

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 2013 there were nine facilities having a face value of \$465,000 (2012 \$580,000) outstanding.

28: Related party transactions

The Council is the ultimate parent of the group and controls the following entities:

- Rotorua Regional Airport Limited
- Terax 2013 Limited
- Terax Limited Partnership
- Grow Rotorua Limited
- Rotorua District Council Holdings Limited

Related party transactions with subsidiaries, associates or joint ventures

Rotorua Regional Airport	Council	
	2013 \$000	2012 \$000
Interest paid to the council	0	15
Services provided by the council		
- Land and water rates	82	69
- Rent	87	205
- Development levy	482	510
Loans payable to the council	0	0
Accounts payable to the council	79	907
Accounts receivable from the council	516	107
Directors remuneration including non-monetary benefits paid to RDC councillors		
- Councillor Martin	0	0
- Councillor McVicker	0	0
- Councillor Kenny	0	0



Terax 2013 Ltd	Council	
	2013 \$000	2012 \$000
Interest paid to the council	0	0
Services provided by the council		
- Land and water rates	0	0
- Rent	0	0
Loans payable to the council	0	0
Accounts payable to the council	0	0
Accounts receivable from the council	0	0
Directors remuneration	0	0
Directors Fee reimbursement RDC	5	0

Terax Limited Partnership	Council	
	2013 \$000	2012 \$000
Interest paid to the council	0	0
Services provided by the council		
- Land and water rates	0	0
- Rent	0	0
Loans payable to the council	0	0
Accounts payable to the council	0	0
Accounts receivable from the council	0	0

Grow Rotorua Ltd	Council	
	2013 \$000	2012 \$000
Interest paid to the council	0	0
Grant paid to Grow Rotorua Ltd	850	0
Services provided by the council		
- Land and water rates	0	0
- Rent	10	0
Loans payable to the council	0	0
Accounts payable to the council	3	0
Accounts receivable from the council	0	0

Key management personnel compensation	Council	
	2013 \$000	2012 \$000
Salaries and other short term employee benefits	1,059	954
Post-employment benefits	0	0
Other long-term benefits	43	43
Termination benefits	0	0
Share-based payments	0	0
Councillors Salaries	609	588
Total group key management remuneration	1,711	1,585

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 \$1,416,503 (2012 \$1,409,283) from Clean Green City Maintenance and \$721 (2012 \$nil) from Gardeners Landscape Supplies. Accounts payable balances of \$1,207 (2012 \$99,599) was payable at year end to Clean Green City Maintenance and \$182.70 (2012 \$nil) to Gardeners Landscape Supplies. Both businesses are owned by Councillor Bentley and her husband.

During the year, the Council purchased goods and services from Gould Photographics for \$303 (2012 \$365), a business in which Councillor Gould is an owner.



Peter Guerin, Chief Executive, is director for BOP LASS Limited to which Council paid \$275,777.96 (2012 \$165,160) for services provided. An outstanding amount payable at 30 June 2013 was \$20,163.21 (2012 \$41,257) and Council received \$3,125.40 (2012 \$2,515) during the year from BOP LASS Limited.

Peter Guerin, Chief Executive, is also a director for LASS Limited. in which payments amounting to \$nil (2012 \$54,541) 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 2013 \$nil (2012 \$nil).

29: Remuneration

Chief Executive's remuneration

The Chief Executive of Rotorua District Council is appointed under Part 4, section 42 of the Local Government Act 2002.

The Chief Executive received the following remuneration:

	Council		Group	
	2013 \$	2012 \$	2013 \$	2012 \$
Salary	298,040	293,812	298,040	293,812
Vehicle (including FBT)	23,836	23,852	23,836	23,852
	321,876	317,664	321,876	317,664
<i>Other Benefits</i>				
Professional Association Fees	1,086	261	1,086	261
Telephone and Sundries	0	0	0	0
Superannuation	14,676	14,690	14,676	14,690
	15,762	14,951	15,762	14,951
Total normal remuneration	337,638	332,615	337,638	332,615
Plus: Severance payment	11,289	0	0	0
Payment for accrued leave on cessation	65,573	0	0	0
Total amount paid	414,500	0	0	0

Elected representatives

Elected representatives received the following remuneration:

	Honoraria 2013 \$	Hearing fees 2013 \$	Total 2013 \$	Total 2012 \$
Winters K (Mayor) *	111,841	0	111,841	106,936
Winters K (Mayor) – Mayor's vehicle	4,735	0	4,735	4,804
Bentley M*	37,749	2,160	39,909	39,199
Calnan J*	39,249	0	39,249	39,219
Donaldson D*	39,249	0	39,249	39,219
Gould M*	37,749	0	37,748	37,719
Hunt K*	39,249	1,880	41,129	39,219
Kenny G*	0	0	0	6,157
Maxwell T H	42,413	0	42,413	42,383
McVicker M *	43,163	0	43,163	43,133
Raukawa-Tait M*	37,749	0	37,748	22,651
Searancke G P*	43,163	4,530	47,693	45,081
Sturt C W*	37,749	280	38,029	37,799
Waaka M T R*	39,249	5,600	44,849	43,164
Wepa J G*	43,163	3,120	46,283	46,249
	596,470	17,570	614,038	592,932



The monetary remuneration consists of honoraria (* honorarium includes \$750 communication allowance) 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.

Council employees

	Total 2013	Total 2012
Total annual remuneration by band for employees as at 30 June:		
< \$60,000	424	432
\$60,000 - \$79,999	113	102
\$80,000 - \$99,999	33	29
\$100,000 - \$119,999	12	11
\$120,000 - \$139,999	7	7
\$140,000 - \$159,999	7	7
\$160,000 - \$239,999	6	7
> \$240,000	1	1
Total employees	603	596

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 462 (2012 468) full-time employees, with the balance of staff representing 76.37 (2012 64.97) full-time equivalent employees. A full-time employee is determined on the basis of a 40 hour working week.

30: Severance payments

The council made two severance payments to employees during the year totalling \$39,130.58 (2012 three - \$26,404.82).

The value of each of the severance payments was \$27,841.58 and \$11,289.00 (2012 \$11,159.01, \$12,245.81 and \$3,000.00).

31: Agency relationships

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

These agency transactions have not been included in council's current year operating results. Council has, however, included the net movement in agency debtors and creditors in its statement of cashflows, and included the council's asset or liability in relation to the agencies in its statement of financial position. Council derives commission 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 2013	2013 \$000	Percentage %	2012 \$000	Percentage %
Kawerau District Council	55	2.28	57	2.3
Opotiki District Council	58	2.40	62	2.5
Rotorua District Council	522	21.60	547	22.0
Taupo District Council	347	14.36	362	14.5
Tauranga City Council	820	33.93	826	33.2
Western BOP District Council	361	14.94	374	15.0
Whakatane District Council	254	10.51	261	10.5
Total tax distributable to councils	2,417	100.0	2,489	100.0



State Highways administration

	2013 \$000	2012 \$000
Expenditure on State Highways roading network (Reimbursed from Land Transport New Zealand and Whakatane District Council)	13,302	9,644

Regional Council rates

	2013 \$000	2012 \$000
Rates were collected on behalf of the following Regional Authorities:		
Bay of Plenty Regional Council	7,066	6,967
	7,066	6,967

32: Financial instruments

32A: Financial instrument categories

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
FINANCIAL ASSETS				
Loans and receivables				
Total cash and cash equivalents (including short term deposits 3mths or less)	663	883	2,258	1,622
Debtors and other receivables (including community loans & RRAL loan)	11,057	19,747	11,371	19,961
<i>Total loans and receivables</i>	11,720	20,630	13,629	21,583
Fair value through other comprehensive income				
Borrower Notes	320	0	320	0
Unlisted shares	2,627	2,147	330	363
Derivatives that are hedge accounted				
Derivative financial instrument assets	0	0	0	0
<i>Total financial assets</i>	14,667	22,777	14,279	21,946
FINANCIAL LIABILITIES				
Financial liabilities				
Creditors and other payables	24,628	22,347	25,091	22,432
Borrowings:				
Registered debenture stock	95,000	108,000	95,000	108,000
Registered security stock	43,350	42,975	43,350	42,975
LGFA borrowings	20,000	0	20,000	0
Derivatives that are hedge accounted				
Derivative financial instrument liabilities	33	781	33	781
Total financial liabilities at amortised cost	183,011	174,103	183,474	174,188



32B: 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
30 June 2013 Council				
Financial assets				
Borrower Notes	320	0	320	0
Shares	2,627	0	0	2,627
Financial liabilities				
Registered debenture stock	95,000	0	95,000	0
Registered security stock	43,350	0	43,350	0
LGFA borrowings	19,920	0	19,920	0
Derivatives	33	0	33	0
30 June 2013 Group				
Financial assets				
Borrower Notes	320	0	0	320
Shares	330	0	0	330
Financial liabilities				
Registered debenture stock	95,000	0	95,000	0
Registered security stock	43,350	0	43,350	0
LGFA borrowings	19,920	0	19,920	0
Derivatives	33	0	33	0
30 June 2012 Council				
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
30 June 2012 Group				
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

There were no transfers between the different levels of the fair value hierarchy.



Valuation techniques with significant non-observable inputs (level 3)

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Balances 1 July	(448)	(429)	(448)	(429)
Gains and losses recognised in other comprehensive income	(998)	(19)	(998)	(19)
Balance at 30 June	(1,446)	(448)	(1,446)	(448)

Any hedging must be approved by council.

32C: Financial instrument risks

Council has a series of policies to manage the risk associated with financial instruments and is risk averse and seeks to minimise exposure from its treasury activities. The Council has established liability management and investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. At present the Council is not exposed to any equity securities price risk as the council holds no listed equity instruments.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Council purchases plant and equipment associated with the construction of certain infrastructural assets from overseas, which require it to enter into transactions denominated in foreign currencies. As a result of these activities, exposure to currency risk arises.

Interest rate risk

The interest rate risk comprises:

- Fair value interest rate risk: the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings issued at fixed rates expose the council to fair value interest rate risk.
- Cash flow interest rate risk: the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rate expose the council to cash flow interest rate risk.

To manage these risks the council's current fixed rate maturity profile limits are:

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

Note 21 provides information on term deposits interest rates and maturity profile.

Notes 13 and 21 provide 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.

The Council places its cash and short term deposits with high credit quality financial institutions. Accordingly the Council does not require any collateral or security to support these financial instruments with institutions or organisations it deals with.

Maximum exposure to credit risk

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

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Cash at Bank and term deposits	663	883	2,258	1,622
Debtors and other receivables (including community loans & RRAL loan)	11,057	19,747	11,371	19,961
Borrower Notes	320	0	320	0
Unlisted shares	2,627	2,147	330	363
<i>Total fair value through other comprehensive income</i>	14,667	22,777	14,279	21,946

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poors' credit ratings (if available) or to historical information about counterparty default rates:

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Counterparties with credit ratings				
Cash at bank and term deposits	663	883	2,258	1,622
Total cash at bank and term deposits	663	883	2,258	1,622
Counterparties without credit ratings				
Borrower notes	320	0	320	0
Unlisted shares	2627	2147	330	363
Total unlisted shares	2,947	2,147	650	363
Community and related party loans				
Existing counterparty with no defaults in the past	11	17	11	17
Related party loan RRAL	0	0	0	0
Total community and related party loans	11	17	11	17

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 (2012 \$55 million). There are no restrictions on the use of this facility.

Contractual maturity analysis of financial liabilities.

The table below analyses the Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Liability carrying amount \$000	Contractual cashflows \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
Council 2013						
Creditors and payables	24,628	24,628	24,628	0	0	0
Registered debenture stock	95,000	109,342	20,166	19,036	59,971	10,169
Registered security stock	43,350	43,700	43,615	85	0	0
LGFA borrowings	20,000	25,377	942	942	2,826	20,667
Derivatives	33	(36)	(360)	(124)	448	0
Total	183,011	203,011	88,991	19,939	63,245	30,836
Group 2013						
Creditors and payables	25,091	25,091	25,091	0	0	0
Registered debenture stock	95,000	109,342	20,166	19,036	59,971	10,169
Registered security stock	43,350	43,700	43,615	85	0	0
LGFA borrowings	20,000	25,377	942	942	2,826	20,667
Derivatives	33	(36)	(360)	(124)	448	0
Total	183,474	203,474	89,454	19,939	63,245	30,836
Council 2012						
Creditors and 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
Total	174,103	193,470	89,704	20,135	72,981	10,650
Group 2012						
Creditors and 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
Total	174,188	193,555	89,789	20,135	72,981	10,650



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 2013						
Cash and cash equivalents (including short term deposits 3 months or less)	663	663	663	0	0	0
Debtors and other receivables	11,057	11,057	11,057	0	0	0
Other financial assets						
Borrower notes	320	398	0	0	0	398
Unlisted shares	2,627	2,627	2,627	0	0	0
Total	14,667	14,745	14,347	0	0	398
Group 2013						
Cash and cash equivalents (including short term deposits 3 months or less)	2,258	2,258	2,258	0	0	0
Debtors and other receivables	11,371	11,371	11,371	0	0	0
Other financial assets						
Borrower notes	320	398	0	0	0	398
Unlisted shares	330	330	330	0	0	0
Total	14,279	14,357	13,959	0	0	398
Council 2012						
Cash and cash equivalents (including short term deposits 3 months or less)	883	883	883	0	0	0
Debtors and other receivables	19,747	19,747	19,747	0	0	0
Other financial assets	0	0	0	0	0	0
Unlisted shares	2,147	2,147	2,147	0	0	0
Total	22,777	22,777	22,777	0	0	0
Group 2012						
Cash and cash equivalents (including short term deposits 3 months or less)	1,622	1,622	1,622	0	0	0
Debtors and other receivables	19,961	19,961	19,961	0	0	0
Other financial assets	0	0	0	0	0	0
Unlisted shares	363	363	363	0	0	0
Total	21,946	21,946	21,946	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	2013 \$000				2012 \$000			
	-100bps		+100bps		-100bps		+100bps	
Interest rate risk	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity
Financial assets								
Cash and cash equivalents	(7)	0	7	0	(9)	0	9	0
Financial liabilities								
Derivatives (hedge accounted	0	(547)	0	519	(1)	(777)	1	735
Borrowings:								
- Debenture Stock	150	0	(150)	0	70	0	(70)	0
- Security Stock	434	0	(434)	0	430	0	(430)	0
Total sensitivity	577	(547)	(577)	519	490	(777)	(490)	735

Group	2013 \$000				2012 \$000			
	-100bps		+100bps		-100bps		+100bps	
Interest rate risk	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity
Financial assets								
Cash and cash equivalents	(7)	0	7	0	(16)	0	16	0
Financial liabilities								
Derivatives - hedge accounted	0	(547)	0	519	(1)	(777)	1	735
Borrowings:								
- Debenture Stock	150	0	(150)	0	70	0	(70)	0
- Security Stock	434	0	(434)	0	430	0	(430)	0
Total sensitivity	577	(547)	(577)	519	483	(777)	(483)	735

Hedge accounted derivatives

Financial liabilities

Derivative financial assets that are hedge accounted for include five interest rate swaps with a fair value totalling \$15,033,468.27 (2012 \$30,781,000).

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 \$nil (2012 \$1,000) and \$518,935 (2012 \$735,000) 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 \$nil (2012 \$(1,000)) effect on profit and \$547,425 (2012 \$(777,000)) effect on equity. There is a profit or loss sensitivity of \$747,209.25 (2012 \$(263,802.37)) 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 (2012 -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% (2012 -10%/+10%) movement in the quoted bid share price at year end for the listed shares.

33: Capital management

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long-term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

The council has the following Council-created reserves:

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

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

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

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

34: Additional explanation of major variances against budget

Development and financial contributions are down against budget forecasts. This reflects the continued decrease in building and subdivision consents in the current economic downturn.

Subsidies and grants were substantially down against budget forecasts due largely to the timing of funding for sewerage schemes and the decision not to proceed with constructing the Rotoma sewerage scheme during the 2012/13 year.

Other revenue under budget was a result of RDC's major trading entities performance due to a downturn in tourism numbers, reduced building and subdivision revenue, and less waste management revenue directly proportional to the amount of material being landfilled.

Personnel costs were above budget by \$231,000. Of this amount, \$170,000 reflects the cost of the City Safe Guardians which were budgeted within a separate operating expenditure line, and then captured as personnel costs during the year. The balance reflects other costs such as 'standby' and overtime payments during the year.



Other expenses were \$5.4 million above budget, largely due to non-cash asset revaluation transactions as shown in Note 8.

At \$158 million at year end, debt was \$15 million below the budgeted forecast of \$173 million. Creditors and other payables were \$4.6 million lower than budget due to timing of payments.

35: Reclassification and restatement

	Actual 2012		
	Before Reclassification \$000	Reclassification \$000	After Reclassification \$000
COUNCIL			
Income			
Rates, excluding targeted water supply rates	71,774	(3,025)	68,749
Targeted rates for water supply	0	3,025	3,025
Development and financial contributions	0	784	784
Finance income	0	102	102
Subsidies and grants	0	20,397	20,397
Other revenue	49,774	(21,283)	28,491
<i>Total Income</i>	121,548	0	121,548
GROUP			
Income			
Rates, excluding targeted water supply rates	71,705	(2,956)	68,749
Targeted rates for water supply	0	2,956	2,956
Development and financial contributions	0	784	784
Finance income	0	87	87
Subsidies and grants	0	20,397	20,397
Other revenue	51,543	(21,268)	30,275
<i>Total Income</i>	123,248	0	123,248

36: Events after balance date

No significant events have occurred between balance date and the signing of the financial statements.



Other legislative disclosures

Funding Impact Statement for Whole of Council

	2011/12 Annual Plan \$000	2011/12 Annual Report \$000	2012/13 Annual Plan \$000	2012/13 actual \$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	32,029	33,087	45,054	44,340
Targeted rates (other than a targeted rate for water supply)	31,944	32,583	20,659	21,834
Subsidies and grants for operating purposes	3,932	3,305	3,382	3,577
Fees, charges and targeted rates for water supply	7,223	6,696	7,138	6,916
Interest and dividends from investments	60	88	36	48
Local authorities fuel tax, fines, infringement fees and other receipts	22,667	21,056	23,368	19,140
Total operating funding (A)	97,855	96,815	99,637	95,855
Applications of operating funding				
Payments to staff and suppliers	73,280	75,296	75,109	75,546
Finance costs	9,499	9,000	9,178	8,180
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	82,779	84,296	84,287	83,726
Surplus (deficit) of operating funding (A - B)	15,076	12,519	15,350	12,129
Sources of capital funding				
Subsidies and grants for capital expenditure	19,962	17,153	21,302	9,146
Development and financial contributions	1,418	784	1,300	805
Increase(decrease) in debt	2,144	8,343	5,035	2,946
Gross proceeds from sale of assets	203	2	500	(536)
Lump sum contributions	1,346	2,990	1,293	1,905
Total sources of capital funding (C)	25,073	29,272	29,430	14,266
Applications of capital funding				
Capital expenditure				
- to meet additional demand	23,207	18,763	16,598	7,518
- to improve the level of service	11,011	15,029	15,417	14,895
- to replace existing assets	14,766	11,368	16,568	17,889
Increase (decrease) in reserves	(8,835)	(3,369)	(3,803)	(13,907)
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding (D)	40,149	41,791	44,780	26,395
Surplus (deficit) of capital funding (C - D)	(15,076)	(12,519)	(15,350)	(12,129)
Funding balance ((A - B) + (C - D))	0	0	0	0



Independent Auditor's Report

To the readers of Rotorua District Council and group's annual report for the year ended 30 June 2013

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

- the financial statements of the District Council and group that comprise:
 - the statement of financial position as at 30 June 2013 on page 123;
 - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ending 30 June 2013 on pages 121, 122 and 124;
 - the funding impact statement of the District Council on page 178;
 - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 27 to 118; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 125 to 178;
- the statement of service provision (referred to as the statement of service performance) of the District Council on pages 27 to 118 and the funding impact statements in relation to each group of activities of the District Council on pages 27 to 118.

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

- information about:
 - council-controlled organisations on pages 113 to 118;
 - reserve funds on page 159;
 - each group of activities carried out by the District Council on pages 27 to 118;
 - remuneration paid to the elected members and certain employees of the District Council on pages 167 to 168;
 - employee staffing levels and remuneration on page 168; and



- severance payments on page 168;
- a report on the activities undertaken by the District Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on pages 15 to 17; and
- a statement of compliance signed by the mayor of the Council, and by the District Council and group's chief executive on page 120.

Opinion

Audited information

In our opinion:

- the financial statements of the District Council and group on pages 121 to 178:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council and group's financial position as at 30 June 2013; and
 - the results of its operations and cash flows for the year ended on that date.
- the funding impact statement of the District Council on page 178, fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 27 to 118, fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan.
- the statement of service performance of the District Council on pages 27 to 118:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the District Council's levels of service for the year ended 30 June 2013, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term plan; and
 - the reasons for any significant variances between the actual service and the expected service.
- the funding impact statements in relation to each group of activities of the District Council on pages 27 to 118, fairly reflects by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.



Compliance with the other requirements of schedule 10

In our opinion, which is not an audit opinion, the District Council and group's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual report.

Our audit was completed on 30 October 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

Basis of opinion

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

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

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

An audit also involves evaluating:

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

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

When reporting on whether the annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was



carried out in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements. As a result we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

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

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and statement of service performance that:
 - comply with generally accepted accounting practice in New Zealand;
 - 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;
- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- funding impact statements in relation to each group of activities that fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

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

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

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the information we are required to audit, and whether the Council has complied with the Other Requirements of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.



Independence

When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, which includes our report on the Other Requirements, we have no relationship with or interests in the District Council or any of its subsidiaries.

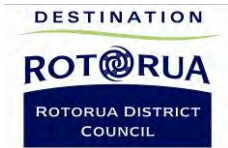


Clarence Susan
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand



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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.

