



Annual Report 2013/14

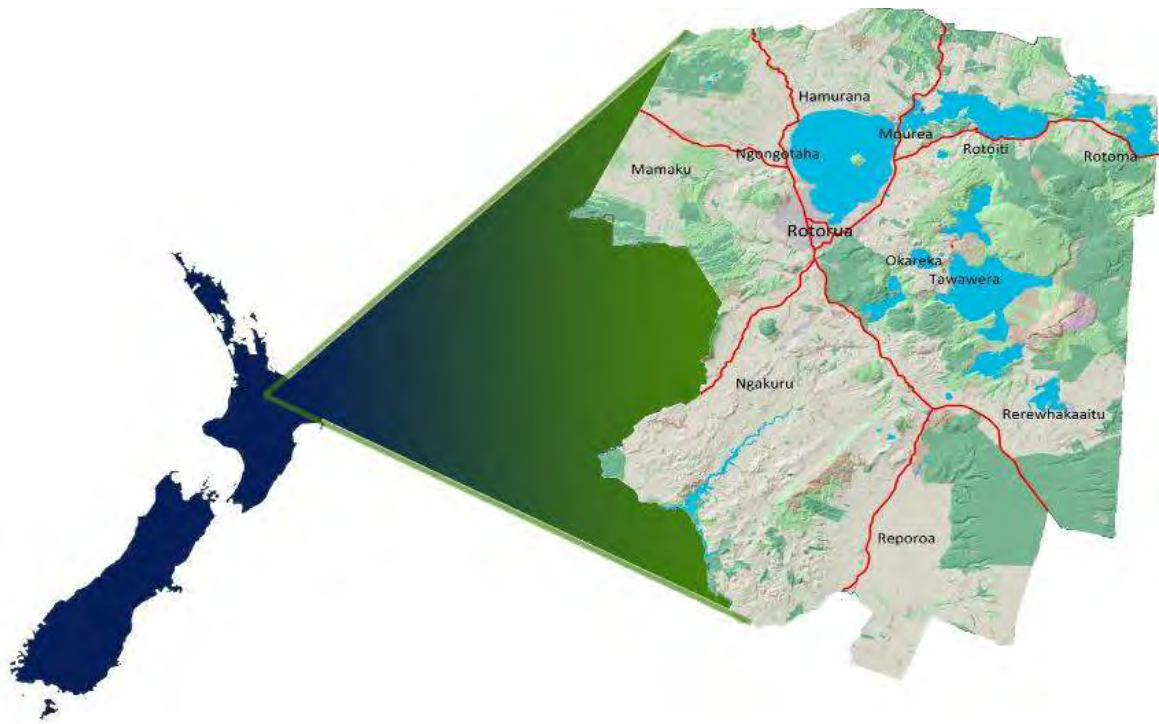
Rotorua District Council
Te Kaunihera ā rohe o Rotorua

THE ROTORUA DISTRICT

Te Rohe o Rotorua

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

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



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

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

The region includes:

- 16 natural lakes over 8 hectares and 2 man-made lakes
- 800 hectares of parks, gardens and reserves for free public use
- 3 major rivers
- 7 geothermal fields with hot pools and spectacular steam eruptions
- 100,000 hectares of native and exotic forests - with the largest commercial plantation forest in the Southern Hemisphere
- 100,000 hectares of farmland
- 120 wetlands
- Stunning volcanic landscapes with Mt Tarawera, Rainbow Mountain, Mt Ngongotaha and Mokoia Island as local icons
- Hundreds of kilometres of walking, cycling and mountain biking tracks.

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

Contents

Governance

Message from the Mayor	3
Message from the Chief Executive	4
Mayor and councillors	5
2013/14 major highlights and achievements	6
Financial summary	8
Employment report	10
Māori participation in decision making	13
Council objectives	16

Service performance

Corporate and Customer Services	20
Community Engagement and Support	21
District Library	25
Emergency Management.....	29
Governance and Strategic Direction	32
Economic and Regulatory Services	35
Building Services	36
Economic Development.....	39
Events and Venues.....	47
Planning Services	51
Regulatory Services.....	55
Rotorua Museum.....	60
Infrastructure Services.....	65
Aquatic Centre	66
Engineering Services	71
Public Gardens, Reserves and Cemeteries	74
Roads and Footpaths	78
Rotorua Airport Infrastructure	83
Sewerage and Sewage	85
Stormwater and Land Drainage.....	89
Waste Management	92
Water Supplies.....	97
CastlecCorp	101

Financial prudence parameters

Financial prudence parameters	104
-------------------------------------	-----

Council controlled organisations / shared services entities

Rotorua Regional Airport Limited	113
Grow Rotorua Limited	115
Terax 2013 Ltd and Terax Limited Partnership	118
Rotorua District Council Holdings Limited	120
Local Authority Shared Services Limited	120
Bay of Plenty Local Authority Shared Services Limited	122

Financial statements

Index	124
Statement of compliance	125
Statement of comprehensive income	126
Statement of changes in equity	127
Statement of financial position	128
Statement of cash flows	129
Notes to the financial statements	130

Audit

Auditor's report	197
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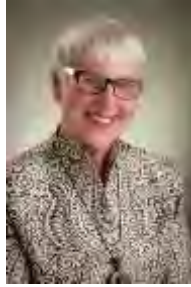


Council overview

	Page
Message from the Mayor	3
Message from the Chief Executive	4
Mayor and councillors	5
2013/14 major highlights and achievements	6
Financial summary.....	7
Employment report	10
Māori participation in decision making	13
Council objectives.....	16



Message from the Mayor



Tena koutou katoa

On 30 October, following local government elections on 12 October, I took the oath of office as mayor of Rotorua, alongside our 12 councillors. Earlier I had campaigned on a platform of change and I was therefore delighted to be given such a strong mandate through the election result. So from Day One, change became the order of the day for the new council.

A key focus of our first few months in office was development of a bold new vision for our district. The outcome of a major community engagement programme was the Rotorua 2030 vision and goals, including identification of a number of key priorities that we are committed to achieving during this term. These are not the council's goals alone; they also belong to the whole Rotorua community. They include some very ambitious aims which will only be progressed through creative and genuine partnerships.

While the chief executive set out to realign the organisation's operational structure, elected members revised the political structure so that we were also equipped to meet the challenges set in our Rotorua 2030 vision. This resulted in a new deputy mayor, new committee structure with new chairs and deputies, and the appointment of councillors as portfolio leads for seven key strategies to be developed.

We also made a commitment to do things differently. This included a pledge of community engagement, supporting community leadership, a new partnership with Te Arawa, working outside traditional delivery mechanisms, aligning all programmes with the district's ambitions, and reshaping the council to be more effective and responsive.

So, four vital principles have become hallmarks of this new council, and of the work we are now doing.

They are 'change,' 'engagement,' 'openness' and 'partnerships.'

Soon after the elections, the chief executive alerted us to his concerns about the unsustainable financial situation the council was in. It was clear that if we did not make wholesale changes to our current work plan, to our future commitments and to the growing level of debt, the council would find itself in a dire situation in the not too distant future. I am therefore proud of the hard decisions which elected members took to improve that potential outcome, and of the huge effort by management and staff, to turn things around.

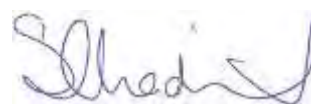
While this report does not present the most ideal financial outcome, it does reflect a much more satisfactory result at the end of the 2013/14 year than would otherwise have been the case. But we can do better, and we will.

I take this opportunity to extend thanks to my council colleagues for agreeing to work alongside me at a fast pace and in a very different way than in the past. I thank them for their understanding, their commitment and their dedication, and for addressing the challenges we have faced together.

I also express my appreciation to chief Executive Geoff Williams and his team for their extraordinary achievement in reshaping this organisation to align with our bold new vision and the ambitious goals we have set in partnership with our community.

And finally I extend gratitude to the people of Rotorua for accepting my challenge to join forces with us for our district, and for coming on board to ensure that together we create a positive future for our district and for future generations.

Tatau tatau – we together



Hon Steve Chadwick JP
Mayor



Message from the Chief Executive



Kia ora

The 2013/14 year was my first as chief executive of Rotorua District Council, having taken up the position on 1 July 2013 - the first day of the 12 months period covered by this annual report.

The annual report details the overall performance of Rotorua District Council for the 2013/14 year, from 1 July 2013 to 30 June 2014. The report is a requirement under existing legislation and has been independently audited by the Office of the Auditor-General. It represents Year Two of the council's Long-term Plan 2012-2022, a plan which is scheduled for review in the coming year.

The annual report covers how well the council has performed over a range of specified activities. It reports on actual results against targets set, following consultation with the community, in the 2013/14 Annual Plan.

In the second quarter of the year, local authority elections were held. This resulted in the election of a new mayor, three new councillors and nine returned councillors, along with four members elected to the Rotorua Lakes Community Board.

In broad terms the council has continued to provide Rotorua residents with the services expected, and at generally high levels of quality. This view was reinforced by the results of an independent survey of residents' perceptions about the council, revealing high approval ratings for most council services.

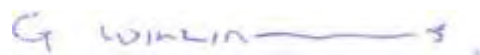
However, within a relatively short time of assuming my chief executive role, it became increasingly evident that the council would need to substantially change the way it operated in the future. Of major concern was that the then standard of financial management was not meeting the organisation's needs and the financial path that had been set was unsustainable. The early employment of a chief financial officer, new finance manager and improved financial reporting systems became priorities, as was work on developing a new financial framework.

Elected in October 2013, the new mayor and council accepted recommendations to immediately constrain expenditure across the organisation, including some hard decisions to put on hold a number of previously committed capital expenditure programmes. A concerted effort by elected members and staff meant that by the end of the year, the deteriorating financial performance had been substantially corrected, and a more acceptable financial outcome achieved than would otherwise have been possible. The details of those financial results are set out in this report.

The progressive Rotorua 2030 vision for the district, set by the mayor and councillors in partnership with the community, meant a major restructuring of the organisation was essential if we were to meet the council's ambitious goals. That realignment programme has resulted in the largest organisational change in the council's history - not without some pain and upheaval for many staff members. However I am particularly proud of the way the people in this organisation have risen to the occasion and got behind the critical realignment of the organisation. By the end of the 2013/14 year the new structure was largely in place and I can now say with a high degree of confidence that we are well-positioned to meet the demanding programme the council and community have set for us in the years ahead.

I extend my thanks to the outgoing mayor Kevin Winters and councillors, and to his successor Mayor Steve Chadwick and elected members, to committee and sub-committee members and our staff. All have worked extremely hard to deliver services, projects and programmes for our community over the last 12 months.

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



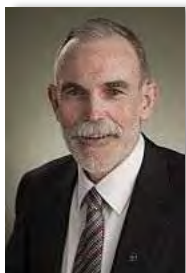
Geoff Williams
Chief Executive



Mayor and councillors



Her Worship the Mayor
Steve Chadwick JP



Cr Dave Donaldson QSM
Deputy Mayor



Cr Peter Bentley



Cr Mark Gould JP



Cr Karen Hunt



Cr Rob Kent



Cr Trevor Maxwell MNZM
Cultural Ambassador



Cr Mike McVicker



Cr Merepeka Raukawa-Tait



Cr Glenys Searancke QSM



Cr Charles Sturt



Cr Tania Tapsell



Cr Janet Wepa



2013/14 major highlights and achievements

Elections 2013

Held in early October 2013, election results reflected a strong call for real change from our community, resulting in a new mayor and three new councillors.

Mayor Steve Chadwick is Rotorua's first female mayor and was joined by the youngest councillor to date on council, Tania Tapsell.

Within days of taking office the mayor, councillors and management gathered together in workshops to look at the issues Rotorua faced and to start crafting a new direction to address those issues. Out of this work a new vision and goals for Rotorua district were developed.

Rotorua 2030

Rotorua 2030 is the framework Council has developed in response to the community's expectations of real direction and change. The goals of Rotorua 2030 are:

- 1. A resilient community . . . He hāpori pūmanawa**
Inclusive, liveable and safe neighbourhoods give us a sense of place; and confidence to be involved and connected.
- 2. Homes that match needs . . . Kāinga noho kainga haumarū**
Quality, affordable homes are safe and warm, and available to meet everyone's needs
- 3. Outstanding places to play . . . Papa whakatipu**
Recreation opportunities are part of our lifestyle; connecting us, transporting us and surrounding us.
- 4. Vibrant city heart . . . Waahi pūmanawa**
Our inviting and thriving inner city reflects our unique heritage and lakeside location
- 5. Business innovation and prosperity . . . Whakawhanake pākihi**
We boast a diverse and sustainable economy energised by our natural resources and innovative people
- 6. Employment choices . . . He huarahi hōu**
We are a prosperous connected community; growing our education, training and employment opportunities.
- 7. Enhanced environment . . . Tiakana to taiao**
We are known globally for our clean, natural environment, air quality and healthy lakes

Along with the seven goals, four priority areas were established to focus the council on delivery of Rotorua 2030. A number of achievements have already been made to date on those priorities:

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

The Inner City Focus Group, retailers, landlords and councillors came together to discuss Stage One of the plan to revitalise the inner city. Council committed to replanting gardens in the CBD; and to work with the Inner City Focus Group on Stage Two of the activity plan for 2014.

In December Rotorua's new inner city parking regime came into effect, providing free parking in the inner city for a maximum period of two hours.

Work commenced on the Eruera and Tutanekai Streets intersection. This included a large wooden sculpture of a tui, carved by local artist Trevor Nathan, installed on the State Insurance corner.

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

In December Rotorua District Council became the first local authority in the country to scrap development contributions in their existing form.

In January changes were made to the council's procurement processes which will give local businesses more opportunity to tender for council business.

A delegation headed to Beppu, Rotorua's Japanese sister city in April, to join commemorations marking Beppu's 90th anniversary of city status, and the 100th anniversary of the city's famous hot springs festival. The visit was also an opportunity to meet with business people involved in geothermal attractions and hot springs, in line with the council's plan to position itself as the spa capital of the South Pacific.



2013/14 major highlights and achievements

3. Support reinvigorated neighbourhoods and the creation of healthy homes

In March Treasure Rotorua and steering group partners (Rotorua District Council, ACC, NZ Fire Service, Police, Neighbourhood Support, Civil Defence and Age Concern) begin *Te Pou Kapua o Te Koutu – Safe as Houses* project. Up to 500 households in Koutu were visited and offered free advice about reducing accidents in the home, installing safety devices and crime prevention.

Rotorua District Council and the Fordlands community joined forces to revitalise the neighbourhood. A leading edge 'eco village' prototype and community gardens that bring both food and colour to Fordlands were among ideas generated by residents at a meeting at Sunset Primary School on 26 March.

5 June 2014

In June more than 70 trees were planted at Rotorua's Koutu Youth Space at Karenga Park as part of Rotorua District Council's contribution to Arbor Day.

4. Sustainable infrastructure and affordable, effective council services

In December the council was updated on the financial position and adopted a new financial strategy.

The council agreed to defer a number of scheduled projects as part of immediate action to reduce debt levels. The deferred projects had a total value of approximately \$5.4 million.

In May Council welcomed findings of an independent review of past financial disclosures. The review investigated the adequacy of past financial disclosures to elected members, and those made public during long-term plan and annual plan processes.

An announcement was made that Council would proceed with its TERAX project to construct a new high-tech plant for processing bio-solid sludge from the city's wastewater treatment plant, using TERAX technology developed by scientists from crown research institute Scion.

In June Rotorua District Council and CNI Holdings signed an agreement which will see an end to the spraying of treated wastewater in Whakarewarewa Forest by the end of 2019.



Financial summary

Statement of comprehensive income (Council)

for the year ended 30 June:

	<i>\$ in thousands</i>	2014	2013	2012	2011	2010
General rates		43,188	43,166	35,023	34,614	34,201
Targeted rates		28,277	28,155	36,751	33,935	31,725
Other revenue		32,507	36,528	49,774	43,848	39,469
Non operating adjustments		0	0	0	2,577	8,384
Total revenue		103,972	107,849	121,548	114,974	113,779
Operating expenditure		117,623	119,053	114,447	105,235	100,414
Non operating expenditure		0	0	10,504	2,083	4,775
Taxation		0	0	0	0	0
Total expenditure		117,623	119,053	124,951	107,318	105,189
Net surplus/(deficit)		(13,651)	(11,204)	(3,403)	7,656	8,590

Statement of financial position (Council)

as at 30 June:

	<i>\$ in thousands</i>	2014	2013	2012	2011	2010
Current assets		15,840	16,217	23,467	21,555	20,545
Current liabilities		24,569	31,003	28,902	32,442	30,652
Working capital		(8,729)	(14,786)	(5,435)	(10,887)	(10,107)
Investments		3,005	2,947	2,147	2,220	2,063
Non current assets		1,154,218	1,135,149	1,032,807	1,044,415	961,905
		1,148,494	1,123,310	1,029,519	1,035,748	953,861
Financed by:						
Accumulated funds		740,644	853,903	853,102	848,433	821,812
Debt		168,675	158,383	151,756	135,110	115,632
Other term liabilities		2,282	3,114	3,147	2,661	2,516
Reserves		236,893	107,910	21,514	49,548	13,901
Total		1,148,494	1,123,310	1,029,519	1,035,752	953,861

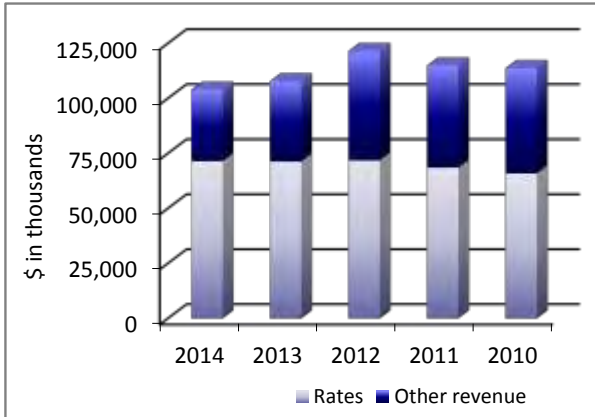
The financial summary above is presented in an alternative format that differs from the statement of financial position on page 128.

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

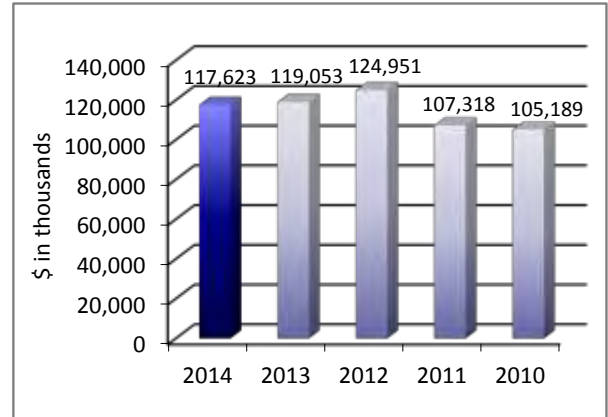


Financial summary

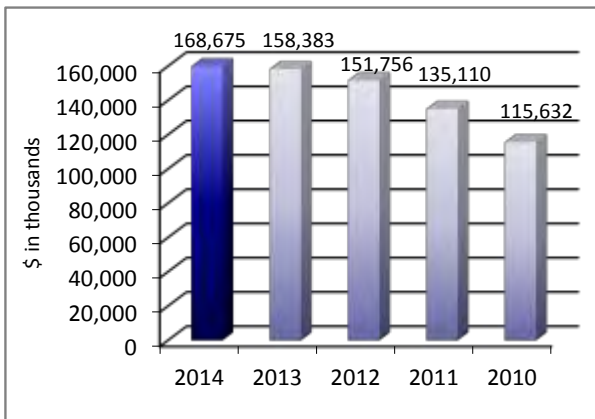
Revenue mix



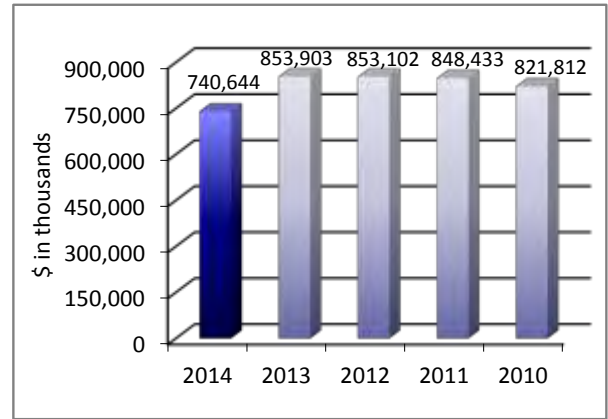
Operating expenditure



Total debt



Ratepayers' accumulated funds



Employment report

Employment relations

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

24.61% of salaried staff and 74.71% of waged staff are union members and therefore employed under the respective negotiated collective agreement terms and conditions, while 59.71% are employed on individual agreements.

Staff turnover

The overall staff turnover for the year ending 30 June 2014 was 14.46%, including both waged and salaried staff, but excluding fixed term and casual employees and those who were dismissed or made redundant.

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

Recruitment

During the year 139 (full time and part time) vacancies were advertised with 96 of these vacancies being a result of the council-wide reorganisation programme which was completed after 30 June 2014.

Of the remaining 43 vacancies, there were 36 new starts which included 28 external appointments, 10 internal transfers/promotions, and five vacancies/positions were not filled.

Eighty-eight staff left Council during this year which included a number of redundancies due to reorganisation of Council. Exit interviews highlighted various reasons including relocation, retirement, overseas travel, further education, family commitments.

These figures do not include casual and fixed term recruitment.

Council's recruitment practices aim to employ people who can be inspiring, helpful, innovative, respectful, engaging and who will provide quality services to our community.

Employee Assistance Programme (EAP) support service

Council's EAP service provides external professional support to assist employees 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 confidential to protect employees.

Health and safety

Rotorua District Council continues to provide a safe and healthy workplace. This is reflected in our ACC tertiary level accreditation rating for workplace safety management practices and our bronze accreditation status for workplace wellness under the WorkWell programme.

Our commitment to health and safety is demonstrated in the reduction of work-related injuries and lost-time injuries in the year ended June 2014:

- There was a 9% reduction in the number of work related injuries (115 work-related injuries, compared to 126 in the previous financial year).
- Our most significant improvement in this financial year was a large reduction in lost time injuries (any injury or illness that results in a worker losing at least one full day of work), a decrease of 81% (from 42 in the last financial year to 8 this year).

Staff continue to actively participate in health and safety matters, with operational health and safety committees and a steering committee functioning across Council.

Free flu vaccinations were also offered this year and 210 staff took advantage of this.

Training and development

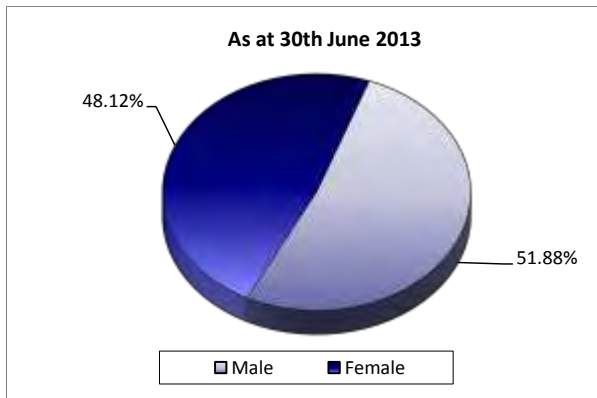
Training and development needs for staff are identified from the annual performance review process or through Council initiatives. Human Resources arrange training with internal and external providers to meet those training needs.

During this period 680 internal and external training courses, seminars, conferences, forums and tertiary development events were attended by staff. All training attended was specifically job related or was required for legal compliance.

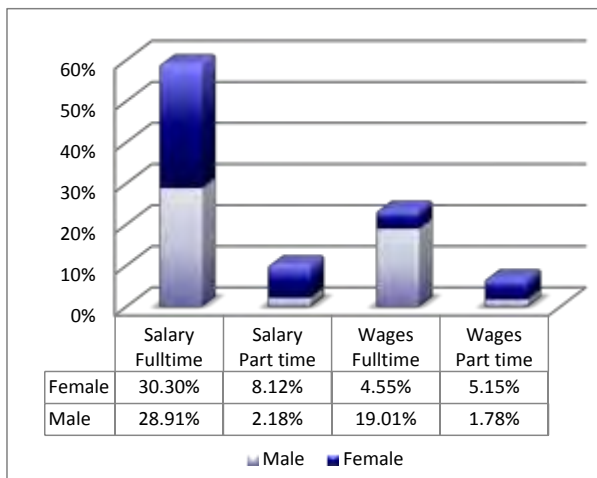


Employment report

2014 gender composition



2014 fulltime and part time status

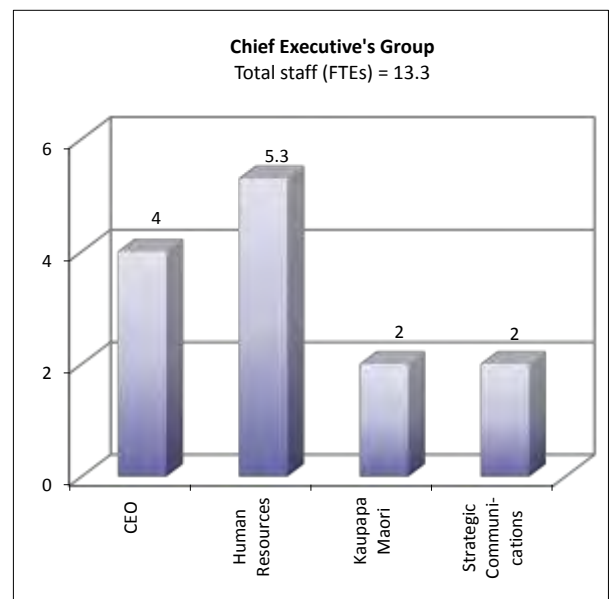
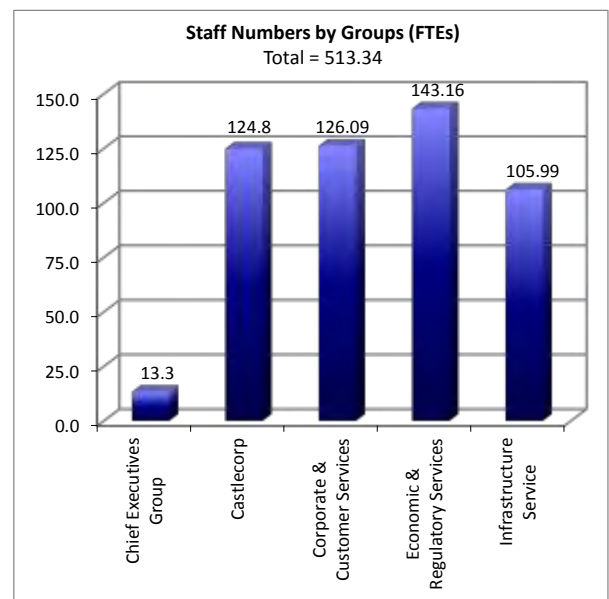


Staff Numbers

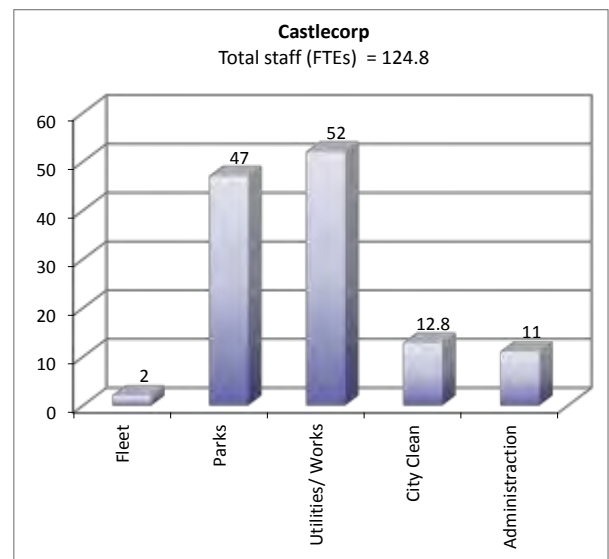
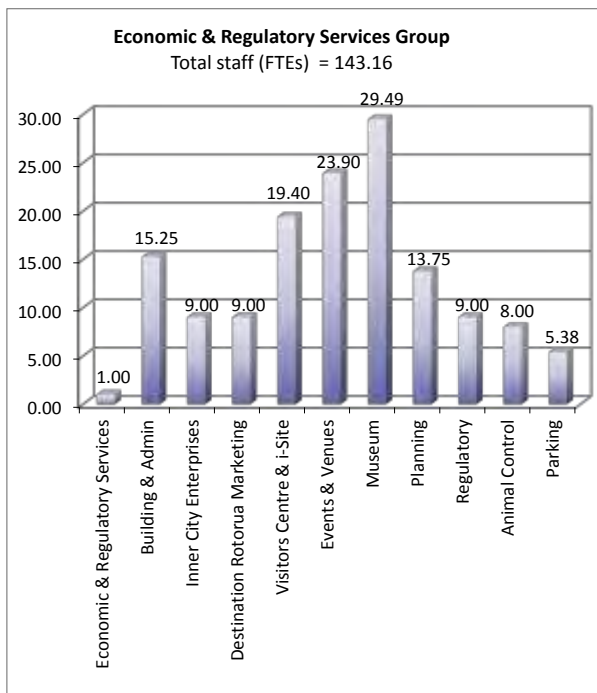
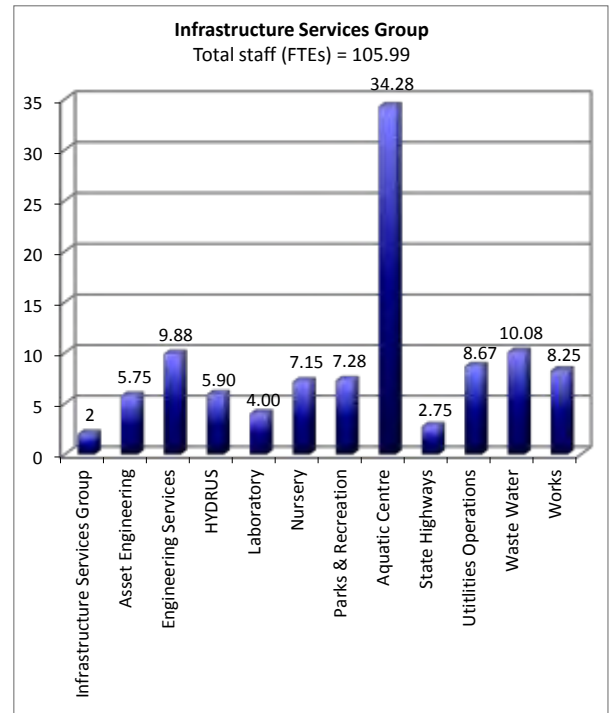
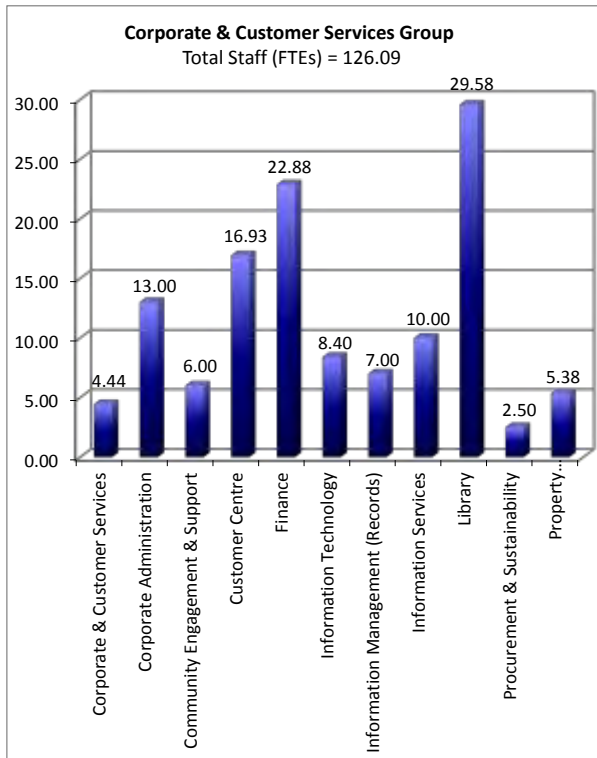
The following graphs show staff numbers by Group and by Department. The drop within groups was due to initial restructuring. While Council was moving towards an organisational review the majority of vacancies were not advertised until the outcome of review was known.

Staff numbers represent fulltime equivalents (FTEs).

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



Employment report



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 Partnerships Model

On Tuesday 8 October 2013 a formal workshop was held by the Te Arawa Standing Committee (TASC) to review the Committee's 'Terms of Reference'. The Committee's action plan as a result of the workshop was to delay elections and to focus on a future model for Te Arawa representation in the Rotorua District Council.

An informal workshop was held on Monday 11 November 2013 to further discuss the action plan from the October workshop. The resolutions passed were for the TASC Iwi members (now referred to as the Te Arawa Partnership Iwi members) to set a date in February for the Te Arawa to meet to form a collective body and vision in forming an enduring partnership/relationship with Council.

On 24 January 2014 the Te Arawa Partnership Iwi members and Council's Kaupapa Māori unit called a hui with Te Arawa stakeholders with the aim of seeking their support and feedback on the current review plan.

The recommendations from the Stakeholder hui were:

1. That all Te Arawa Stakeholders present supported the review process;
2. That a comprehensive review occurs; and

3. That plans and recommendations are drafted and taken out to the Iwi.

Concurrently to the review of the TASC, Council engaged Mr Tama Hovell, Solicitor of Atkins Holmes Majurey to undertake a Cultural Engagement Audit of Council's engagement with Iwi/Māori as a result of the Rotoiti/Rotoma sewerage scheme Environment Court decision. Given that the development of a Partnership Model with Te Arawa would be a positive step going forward in regards to Council's engagement with Iwi/Māori Mr Hovell was asked to postpone the Audit and to start drafting model options for a Te Arawa Partnership Model that would enable an enduring, good faith and genuine partnership with Council.

This model is still currently being developed and the Te Arawa Partnership Iwi members are in the process of engaging with Te Arawa to seek endorsement of a final model. Once this model has been endorsed by Te Arawa it will then be presented to Council for adoption with the aim of being operational in 2015.

If the model is adopted it will create an opportunity for Iwi/Māori to have an active role in the decision making process of Council.

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.



Māori participation in decision making

Iwi Consultative Committee

The Iwi Consultative Group meets on a regular basis 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 Whakauae and the general public. The Kauae Cemetery Committee consists of members from council and Ngāti Whakauae. 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.

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.



Māori participation in decision making

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.

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.



Council objectives

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.



Council objectives

Visionary community leadership

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

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



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

Safe and caring

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

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



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

Prosperous economy

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

He rohe e rongonuitia ana mo te noho mo te mahi me te tākaro, he pai kē atu nga 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 rātonga me nga rātonga whare e wātea ana ki te katoa



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



Council objectives

Environment

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

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

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



Living Maori culture

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

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

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



Learning

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

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



- Learning activities accessible for everyone

Thriving

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

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



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

Healthy

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

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



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



Service performance

	Page
Corporate and Customer Services	20
Community Engagement and Support	21
District Library	25
Emergency Management	29
Governance and Strategic Direction.....	32
Economic and Regulatory Services	35
Building Services	36
Economic Development	39
Events and Venues	47
Planning Services	51
Regulatory Services	55
Rotorua Museum.....	60
Infrastructure Services	65
Aquatic Centre.....	66
Engineering Services.....	71
Public Gardens, Reserves and Cemeteries	74
Roads and Footpaths.....	78
Rotorua Airport Infrastructure	83
Sewerage and Sewage	85
Stormwater and Land Drainage.....	89
Waste Management	92
Water Supplies	97
Castlecorp.....	101



Corporate and Customer Services

Contribution to outcomes

(for full details of community outcomes see pages 16-18)

	Community Outcomes								
	Visionary Community Leadership	Safe and caring	Prosperous economy	Environment	Excellent facilities and services	Living Maori culture	Thriving	Healthy	Learning
Community Engagement and Support		✓	✓						
District Library					✓	✓	✓		✓
Emergency Management/Rural Fire		✓							
Governance and Strategic Direction	✓					✓			

Overview

The Corporate and Customer Services area 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 area is central to ensuring that Rotorua District Council services are contributing towards the promotion of 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 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



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
- Community Assistance
 - Community Asset Development Fund (CADF)
 - Community Grants
 - Creative Communities
 - Community Safety
 - Grants for Services
- Community Halls

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.

The year's highlights and achievements included:

- **Sulphur Lake Sculpture Trail** - The establishment of a sculpture/leisure trail is deemed to provide significant benefits for locals and tourists alike. Aside from the aesthetic improvements and increased amenity value, a sculpture trail will provide a key connection for the Arts Village to other Government Gardens attractions – Rotorua Museum, Blue Baths, Polynesian Spa etc. It represents an opportunity to showcase the talented artists that this district boasts, and to further acknowledge our Gifted Reserves.
- **Memorial Bridge** - The consent process for the sculpture trail also allowed for the installation of a footbridge over the centre of Sulphur Lake – as a permanent memorial to our WW1 soldiers. Memorial Bridge was originally a foot-bridge across the Utuhina Stream on the south side of Lake Road for approximately 40 years. Now fitted with new handrails and decking, Memorial Bridge was officially opened by the Mayor on 5 August 2014.
- **CBD Mural and Sculpture** – A large mural was painted on the corner Tutanekai and Pukuatua Streets as part of the city revitalisation strategy. Two sculptures by leading local artist Joe Kemp now permanently adorn the same intersection. A large sculpture has been loaned by local carver Trevor Nathan for the Tutanekai and Eruera Streets corner.
- **Creative Communities Rotorua** – The main funding round in November allocated \$28,609 to 19 groups including Cuban Festival, Night Magic, Mahi Toi Exhibition, Rainbow Quilters and the Highland Pipe Band.
- **Creative Communities Rotorua** – For the discretionary round in April; grants were made to 15 organisations and individuals totalling \$29,800. Projects included Stage Challenge, the Welsh Society for a cultural celebration, the Rotorua Arts Village for the Tanabata Day with the Japanese Friendship Group, The Rotorua Youth Centre for a House of Horrors drama organised by young people, and Connected Media for a one day film making workshop.
- **Community Crime Prevention Fund** – In November 2013 a total of \$25,000 was awarded to five successful applicants for the Crime Prevention Fund. Those applicants were Sexual Abuse Centre, Cactus Youth Programme, Safer Families, Neighbourhood Support and Age Concern.
- **'Keen to Get On it' Youth Alcohol Video Competition** – A video competition for students aged 13-18 years, focussed on raising awareness about the effects of alcohol on people's behaviour. Prize money totalled \$1,900.00.
- **Youth Spaces** – Te Koutu Youth Space at Karenga Park was upgraded with the addition of a whanau BBQ area, planting of over 80 fruit trees and native trees, and installation of additional seating.
- **Healthy Homes** – Rotorua Healthy Homes project partnered with WISE Better Homes to retrofit 65 houses in the Rotorua area during 2013/14.
- **Rotorua Safer Families** – Funding was secured from The Southern Trust to support the two Rotorua communities of Owhata and Fordlands to create and install billboards promoting safe families messages – to be installed in November 2014.
- **Rotorua Central Community Centre** – A new centre for community groups was developed, in conjunction with Council, in Te Ngae Road. Several not for profit groups are now located on-site, including the lead tenant – Rotorua Community Menz Shed.



Community Engagement and Support

What it cost us

	2012/13 Long-term Plan \$000	2013/14 Long-term Plan \$000	2013/14 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,026	2,144	1,159
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	149	94	359
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	847	874	774
Total operating funding (A)	3,022	3,112	2,292
Applications of operating funding			
Payments to staff and suppliers	2,202	2,178	1,373
Finance costs	52	54	0
Internal charges and overheads applied	606	624	522
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,860	2,856	1,895
Surplus (deficit) of operating funding (A - B)	162	256	397
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	35
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	35
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	65	0	121
- to replace existing assets	177	245	21
Increase (decrease) in reserves	(80)	11	290
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	162	256	432
Surplus (deficit) of capital funding (C - D)	(162)	(256)	(397)
Funding balance ((A - B) + (C - D))	0	0	0

Capital expenditure

	2013/14 actual \$000	Additional demand 2013/14 actual \$000	Improved level of service 2013/14 actual \$000	Replaced assets 2013/14 actual \$000	2013/14 budget \$000	Additional demand 2013/14 budget \$000	Improved level of service 2013/14 budget \$000	Replaced assets 2013/14 budget \$000
Community Art Policy	111	0	111	0	0	0	0	0
Lucas Place carpark facilities	10	0	10	0	0	0	0	0
Community House replacements	0	0	0	0	161	0	0	161
Pensioner houses renewals	21	0	0	21	84	0	0	84
	142	0	121	21	245	0	0	245





Community Engagement and Support

Variance from budget

- *Operating:* There has been a significant increase in grants received over the long-term Plan and 2013/14 budget, which is offset with an increase in grants paid out. Community House maintenance cost has been transferred to Corporate Property from 2013/14 Annual Plan budget, which was not anticipated in the Long-term Plan.
- *Capital expenditure:* In 2013/14 Community House/Halls operations were transferred from Community Engagement to Corporate Property. A new Community Art Policy was adopted, which was not identified in the Long-term Plan process. The Art Policy allowed for 1% of the overall capital spend to be used on art projects throughout the community, for example the construction of the sulphur lake bridge, murals on CBD buildings, and the purchase of Kete Ora and Matau a Maui sculptures. Renewal was required on Lucas Place pensioner housing. This included work on the carpark. Dawson Drive pensioner housing required renewal work on the roof.

How we performed




Achieved  Not achieved  Not measured 









Level of service	Performance measure	Target for 2013/14	Achievement	Comments	Achievement for 2012/13
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	10 	<p>We have achieved the following developments:</p> <ol style="list-style-type: none"> 1. Social Monitor 2013 prepared and distributed. 2. Good Health 2014 updated and available on RDC website, and in hard copy. 3. Music Month activities in May 2014 included workshops and live performances of local artists. 4. Children's Day – March 3rd 2014 involved families and artists from the community. 5. Music in the band rotunda series Feb – March 2014 allowed community to enjoy a variety of musical offerings in Government Gardens 6. Contributed to Bottoms on Bikes Mokoia Community Associations project delivering bikes and skills training to over 50 young people and their families. 7. Neighbours in the Community series hosted by Settlement Support Coordinator. 8. Te Pou Kapua o Te Koutu Safe as Houses injury and crime prevention project delivered, providing advice and resources to over 500 homes. 9. Contributed to Youth Road Safety Expo by providing sponsorship for SADD student activities in Rotorua Boys High School. 10. Eleven Chorus cabinets were painted by local artists. 	9 



Community Engagement and Support

How we performed cont.

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2013/14	Achievement	Comments	Achievement for 2012/13
Work towards making Rotorua district safer and more connected, through a reduction in crime and injury statistics.	Maintain Safe Community accreditation.	Maintain accreditation	Achieved 	2014 Annual Report submitted and accepted by Safe Community Foundation NZ in March 2014.	Achieved 
	85% of residents who feel Rotorua is definitely or mostly a safe place to live.	85%	83.2% 	It is believed this is a direct result of the sale of synthetic cannabinoids in the CBD during the year. Council has a policy on the sale of these products and hopes this will help to achieve the target.	Achieved 87.5% 
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 	RDC has completed the following: <ul style="list-style-type: none"> The FreeParking initiative delivered weekly programmes at four youth spaces across Rotorua. Hosted the Rotaz and Working4Youth website. Coordinated the Christmas Youth Ball. Facilitated the 'Keen to get on it' youth alcohol video competition. 	Achieved 
	Four Youth Council meetings each year.	10	17 	17 meetings held.	17 



District Library

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 of 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

The www.rotorualibrary.govt.nz website 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/Housebound Service

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

Programmes/Displays and Exhibitions

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

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

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

Library Mascot

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

Why we do it

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

The year's highlights and achievements included:

- 125th Anniversary of library service to the community – start of a year's celebration began in April
- Children's librarians introduced Baby Bop – a programme for babies
- Online payments for fees and charges began in March
- Mobile Library attended the Kiwi Cultural Day in Ngongotaha on Waitangi Day



District Library

What it cost us

	2012/13 Long-term Plan \$000	2013/14 Long-term Plan \$000	2013/14 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,352	3,749	3,251
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	84	84	84
Local authorities fuel tax, fines, infringement fees and other receipts	368	379	250
Total operating funding (A)	3,804	4,212	3,586
Applications of operating funding			
Payments to staff and suppliers	2,312	2,360	2,289
Finance costs	208	216	120
Internal charges and overheads applied	745	770	758
Other operating funding applications	0	0	0
Total applications of operating funding (B)	3,265	3,346	3,167
Surplus (deficit) of operating funding (A - B)	539	866	419
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	1
Development and financial contributions	8	8	3
Increase(decrease) in debt	10	1	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	18	9	4
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	10	0	0
- to replace existing assets	638	970	423
Increase (decrease) in reserves	(91)	(95)	0
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	557	875	423
Surplus (deficit) of capital funding (C - D)	(539)	(866)	(419)
Funding balance ((A - B) + (C - D))	0	0	0

Capital expenditure

	2013/14 actual \$000	Additional demand 2013/14 actual \$000	Improved level of service 2013/14 actual \$000	Replaced assets 2013/14 actual \$000	2013/14 budget \$000	Additional demand 2013/14 budget \$000	Improved level of service 2013/14 budget \$000	Replaced assets 2013/14 budget \$000
New books	420	0	0	420	594	0	0	594
Library asset renewals	3	0	0	3	376	0	0	376
	423	0	0	423	970	0	0	970


























District Library

Variance from budget

- *Operating:* The difference in staffing cost is due to unfilled vacancies in the library.
- *Capital expenditure:* Purchase of library books was less than anticipated in the Long-term Plan and Annual Plan 2013/14 (\$600,000). Re-carpeting was completed during 2012/13 and therefore funds were not required in 2013/14.

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2013/14	Achievement	Comments	Achievement for 2012/13
Library readily accessible to residents and visitors and meets the needs of the community.	60% of the population are members of the library.	60%	59.6%	 This is up on last year's result and only very marginally down against target.	58% 
	75% of households which have used the library in the last 12 months.	75%	68%	 Number of total visits to the library remains well above target, however reducing membership shows the trend in changing use of the library service, towards more community meeting space, study space, and participation in programmes.	75% 
	85% of residents are very/fairly satisfied with the level of service.	85%	81%		84% 
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%	3.1%		3.2%
Maintain collections of fiction and non fiction for information, education and recreation.	Average annual items issued per capita.	10	9.75	 There were 636,518 items issued during the year.	9.68 
	0.2 items purchased per annum per capita.	0.20	0.26	 A total of 17,344 items were purchased.	0.31 
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.	4 
	Two teens' programmes per year.	2	2	 2 Teen's programmes were held during the year including the summer reading programme in January and February.	5 
	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.	2 
	Six guest authors per year.	6	4	 The programme organiser retired in January and was not replaced until July. Max Cryer, Jackie Evans, Reynold Macpherson and Vincent Piers appeared in the library.	9 
	Number of total visits to the Library per year.	390,000	430,593	 Visits include the mobile library and virtual visits	452,177 

Note: All measures are currently under review as part of the development of the Long-term Plan 2015-2025. Measures in the future will be based upon the relevance to the level of service and the contribution towards Rotorua 2030 goals.

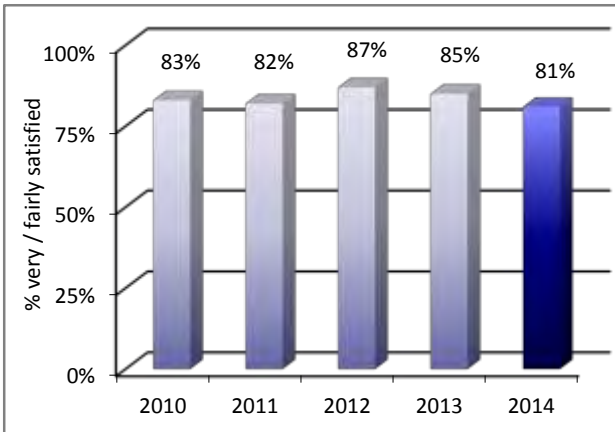


District Library

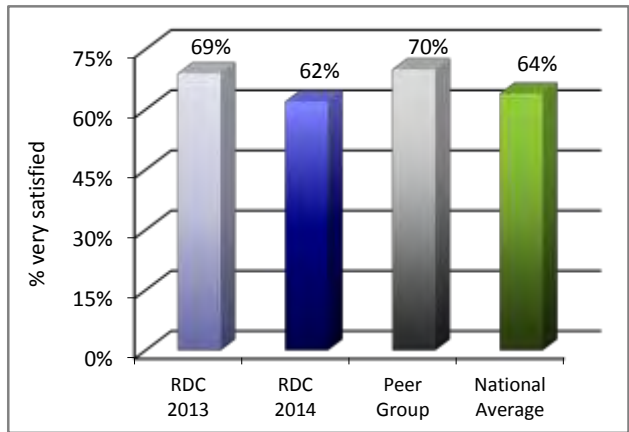
Number of total visits to the library remains well above target, however reducing membership shows the trend in changing use of the library service, towards more community meeting spaces, study space and participation in programmes.

Community satisfaction survey

The graphs below were 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 2014.



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 Canterbury 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' ie:

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 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.

The year's highlights and achievements included:

- **Canterbury Quakes display** - Rotorua Museum July to October. This included two Sunday afternoon talks from CDEM. One was the sharing of deployment experiences from a Response Team member perspective and the second was on general awareness and preparedness.
- **Successful RECT grant application** – The Rotorua Emergency Response Team (RERT) received a grant of \$25,000 from Rotorua Energy Charitable Trust which enabled the team to purchase much needed equipment – tents, sleeping bags, PHEC kits, stretcher and a tent for a mobile Incident Control Point.



Emergency Management

- **Youth in Emergency Services Project** – RERT engaged and trained with 12 young people for the second year running and has been joined by two of the candidates as cadets in the team. This year funding was received from Civil Defence Minister Nikki Kaye for the project. As an extension of the project the organising team was the proud recipient of an award at the Trustpower Spirit of Rotorua Awards.
- **Swift Water qualifications** – RERT can now support local water responses with six qualified responders, five technicians and two qualified recovery managers. This will enhance the Police dive squad capabilities.
- The highly successful **Te Kapua Pou O Te Koutu (Safe as Houses) Project** was launched with a community fun day in March, followed by visits to over 500 houses with safety advice, information and free gifts such as non-slip mats, smoke alarms and the like.
- **BOP Text Alerting system** was introduced to the public.

What it cost us

	2012/13 Long-term Plan \$000	2013/14 Long-term Plan \$000	2013/14 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	702	723	414
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	8	8	8
Fees, charges and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	0	0	1
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	710	731	423
Applications of operating funding			
Payments to staff and suppliers	349	359	328
Finance costs	3	3	0
Internal charges and overheads applied	323	337	95
Other operating funding applications	0	0	0
Total applications of operating funding (B)	675	699	423
Surplus (deficit) of operating funding (A - B)	35	32	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	4	3
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	0	4	3
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	4	0
- to replace existing assets	35	32	5
Increase (decrease) in reserves	0	0	(2)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	35	36	3
Surplus (deficit) of capital funding (C - D)	(35)	(32)	0
Funding balance ((A - B) + (C - D))	0	0	0



Emergency Management

Capital expenditure

















	2013/14 actual \$000	Additional demand 2013/14 actual \$000	Improved level of service 2013/14 actual \$000	Replaced assets 2013/14 actual \$000	2013/14 budget \$000	Additional demand 2013/14 budget \$000	Improved level of service 2013/14 budget \$000	Replaced assets 2013/14 budget \$000
Rural Fire plant and equipment	0	0	0	0	32	0	0	32
Radio and office equipment	5	0	0	5	4	0	4	0
	5	0	0	5	36	0	4	32

Variance from budget

- Operating:** Consultants' and contractors' costs were reduced as there were no major events for the year. Conference and meeting cost budgeted were partially paid by Bay of Plenty (BOP) Civil Defence Emergency Management (CDEM) group. Overheads allocation methodology in 2013/14 Annual Plan budget and actuals was different from the Long-term Plan hence the variance in overheads cost. Net impact across the organisation was nil.
- Capital expenditure:** Rural fire pumps and hose renewals from the Long-term Plan 2014 year have been deferred.

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2013/14	Achievement	Comments	Achievement for 2013/14
Coordinate and manage emergency management in the Rotorua district, working collaboratively with other emergency management agencies. [Reduction, Readiness, Response & Recovery]	1 locally run exercise each year (desk top) and 1 full mobilisation of local EOC.	1 local exercise 1 full mobilisation	Not achieved 	Some training/exercising has occurred but due to the restructure this activity was unable to be completed.	Achieved 
	100% availability of Emergency Management Co-ordinator or acting EMC.	100%	Achieved 	The EMC and/or back-up staff are rostered to be available for cover 24/7.	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 EMC. Due to the staff restructure there is a large deficit of trained staff. This will be a priority focus once all new personnel are established, commencing with a gap analysis being prepared.	Ongoing 
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% 	25 out of 26 evaluations were excellent / very good.	100% 
	50% of residential homes with plans and kits.	50%	52% with emergency kit 55% with emergency plan 	This is measured through the National Research Bureau survey 2014.*	56% 
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 	Rural fire force trained to minimum unit standards of 3285, 3286 and 3287.	Achieved 
	Database of current fire permits kept up to date.	Achieved	Achieved 	Database kept up to date – 395 permits issued since start of fire season.	Achieved 
	Fire plan updated and certified by 1 October annually.	Achieved	Achieved 	Fire plan updated and certified September 2013.	Achieved 

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



Governance and Strategic Direction

What we do

This activity covers a range of specific functions and is also the home of corporate leadership, planning and 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.

The year's highlights and achievements included:

- **Elections 2013** – A new mayor for the district, Steve Chadwick, was sworn in on 30 October 2013; the first female Mayor for Rotorua. Three new councillors were Peter Bentley, Rob Kent and the youngest councillor to date, Tania Tapsell.
- **New governance structure** – Previous committee structure disestablished and a new committee structure formed including a Strategy, Policy & Finance Committee, an Operating & Monitoring Committee and Audit & Risk Committee. These new committees provide the decision-making framework for Council to deliver its outcomes.
- **Rotorua 2030** – The vision of how the community wants Rotorua to change and develop in the future was developed through seven long term goals (Rotorua 2030 goals) and four medium term priorities (2016 priorities).



Governance and Strategic Direction

What it cost us

	2012/13 Long-term Plan \$000	2013/14 Long-term Plan \$000	2013/14 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,852	2,908	1,384
Targeted rates (other than a targeted rate for water supply)	52	53	51
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	0	0	150
Internal charges and overheads recovered	2,891	2,919	18,991
Local authorities fuel tax, fines, infringement fees and other receipts	686	753	1,654
Total operating funding (A)	6,481	6,633	22,230
Applications of operating funding			
Payments to staff and suppliers	4,092	4,250	15,659
Finance costs	214	220	333
Internal charges and overheads applied	1,980	2,039	134
Other operating funding applications	0	0	0
Total applications of operating funding (B)	6,286	6,509	16,126
Surplus (deficit) of operating funding (A - B)	195	124	6,104
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase(decrease) in debt	(1)	0	562
Gross proceeds from sale of assets	0	0	293
Lump sum contributions	0	0	0
Total sources of capital funding (C)	(1)	0	855
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	(117)
- to replace existing assets	194	124	348
Increase (decrease) in reserves		0	6,152
Increase (decrease) in investments	0	0	576
Total applications of capital funding (D)	194	124	6,959
Surplus (deficit) of capital funding (C - D)	(195)	(124)	(6,104)
Funding balance ((A - B) + (C - D))	0	0	0

Capital expenditure

	2013/14 actual \$000	Additional demand 2013/14 actual \$000	Improved level of service 2013/14 actual \$000	Replaced assets 2013/14 actual \$000	2013/14 budget \$000	Additional demand 2013/14 budget \$000	Improved level of service 2013/14 budget \$000	Replaced assets 2013/14 budget \$000
Strategic purchases	718	0	718	0	0	0	0	
Civic building renewals	0	0	0	0	90	0	90	
Vaughan Road renewals	0	0	0	0	34	0	34	
Strategic purchases transfer to Roading	(1,392)	0	(1,392)	0	0	0	0	
IT- new hardware	126	0	126	0	0	0	0	
IT- new software	40	0	40	0	0	0	0	
IT- hardware replacements	312	0	0	312	0	0	0	
IS- core software replacements	36	0	0	36	0	0	0	
IS- core software new solutions	371	0	371	0	0	0	0	
GIS Lidar software	20	0	20	0	0	0	0	
	231	0	(117)	348	124	0	0	

















Governance and Strategic Direction

Variance from budget

- Operating:** Direct costs were on target against deliverables of the Long-term Plan. In the 2013/14 Annual Plan budget entities in this activity group have their cost and income redistributed against other council activities. This differs from the way they were distributed in the Long-term Plan in respect to the general rates and internal charges application. Differences in methodology of overheads and internal charges allocation for the Annual Plan budget 2013/14 were the major drivers for change in this area. The Long-term Plan methodology used specific cost drivers in the allocation of overheads and internal charges. The charging of actual costs is based on a different allocation formula. This has resulted in a number of variances compared to budget. Payments to staff and suppliers has a large variance against budget due to greater allocations to Governance and Strategy Direction which have subsequently been distributed through internal charges.
- Capital expenditure:** In the Long-term Plan, the Civic Centre and Vaughan Road renewals were deleted from the Annual Plan 2013/14 as part of council-wide direct review of capital programmes. Strategic purchases include acquisitions of Victoria Street Arterial properties in Pererika and King Streets, and Bellingham Crescent properties. Lake Road properties acquired under our corporate property account were transferred to Roading and Footpaths' capital asset area.

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2013/14	Achievement	Comments	Achievement for 2012/13
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%	72%	 This compares against 64% in our peer group average and 67% national average	75% 
	60% of residents strongly approve/approve of the decisions and or actions Council makes.	60%	70%	 This is believed to be as a direct result of the election outcomes and the development of Rotorua 2030.	53% 
	55% of residents are very/fairly satisfied with the quality of information Council provides.	55%	77%	 Based on the average of satisfaction with council via over the counter, phone, writing and email	76.6% 
Encourage the preservation and sustainable development of Maori resources.	Two Mana Whenua plans funded each year.	2	17	 Lots of small plans. A lot more applicants.	5 
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	 Two protocol meetings held during the year. Others were put on hold following the election and the desire by Council and Te Arawa to build a better engagement model. Ongoing formal hui under the 'Te Arawa Partnerships' is currently developing this model.	2 all up hui, and 14 individual hui 
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 \$458k, and actual revenue as \$773k. 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.	N/A	N/A	 The survey is undertaken every two years, the last survey was undertaken in 2013.	86.2% 



Economic and Regulatory Services

Contribution to outcomes

(for full details of community outcomes see pages 16-18)

	Community Outcomes								
	Visionary Community Leadership	Safe and caring	Prosperous economy	Environment	Excellent facilities and services	Living Maori culture	Thriving	Healthy	Learning
Building Services		✓							
Economic Development		✓	✓	✓	✓		✓		
Events and Venues			✓		✓				
Planning Services			✓	✓					
Regulatory Services		✓						✓	
Rotorua Museum			✓				✓		✓

Overview

The Economic and Regulatory Services area underpins Council's refreshed focus on a 'whole of council' approach to sustainable economic growth 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 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 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.

Economic and Regulatory Services includes:

- Alignment of regulatory and land-use planning policy with the sustainable economic growth strategy.
- 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

competitive advantage and where Rotorua District Council can genuinely influence outcomes that will complement and/or stimulate private sector investment.

- 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 to attraction of large, high-yield local, regional, national and international events and conferences.
- Provision of a world class museum experience.
- Reducing the net cost to ratepayers 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 area is made up of the following activities of Council:

- Building Services
- Economic Development (Inner City Enterprises, City Services, Destination Rotorua Marketing, Travel Office)
- Events & Venues Rotorua
- Planning Services
- Regulatory Services; (parking enforcement, health inspection including noise, liquor licensing and Animal Control)
- Rotorua Museum - Te Whare Taonga o Te Arawa



Building Services

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 (BWF).
- 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.

The year's highlights and achievements included:

- **Building consents** – There were 1232 building consents issued and 110 amendments to consents in the 12 month period. Approval of building consents were achieved in a timely manner with:
 - 53.2% of building consents issued within 5 days compared to 61.3% the previous year.
 - 65.7% of building consents issued within 10 days compared to 76% the previous year.
 - 88.1% of building consents issued within 15 days compared to 90.8% the previous year.
- **Code compliance certificates** – There were 1524 code compliance certificates issued for the same 12 month period. Approval of code compliance certificates were achieved in a timely manner with:
 - 54.8% of code compliance certificates issued within 5 days.
 - 63.8% of code compliance certificates issued within 10 days.
 - 71.6% of code compliance certificates 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 139 (18%) to a total of 642. 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. The historical building consent project was stalled during the year when the fixed term resource left and a replacement was sourced.
- **Building Consent Authority Accreditation** – Rotorua District Council continues as an accredited building consent authority and is due for its bi-annual audit by International Accreditation New Zealand in April 2015.



Building Services

What it cost us

	2012/13 Long-term Plan \$000	2013/14 Long-term Plan \$000	2013/14 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	297	113	8
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	1,693	1,859	1,503
Internal charges and overheads recovered	0	0	6
Local authorities fuel tax, fines, infringement fees and other receipts	7	7	64
Total operating funding (A)	1,997	1,979	1,581
Applications of operating funding			
Payments to staff and suppliers	1,270	1,213	1,309
Finance costs	1	1	0
Internal charges and overheads applied	726	765	272
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,997	1,979	1,581
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: Consent fee volumes were less than originally planned reflecting lower than expected new construction. Reduced internal charges reflects the overall change in overhead allocation across council.



Building Services

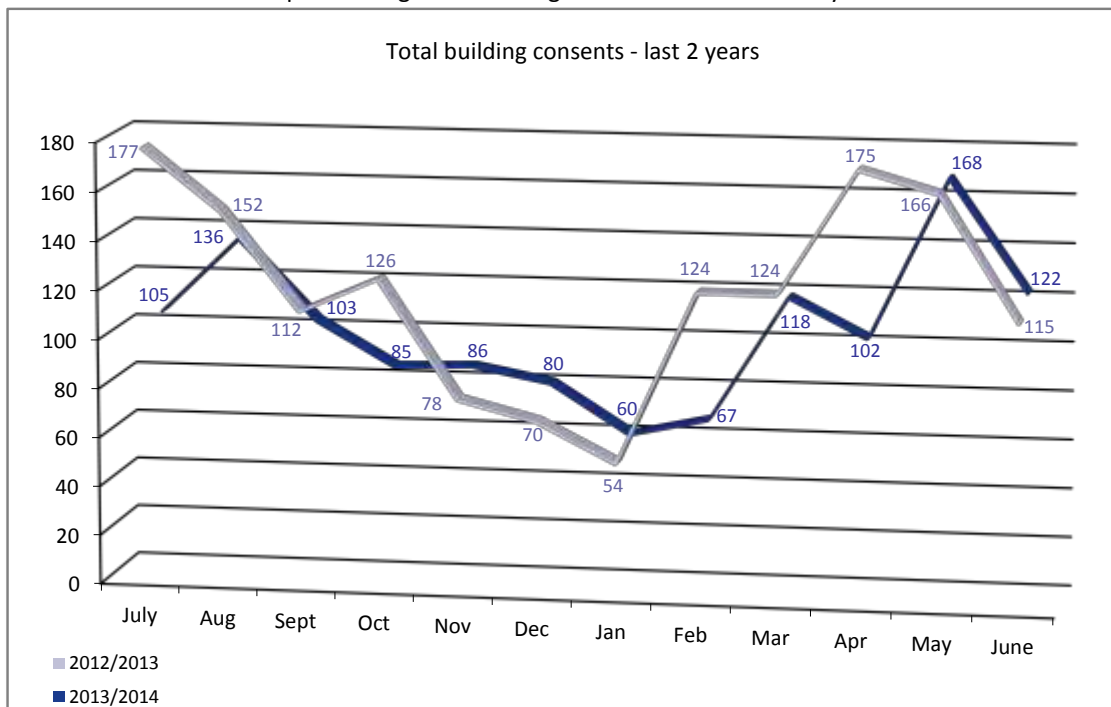
How we performed

Achieved ● Not achieved ● Not measured ●

Level of service	Performance measure	Target for 2013/14	Achievement	Comments	Achievement for 2012/13
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	65.7% ●		76% ●
		60% on or before day 15	88.1% ●		90.8% ●
		100% on or before day 19	98.5% ●		98.4% ●
	Inspections undertaken. within:	60% within 24 hours	78% ●		80% ●
		80% within 48 hours	97% ●		98% ●
		100% within 72 hours	100% ●		100% ●
	Full accreditation without limitations under the Building Act 2004 is maintained.	Achieved	Achieved	●	Accreditation renewed May 2013.
25% of all premises in Rotorua district audited annually for compliance with building warrant of fitness.	Achieved	25.4%	●		7% ●
Percentage of industry/ customers who are very/fairly satisfied with building consent process.	5% increase on previous year used as baseline	Not measured	●	Data collection had been brought in-house. Throughout the process of the realignment this data collection was not able to be completed.	The data collected this year will be used to set the baseline for 2013/2014 ●
Dangerous and insanitary buildings are dealt with to maintain public safety.	All complaints investigated within 72 hours.	100%	100% ●	12 hours average with a maximum of 72 hours.	100% ●

Building consent levels

Graph showing total building consents over the last 2 years



Economic Development

What we do

This activity is driven by the objectives of the Rotorua Sustainable Economic Growth Strategy.

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-Ofocussed 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 on:

Council Controlled Organisation

In September 2011, Council adopted the Rotorua Sustainable Economic Growth Strategy (RSEGS) and in November 2011 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 was 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 involvement with 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 and regional operators and Tourism New Zealand.



Economic Development

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 in 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.

The year's highlights and achievements included:

- **Community Stakeholder Groups** – Formation of the business community based Inner City Focus Group to lead revitalisation of the inner city.
- **Inner City Revitalisation Strategy** - Working with the community and stakeholders within the inner city to capture and reflect their vision for our city and begin forming a roadmap to achieve future success.
- **Park Rotorua** – Introduction of time-limited free parking within the core inner city to lure customers back into the city and provide a level playing field within core retail precincts.
- **Scrub Day** – Now an annual event where inner city businesses take charge of their city and give it a makeover, including community planting, building cleaning and painting and other community events.
- **Community art installations** – Bringing significant artworks into our inner city, providing features within our streets, showcasing our local artists and placemaking for our community to enjoy.
- **Pop-up shops** – Including gallery art, ideas bank, and community engagement opportunities, making use of empty buildings, showcasing their potential.
- **Street lighting** – Reviewed and increased lighting to provide increased visibility at night within inner city streets, providing a safer environment for customers and workers.
- **Online ideas bank** – Providing a place for our community to submit their ideas for the inner city a place to get conversations started and to drive the next project ideas.
- **Tutanekai Street intersections** – Altering the footpaths to enable safer crossing areas, new seating, larger median crossings down the street to enhance foot-traffic and making-over gardens to provide a great environment for our community and visitors to enjoy.
- **City Focus** – Establish a full-time visitor centre within City Focus and alter the opening hours to 7 days a week, including later hours to support and reflect the retail environment around it.



Economic Development

- **City Safe Guardians** – Relocate the guardians into City Focus to ensure they are working directly in the spaces that require their attention.
- **Community Constable, Inner City** – Working alongside the guardians, Police have redeployed an inner city Police Constable, operating out of City Focus.
- **CCTV (camera security)** – Purpose built operations room for the Guardians/Police to utilise the inner city camera system as a proactive tool for identifying and mitigating unwanted social activity and inner city crime.
- **Heart of the City News** – Bi-monthly inner city news from inner city stakeholders, keeping everyone in touch with what is happening, sharing ideas and ‘connecting the dots’. A separate events calendar is also circulated informing businesses and their staff of conferences, events and other key information for the two month period.
- **Parking building upgrade** – Automation of the Pukuatua Street parking building providing safe and convenient parking for longer term inner city parking at affordable rates. This building, once only open Monday to Friday 7am to 6pm, is now open 7 days a week.
- **Mural / street art** – Utilising blank walls or areas that have attracted unwanted attention, painting murals (Tutanekai/Pukuatua Street) to create life and a focal point within inner city areas.
- **Eat Street precinct** – Completion of this four year trial to define this important gateway precinct between our inner city and the lakefront. This alfresco area is all about attracting people into town, increasing foot traffic and distributing people around the city.
- **Gardens** – Including community participation, re-focusing our inner city gardens to provide a great environment for pedestrians, to showcase Tutanekai Street as something special ... providing a high street or obvious hierarchy to our flat grid pattern that can confuse people.
- **Jake seats** – A community project initiated through our local high schools to give our young designers the opportunity to design and implement a new seat concept for our inner city. Through collaboration of local businesses, Jake Kreb (Lakes High) the design winner, has had the opportunity to work with professionals to complete his design, creating build plans and then working with businesses to actually construct his seat. Made from timber with solar lighting and silver fern motif, these seats are now being replicated along Tutanekai Street.
- **Live, Work and Invest website** – Continuing to develop a dedicated site, alongside our visitor information, about our city from a live, work and invest perspective. Inner city businesses can register their details and promote what they offer. This is a free service
- **Inner city welcome pack** – One-on-one visits with Cr Hunt and RDC staff providing new inner city businesses with information that they can take advantage of and providing contacts for any matters concerning the inner city.
- **Inner city partnership proposal** – A community partnership document to encourage financial and in-kind support for inner city projects that will help achieve the community’s 2016 milestones and 2030 vision.
- **Inner city ambassadors** – Database of people sharing their story and successes about living, working and doing business in the inner city.
- **Inner city funding partnerships underway** – Successfully secured three financial partners to help install more seating along Tutanekai Street.
- **Kia Ora Official Inner City Guide** – Worked alongside Rotorua Chamber of Commerce to better promote the inner city as a destination in its own right.
- **Famously Rotorua Lifestyle Guide** – Summer edition, sent to 48,000 Aucklanders and 22,000 Rotorua residents, promoted the inner city as a place to live, work and do business.
- **Inner city retail spend report** – Developed a relationship with Marketview to access invaluable data that can highlight retail spend growth in the inner city and in certain precincts. This will help show the relationship between recent developments and the impacts those developments have had.



Economic Development

What it cost us

	2012/13 Long-term Plan \$000	2013/14 Long-term Plan \$000	2013/14 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,560	1,936	2,956
Targeted rates (other than a targeted rate for water supply)	4,852	3,899	5,351
Subsidies and grants for operating purposes	300	309	33
Fees, charges and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	7	7	1
Local authorities fuel tax, fines, infringement fees and other receipts	3,589	3,814	2,759
Total operating funding (A)	11,308	9,965	11,100
Applications of operating funding			
Payments to staff and suppliers	9,667	8,328	7,785
Finance costs	140	144	208
Internal charges and overheads applied	1,400	1,445	3,059
Other operating funding applications	0	0	0
Total applications of operating funding (B)	11,207	9,917	11,052
Surplus (deficit) of operating funding (A - B)	101	48	48
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase(decrease) in debt	599	414	3,514
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	599	414	3,514
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	21
- to improve the level of service	600	414	3,125
- to replace existing assets	100	48	416
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	700	462	3,562
Surplus (deficit) of capital funding (C - D)	(101)	(48)	(48)
Funding balance ((A - B) + (C - D))	0	0	0



Economic Development




Capital expenditure











	2013/14 actual \$000	Additional demand 2013/14 actual \$000	Improved level of service 2013/14 actual \$000	Replaced assets 2013/14 actual \$000	2013/14 budget \$000	Additional demand 2013/14 budget \$000	Improved level of service 2013/14 budget \$000	Replaced assets 2013/14 budget \$000
Barrier control carpark building	251	0	251	0	0	0	0	0
Urban design	125	0	125	0	414	0	414	0
Eat Street redevelopment	2,457	0	2,457	0	0	0	0	0
On street parking project	182	0	182	0	0	0	0	0
City Focus capital purchases	404	0	0	404	33	0	0	33
RotoruaNZ.COM rebuild	110	0	110	0	0	0	0	0
I-Site exchequer	21	21	0	0	0	0	0	0
I-Site building and plant renewals	12	0	0	12	15	0	0	15
	3,562	21	3,125	416	462	0	414	48

Variance from budget

- Operating:** In relation to the Annual Plan 2013/14 lower expenditure was achieved across all activities due to savings targets and lower visitor numbers. Long-term Plan variances are mainly due to change in the City Clean contract for CBD services.
- Capital expenditure:** The Long-term Plan anticipated some urban city development but plans have been significantly revised under current growth patterns experienced in the district. In the Annual Plan 2013/14 priority was given to inner city and other revitalisation capital programmes with the total budgeted amount of \$3.6 million allocated to Inner City Enterprise (ICE), Eat Street and Tutanekei Street urban design project and Rotoruanz.com website building, all achieved by the year end.

How we performed

Achieved  Not achieved  Not measured 




Level of service	Performance measure	Target for 2013/14	Achievement	Comments	Achievement for 2012/13
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%	84%	 It is believed this is a direct result of the sale of synthetic cannabinoids in the CBD during the year. Council has a policy on the sale of these products and hopes this will help to achieve the target.	87.5% 
	35% of respondents feel very safe/safe in the CBD during night time.	35%	26%	 A drop again from 2012/13. It is believed by the Police and the alcohol industry to be as a result of the inability of people to get home safely late at night due to the lack of available taxis, which results in many people loitering in the CBD or walking home.	30.3% 
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%	93%	 This is measured through the National Research Bureau survey 2014.*	94% 
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%	83%	 Free zones of 120 minutes were introduced into the CBD.	68% 
Provision of public toilets in the CBD meets the expectation of users.	70% of residents are very/fairly satisfied with public toilets.	70%	58%	 A new cleaning and maintenance regime was added; a review during 2014 will determine the impact of this.	56% 























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



Economic Development

How we performed cont.




Achieved  Not achieved  Not measured 





















Level of service	Performance measure	Target for 2013/14	Achievement	Comments	Achievement for 2012/13
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	439	 A calendar of events is recorded at City Focus to track the number of events held each year.	286 
	85,000 visitors through the City Focus Information centre annually.	85,000	106,049	 An extension of the council Customer Centre operated from the City Focus from 1 July 2013.	75,831 
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).	3.068m	3.046m (est)	 The decline in visitor arrivals is possibly being driven by fewer day visitors as a result of a change in the structure of NZ tours sold to Chinese visitors, resulting in some substitution of day visits with overnight visits.	3.070m (est) (2013 target – 3.007m) 
	Number of visitor nights spent in Rotorua.	3.485m	3.456m (est)	 The growth from 2012/13 in visitor nights is being driven by increased length of stay and is trending towards getting back on target against the slow years of the past due to the global financial crisis. Much of this increase is due to the Famously Rotorua campaign.	3.314m (est) (2013 target 3.485m) 
	Average daily expenditure per domestic visitor.	\$81	\$87 (est)	 The growth in domestic average daily expenditure has strongly increased beyond target.	\$81 (est) (2013 target = \$80) 
	Average daily expenditure per international visitor.	\$155	\$144 (est)	 A change in the structure of NZ tours sold in the Chinese market is possibly the primary driver of a reduction in international average daily expenditure.	\$150 (est) (2013 target - \$154) 
	Total visitor expenditure in Rotorua.	\$538m	\$510m (est)	 An increase from 2013 is the result of growth in expenditure from the domestic market being more than offset by declining expenditure from the international market. However this is still below the target set. 2013/14 targets were set with growth assumptions that were over optimistic.	\$502m (est) (2013 target - \$518m) 
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.	6.8%	7.3% (est)	 The growth in Rotorua's share of Auckland visitor nights spent in NZ is increasing ahead of target with most of the growth occurring from December 2013 onwards, following an increase in Famously Rotorua campaign activity.	6.5% (est) (2013 target – 6.8%) 
	Rotorua's market share of Australian visitor arrivals to NZ.	19.7%	15.6% (est)	 Rotorua continues to lose market share of the Australian market to those regions being serviced by low cost air carriers.	16.4% (est) (2013 target – 19.7%) 
	Number of arrivals to Rotorua from key Asian markets (i. e. sum of day and overnight arrivals from China, Japan and Korea).	192,600	186,700 (est)	 Rotorua's growth in Asian markets has reduced in the most recent year following a year of exceptionally strong growth prior to a change in the structure of NZ tours in the Chinese market.	212,400 (est) (2013 target – 171,400) 
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%	83%	 The average satisfaction rating of industry members with Destination Rotorua Marketing's industry communications and joint ventures continues to remain above target. This is a direct result of the partnerships that have been formed in particular around the Famously Rotorua campaign.	82% 



Economic Development

How we performed cont.

Achieved  Not achieved  Not measured 

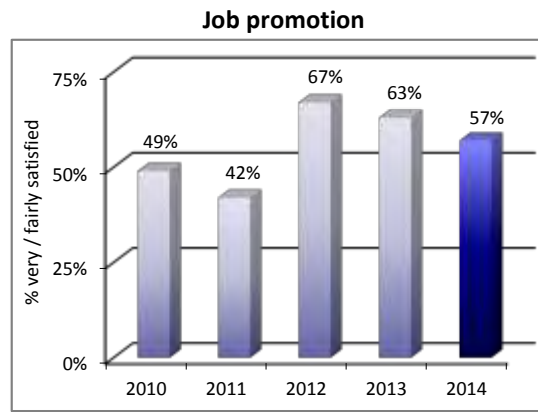
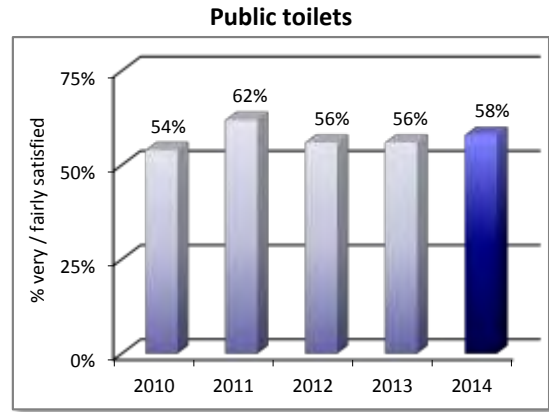
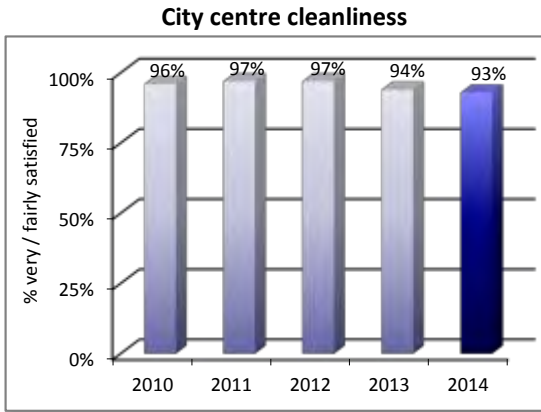
Level of service	Performance measure	Target for 2013/14	Achievement		Comments	Achievement for 2012/13	
Encourage the Rotorua tourism industry to deliver on the promise of 'manaakitanga' (provision of exceptional hospitality) to the visitor experience.	80% average rating of satisfaction surrounding the Rotorua visitor experience.	80%	78%		There are two ways to measure this target – the Visitor Insight Program (VIP) and the Regional Visitor Monitor (RVM). The VIP does not contain an overall satisfaction rating, however it does have a number of comparable individual measures. In comparison the RVM does ask about individual satisfaction. Using the RVM 84% satisfaction was achieved versus the VIP using an average of measures achieved 78%. When the target was set it was during a transition from the RVM to the VIP so was set using previous results from the RVM. Results now reflect the target is set higher than is expected to be achieved. The target will be reviewed in the Long-term Plan 2015.	77%	
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%	68%		The importance of quality accreditation is being increasingly replaced with online user reviews/ratings and is resulting in a declining volume of tourism businesses investing in traditional quality accreditation.	81%	
Market Rotorua nationally and internationally as a great place to live, work, invest and do business.	100% of Annual Marketing Plan implemented.	100%	90%		A change of focus resulted from development of Rotorua 2030 and progress of the Inner City Revitalisation Strategy. Some research studies with Grow Rotorua were put on hold.	100%	
	Number of new Rotorua specific business enquiries generated pa.	75	30		Business enquiries redirected to Grow Rotorua.	49 (2013 target – 50)	
	Percentage of respondents that list Rotorua as a preferred lifestyle destination to live, work and invest.	75%	57%			63% (2013 target – 60%)	
	Business sector satisfaction rating with live, work and invest promotion.	75%	57%			68.8% (2013 target – 60%)	
Provide mechanisms to enhance revitalisation of CBD through the Urban Design Framework/ Sustainable Economic Development strategy.	Percentage increase in CBD foot traffic.	5%	Survey not yet undertaken.		Other ways to collect measure results for foot traffic is being undertaken as the current method does not allow for reporting of results as at 30 June.	Not achieved	
Provide an accessible, informative and friendly point of contact to visitors to Rotorua.	80% of customers satisfied or very satisfied as per annual customer survey.	85%	87%		An annual survey conducted by the Rotorua i-Site.	93% (2013 target – 85%)	
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	\$1.235m		The basis for Council's revenue projections were found to contain an overly positive growth/inflation factor.	\$1.2m	
	Percentage sales directly contributing to the Rotorua economy.	80%	86%		The basis for Council's revenue projections were found to contain an overly positive regrowth/inflation factor. Overall Council's Annual Plan other revenue was overstated by approximately \$5.7 million.	91% (2013 target – 75%)	



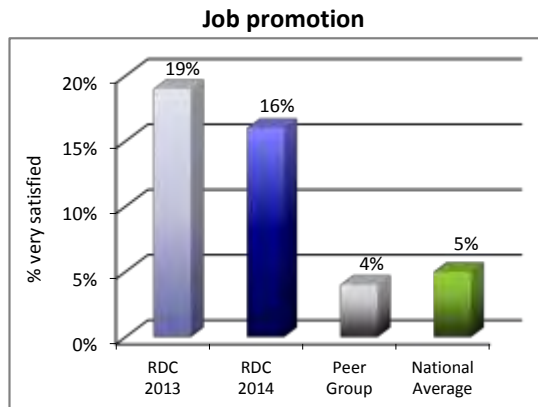
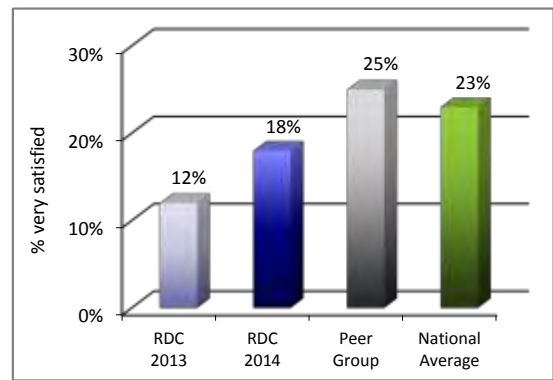
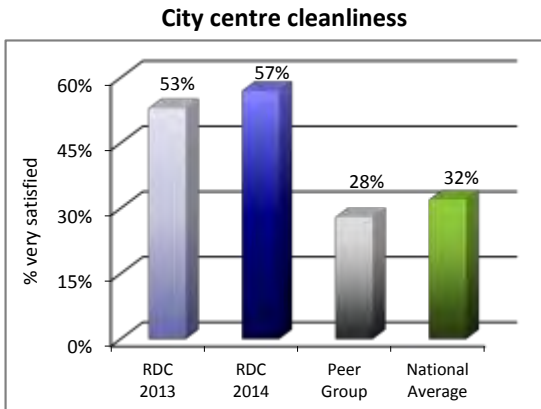
Economic Development

Community satisfaction survey

The graphs below were 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 2014.



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 by 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.



Events and Venues

The year's highlights and achievements included:

- **World Festivals and Events Award** – from international association, IFEA. Award for recognition in developing, attracting and promoting events.
- **Conventions and Incentives** – 31 conferences held.
- In November 2013 Rotorua hosted the **World Rafting Championships** attracting 70 teams from 28 nations. In addition to a strong local spend the event attracted worldwide recognition for Rotorua and this form of recreational activity. Thanks are due to Kawerau for their assistance.
- In May 2014 the **50th Rotorua International Marathon** was hosted with the biggest number of total entrants ever (over 9,100) with 4,500 competing over the full marathon distance, the second highest total in the marathon's history. Widespread publicity for both the lead-up and the event itself was exceptionally valuable to Rotorua. 6,978 of the participants came from beyond Rotorua.
- 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.
- **The Tarawera Ultra Marathon** joined the World Ultra Tour and received NZ Major Events support.
- **Other major sporting events** hosted included an ANZ netball encounter, The Phoenix football team's first match in Rotorua, national Waka Ama championships, National Touch championship, The NZRFU Sevens National Championship, the Rotorua Running Festival, the Weetbix Tryathlon, NZRL Youth Tournament and the 3D championships.
- **Glo Festival** – 2013/14 was the second year of the Glo Festival and saw increased support with the introduction of an outdoor movie prior to the New Year's Eve fireworks display. Glo is positioned for local and visiting families and increased support from this sector enables further development in the coming years.
- **Fire and Ice Festival** – Rotorua's mid winter festival was further developed in 2013. Based around the ice rink attraction at the Village Green the festival also saw the introduction of the Luminare Lantern Festival in Government Gardens. A strong community support in the making of the Lanterns created an outstanding spectacle and proved the value of the Gardens as an event venue.



Events and Venues

What it cost us

	2012/13 Long-term Plan \$000	2013/14 Long-term Plan \$000	2013/14 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,071	3,636	3,791
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	0	0	152
Fees, charges and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	2,181	2,254	15
Local authorities fuel tax, fines, infringement fees and other receipts	2,347	2,420	1,744
Total operating funding (A)	7,599	8,310	5,702
Applications of operating funding			
Payments to staff and suppliers	4,102	4,213	3,671
Finance costs	395	405	555
Internal charges and overheads applied	2,857	2,956	1,476
Other operating funding applications	0	0	0
Total applications of operating funding (B)	7,354	7,574	5,702
Surplus (deficit) of operating funding (A - B)	245	736	0
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	2
Development and financial contributions	32	33	10
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)	32	33	12
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	245	736	491
Increase (decrease) in reserves	32	33	(479)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	277	769	12
Surplus (deficit) of capital funding (C - D)	(245)	(736)	0
Funding balance ((A - B) + (C - D))	0	0	0

Capital expenditure

	2013/14 actual \$000	Additional demand 2013/14 actual \$000	Improved level of service 2013/14 actual \$000	Replaced assets 2013/14 actual \$000	2013/14 budget \$000	Additional demand 2013/14 budget \$000	Improved level of service 2013/14 budget \$000	Replaced assets 2013/14 budget \$000
Convention Centre renewals	78	0	0	78	249	0	0	249
International Stadium asset replacements	0	0	0	0	82	0	0	82
Soundshell and Tea House renewals	0	0	0	0	14	0	0	14
Energy Events Centre asset replacements	413	0	0	413	391	0	0	391
	491	0	0	491	736	0	0	736



Events and Venues

Variance from budget

- Operating:** Events and Venues continued to operate in a challenging marketplace. While the number of events remained similar to the previous year, the yield was lower due to more discounting in the marketplace, lower attendances, reduced budgets from hirers and shortened events. Expenditure, when compared with the Annual Plan and Long-term Plan, was favourable reflecting shortened events and revenue decreases.
- Capital expenditure:** In the 2013/14 year an upgrade/repair of the Energy Events Centre air handling units and kitchen roof repairs was undertaken at a cost of \$400,000. This necessitated deferral of stadium bus stop and other Convention Centre renewals to remain within Annual Plan budget. Soundshell renewals were also deferred.

How we performed

Achieved ● Not achieved ● Not measured ●

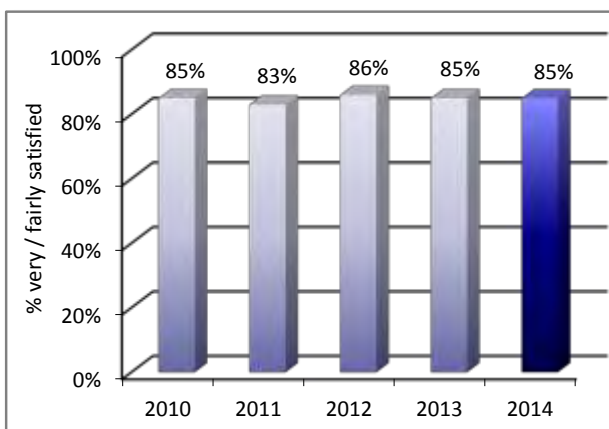
Level of service	Performance measure	Target for 2013/14	Achievement	Comments	Achievement for 2012/13
Excellent well maintained and well used venues.	85% of residents have used/visited an event venue in the last 12 months.	85%	85%	● This is measured through the National Research Bureau survey 2014.*	84% ●
	85% of residents very/fairly satisfied with the service/facility.	85%	85%	● This is measured through the National Research Bureau survey 2014.*	85% ●
	50% of repeat bookings from commercial clients within a three year period.	50%	52.1%	● There were 88 repeat bookings from commercial clients for the year which represented 52.1%.	57.8% ●
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	31	● Up by two conferences on the 2012/13 year.	29 ●
	More than 11,000 conference delegates attending each year.	11,000	11,065	● Delegate numbers dropped by 870. This is consistent with the national market for conference and incentives which remains depressed.	11,934 ●

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

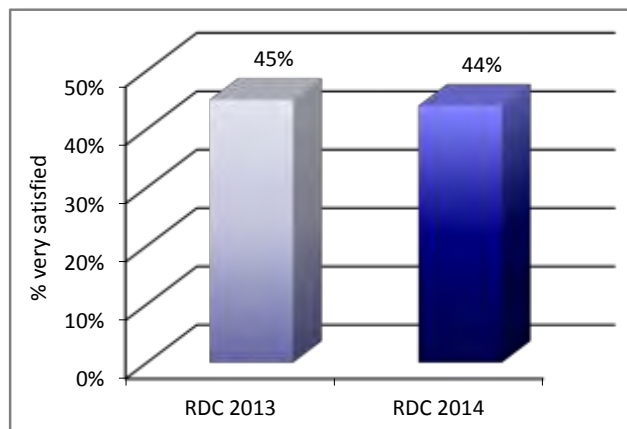
Community satisfaction survey

The graphs below were prepared from the annual Community Satisfaction Survey.

Event promotion



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



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 2014.



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.

The year's highlights and achievements included:

- **Proposed District Plan** – The Proposed District Plan was notified on 31 October 2012. 518 submissions and 104 further submissions were received, summarised and analysed during 2013. Planners' section 42RMA reports have been written and District Plan hearings held throughout 2014. Council decisions on submissions and further submission on track for release later this year.
- **Rotorua Spatial Plan 'Smart Futures'** – The first draft spatial plan – Generation 1 is well underway. Generation 1 summarises available statistics, census data and provides an overview of key issues. Engagement with key stakeholders is underway.



Planning Services

What it cost us

	2012/13 Long-term Plan \$000	2013/14 Long-term Plan \$000	2013/14 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,852	2,971	2,137
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	254	258	176
Internal charges and overheads recovered	5	5	2
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	1
Total operating funding (A)	3,111	3,234	2,316
Applications of operating funding			
Payments to staff and suppliers	1,895	1,955	1,975
Finance costs	0	0	0
Internal charges and overheads applied	1,216	1,278	341
Other operating funding applications	0	0	0
Total applications of operating funding (B)	3,111	3,233	2,316
Surplus (deficit) of operating funding (A - B)	0	1	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	(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	0	0
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	0	(1)	0
Surplus (deficit) of capital funding (C - D)	0	0	0
Funding balance ((A - B) + (C - D))	0	0	0




Variance from budget























- Operating:** Savings made in reduced staff costs when compared to budget. Long-term Plan expenditure was in line with actuals. Fewer consents have also reduced consultants' costs for year. Long-term Plan overheads are different to actuals due to a different allocation methodology used in the Annual Plan 2013/14.



Planning Services

How we performed

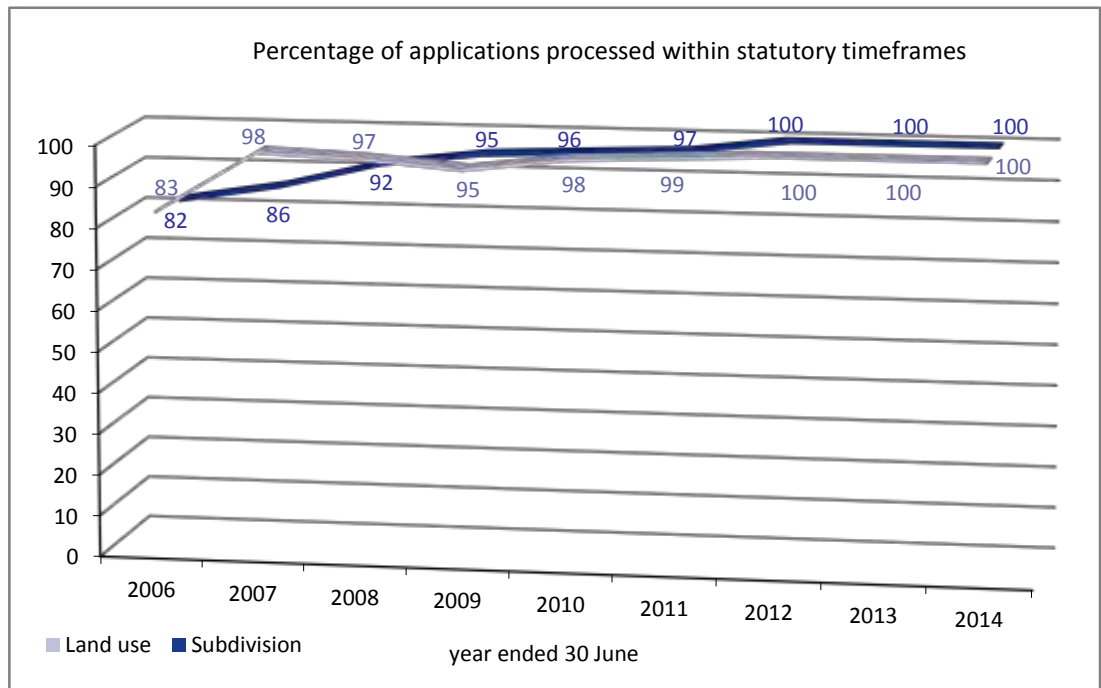
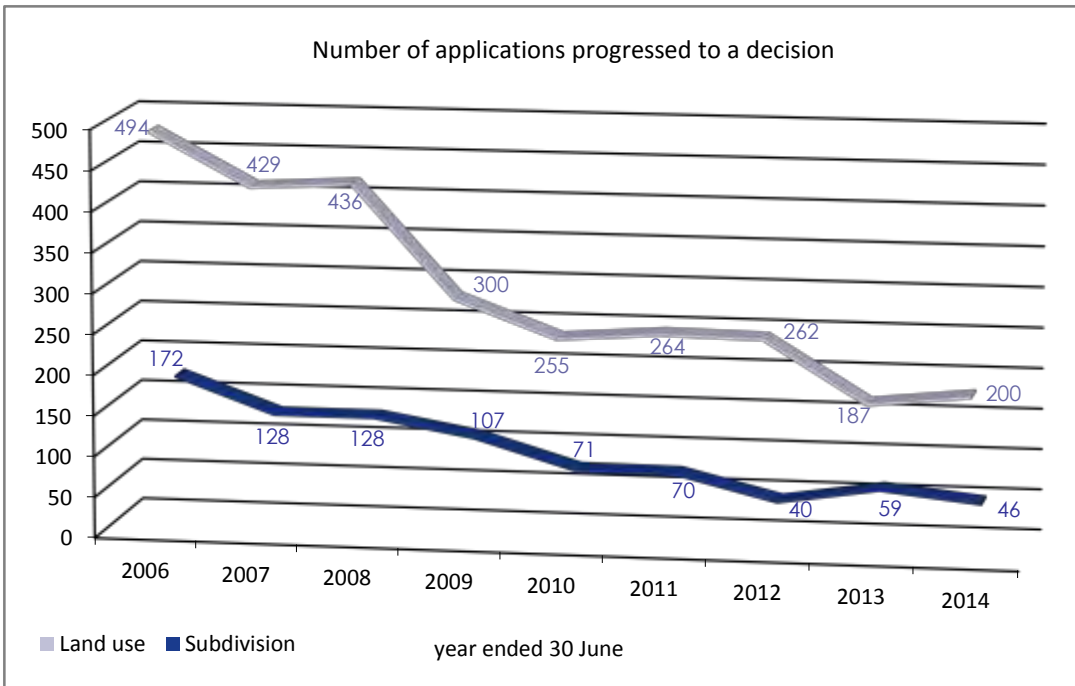
Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2013/14	Achievement	Comments	Achievement for 2012/13	
Timely and consistent processing of resource consent applications.	100% of land use consents processed with statutory timeframe of 20 days.	100%	100% (200)  within statutory timeframe	All 180 land use consent applications and 20 variations processed within statutory timeframes for the year. 197 were non-notified, 1 limited notified and 2 publicly notified. 2 applications had timeframes extended under section 37 RMA.	100% 	
	40% on or before day 10		27% (53)  within 10 days		40% (75)  within 10 days	
	60% on or before day 15		47% (93)  within 15 days		65% (122)  within 15 days	
	100% on or before day 20				100% (187)  within statutory timeframes	
	100% of subdivision consents processed with statutory timeframe of 20 days.	100%	100% (46)  within statutory timeframes	All 40 subdivision consent applications and 6 variations processed within statutory timeframes. 43 were non-notified, 1 limited notified and 2 publicly notified. 1 application had timeframes extended under section 37 RMA.	100% 	
	10% on or before day 10		7% (3)  within 10 days		13% (8)  within 10 days	
	25% on or before day 15		15% (7)  within 15 days		25% (15)  within 15 days	
	100% on or before day 20				100% (59)  within statutory timeframes	
	Council is ranked within the top 20 for timeliness of consent processing.	N/A	N/A		Ministry for the Environment RMA Biannual survey not undertaken for 2013/14 year. 100% consents within statutory time will retain being in the top 20 Council's for timeliness. Results in the 2012/13 year showed Rotorua District Council achieved 100% consents processed on time – 32 of the 78 council surveyed achieved 100%.	Achieved 
	Percentage of customers very/fairly satisfied with the resource consent process.	Net 5% increase on previous year's actual	Not measured		The council reorganisation has moved planning consents into the Integrated Consent Solutions team. Measuring and improving customer satisfaction is a key focus for the Integrated Consent Solutions team going forward.	Achieved 
Prompt responses to complaints about planning and environmental issues.	100% of complaints responded to within 24 hours of receipt.	100%	100% 	88 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 2012. Submissions and further submissions summarised 2013. Planner's section 42RMA reports written, hearing held through the first half of 2014. Council decisions on submissions and further submission on track to meet the 2 year timeframe set by the RMA for processing district plan reviews.	Achieved 	



Planning Services

Other indicators



Regulatory Services

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.

The year's highlights and achievements included:

- **Micro-chipped dogs** - 673 dogs were micro-chipped at the pound during the period. While slightly down on last year's figures this is still a very good service provided to dog owners.
- **Registered dogs** - 11,422 dogs were registered to the end of the reporting period. This figure represents an increase of 390 registered dogs compared with the previous year. For the second year running the total number of dogs registered was more than the known dogs at the beginning of the year. This is a result of a great strong effort by the Animal Control Unit.
- **Noise infringements** – A total of 67 infringements were issued for the year aimed at addressing recidivist offenders or those who have no regard to their neighbours.
- **Liquor licensing** – The new Sale and Supply of Alcohol Act 2012 came into force on the 18 December. This required the formation of the new District Licensing Committee under the control of the chairperson Cr Karen Hunt. We have been able to quickly move to efficient and cost-effective processing of applications under this regime.



Regulatory Services

What it cost us

	2012/13 Long-term Plan \$000	2013/14 Long-term Plan \$000	2013/14 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	627	632	0
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	0	0	9
Fees, charges and targeted rates for water supply	886	914	1,122
Internal charges and overheads recovered	938	966	1
Local authorities fuel tax, fines, infringement fees and other receipts	1,667	1,719	1,700
Total operating funding (A)	4,118	4,231	2,832
Applications of operating funding			
Payments to staff and suppliers	2,570	2,619	2,197
Finance costs	2	2	0
Internal charges and overheads applied	1,514	1,574	539
Other operating funding applications	0	0	0
Total applications of operating funding (B)	4,086	4,195	2,736
Surplus (deficit) of operating funding (A - B)	32	36	96
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase(decrease) in debt	1	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	1	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	33	36	11
Increase (decrease) in reserves	0	0	85
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	33	36	96
Surplus (deficit) of capital funding (C - D)	(32)	(36)	(96)
Funding balance ((A - B) + (C - D))	0	0	0

Capital expenditure

	2013/14 actual \$000	Additional demand 2013/14 actual \$000	Improved level of service 2013/14 actual \$000	Replaced assets 2013/14 actual \$000	2013/14 budget \$000	Additional demand 2013/14 budget \$000	Improved level of service 2013/14 budget \$000	Replaced assets 2013/14 budget \$000
Handheld ticket writers	11	0	0	11	36	0	0	36
	11	0	0	11	36	0	0	36



Regulatory Services













Variance from budget

- Operating:* Parking enforcement fees and charges are lower than budget due to a change in the inner city parking regime, freeing up certain on-street metered areas to assist inner city activity. This is offset by an increase in revenue for inspections, as Council began liquor licensing administrative responsibilities from December 2013 (\$140,000 additional revenue). This was not factored in the Long-term Plan.

Long-term Plan overheads are different to actuals due to different allocation methodology used in the Annual Plan 2013/14. Actual expenditure is close to Annual Plan 2013/14. Increases in expenses for liquor licensing have been offset by savings in operating expenditure across all regulatory services.
- Capital expenditure:* New handheld ticket writers purchased in 2013/14 are more efficient technology that does not require the replacement of a printer, and has enabled cost savings.

How we performed

Achieved  Not achieved  Not measured 

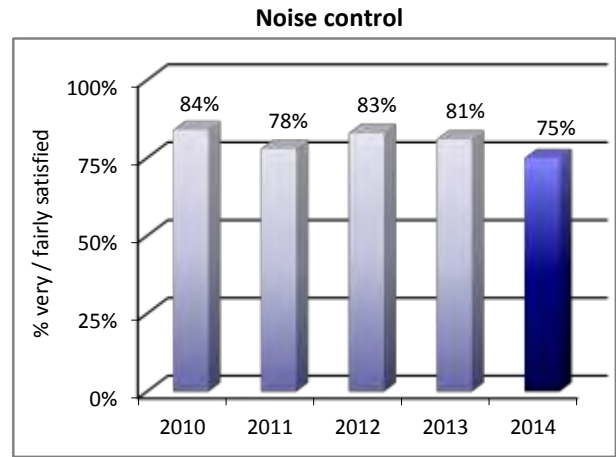
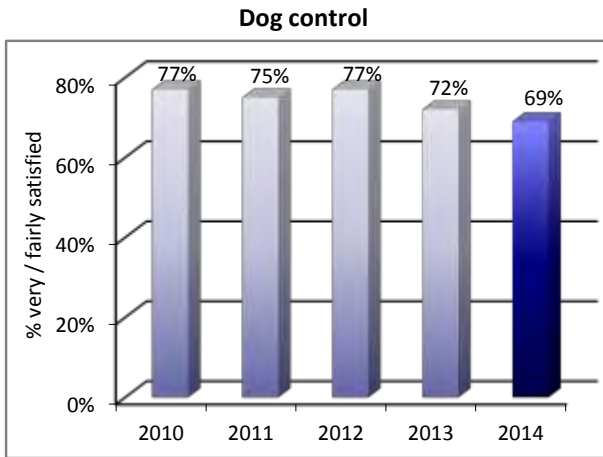
Level of service	Performance measure	Target for 2013/14	Achievement		Comments	Achievement for 2012/13	
Provide safe public places free from uncontrolled dogs and wandering stock.	100% of known dogs registered or served with a notice to register by 30 June annually.	100%	104%		11,422 out of 11,032 dogs registered. Significant promotion was undertaken around registering dogs. Staff have continued to issue infringement notices to dog owners that do not register their dogs.	102.7%	
	100% of complaints about wandering stock responded to immediately.	100%	100%		315 / 315 complaints responded to immediately.	100%	
	75% of residents very/fairly satisfied with the control of dogs.	75%	69%		The rating is in line with the last 10 years which range from 69% to 77%. The target appears to be set too high and based on the results of the last 10 years will be adjusted when the Long-term Plan 2015-2025 is developed.	72%	
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 978 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%	78%		222 out of 286 registered licensed premises inspected. The shortfall is the result of enormous amounts of resources required for the implementation of the new act.	100%	
	80% of residents very/fairly satisfied with noise control service.	80%	75%		Council has a new contractor for this and is receiving an increased level of service. Since the new contractor took over they have only missed 0.3% of their contract response times compared with the previous contractor who missed in excess of 10%. Council has been taking a stronger position with respect to noise offenders issuing infringement notices and the contractor has seized 58 stereos. The total number of complaints is down in 2013/14 (3,256) compared to 2012/13 (3,278).	81%	



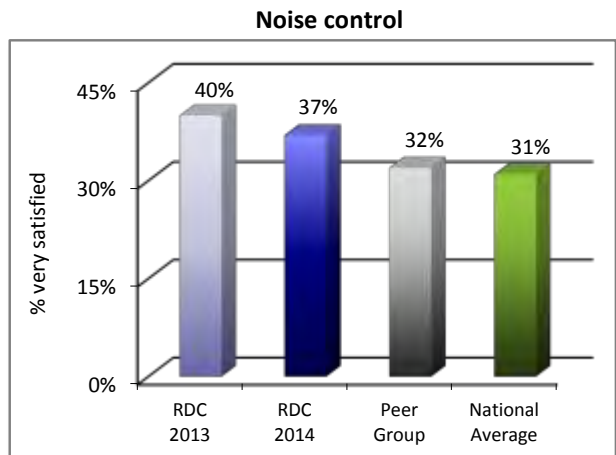
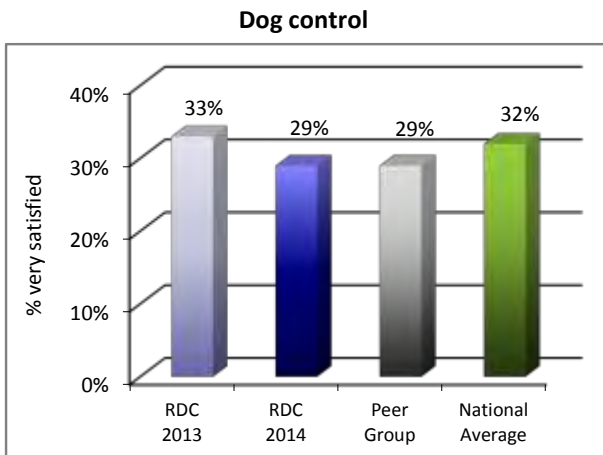
Regulatory Services

Community satisfaction survey

The graphs below were prepared from the annual Community Satisfaction Survey.

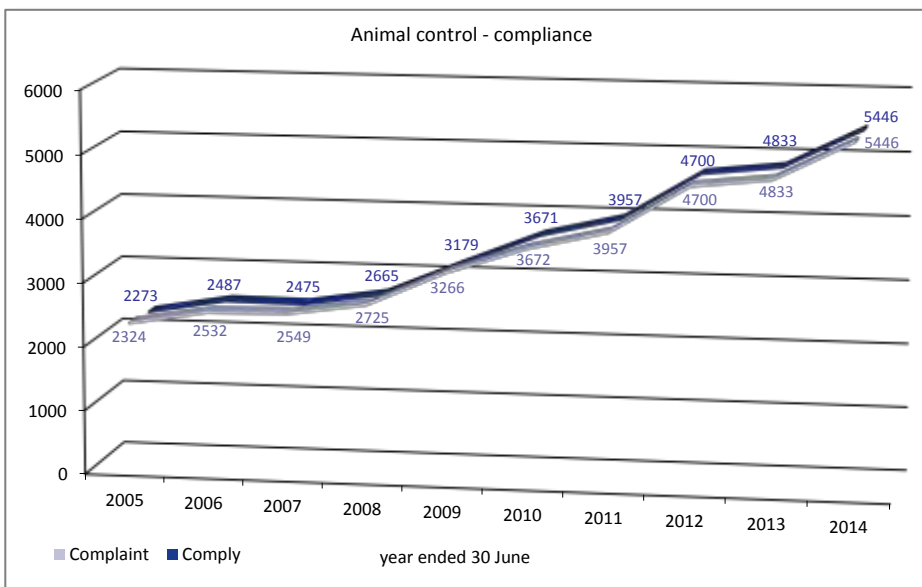


These graphs show the percentage of survey respondents very or fairly satisfied with these services over the last five years.

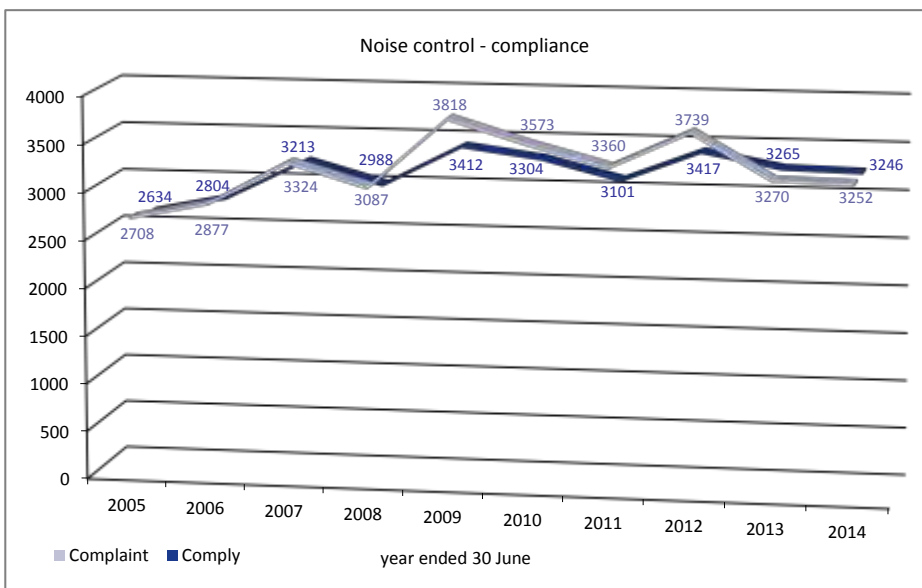
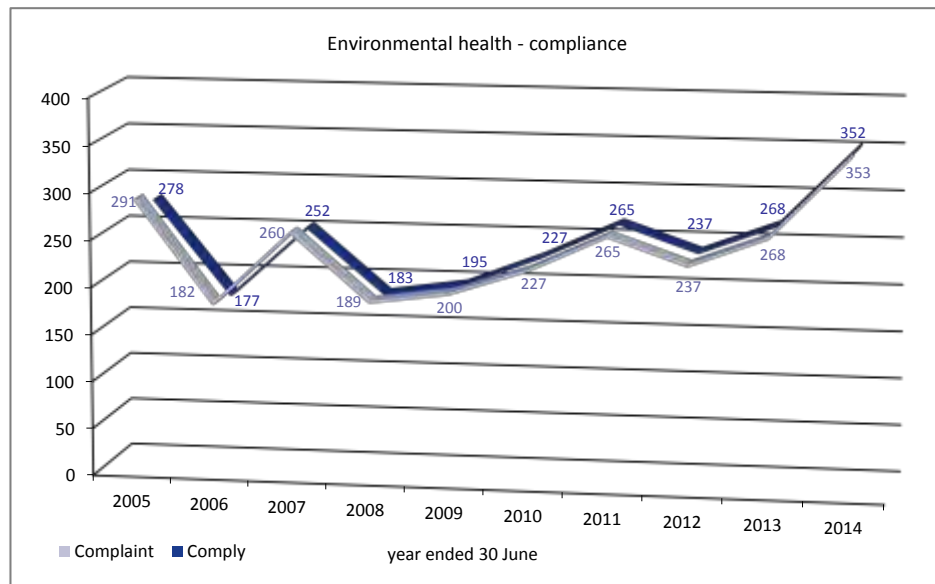
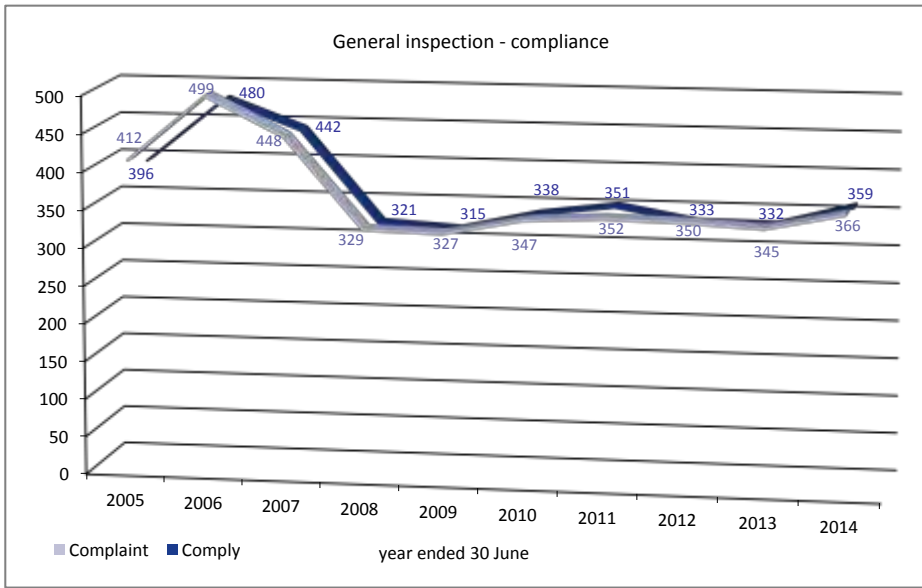


These graphs show the percentage of survey respondents "very" satisfied with these services over the last two years and compares it with our peer group and the national average for 2014.

Other indicators



Regulatory Services



Rotorua Museum

What we do

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

The museum opens to the public every day except Christmas Day, from 9am to 8pm daily during 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, completing 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 Rotorua tourist destinations.

Exhibitions

- **Taking the Cure**
Tells the story of the Bathhouse building and the origins of tourism in Rotorua.
- **Maori Battalion**
B Company of 28 Maori Battalion was made up of volunteers from the Rotorua/Bay of Plenty/Thames-Coromandel areas and fought in some of the most famous campaigns of WWII. This exhibition is a tribute to those men, and the people they left behind.
- **Tarawera Eruption**
The 1886 eruption of Mount Tarawera changed the lives forever for all who lived in this area. The famous Pink and White Terraces were destroyed, along with many villages around the mountain. This exhibition tells the story of the fateful night and remembers the victims, both 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 Hawaiiiki 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.



Rotorua Museum

Education

Since 1998 the museum has been contracted by the Ministry of Education to provide 'Learning Experiences Outside the Classroom' to some 12,000 school students per annum. Two teachers are employed to develop and deliver curriculum-linked programmes and school groups come from all over New Zealand to use the service. The current contract expires in 2013 after which the museum will seek a new contract.

A dynamic and active programme of public lectures, films, tours, floor talks and children's activities is

provided throughout the year. Some events are so popular that people are turned away.

Why we do it

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

The year's highlights and achievements included:

- **Rotorua Museum efforts recognised by awards**
 - 2014 Museums Aotearoa Award for 'Best Museum Project' for the *On the Wing* project, the first ever urban release of a threatened species in New Zealand. The collaboration between Rotorua Museum and Wingspan National Bird of Prey Centre saw three New Zealand falcons (kārearea) raised and released from the Museum's rooftop.
 - 2014 Trust Power Community Award in the Environment and Heritage Category, for the 'On the Wing' falcon release project (and The Friends of Rotorua Museum were commended for the Summers Sculptures).
 - 2014 New Zealand Radio Awards - 'Best Direct Client Campaign' for the same-sex wedding event and promotion, in conjunction with Mediaworks partner The Edge.
 - 'Hospitality and Attractions Award' at the 2013 Westpac Rotorua Business Excellence Awards.
 - The 80-strong team of volunteer museum guides were runners-up in the 2013 Trustpower Spirit of Rotorua Community Awards.
- **Record revenues** of \$1.937 million or 50% above last year were achieved, though a strong retail performance and the café acquisition.
- **Visitor numbers** - A total of 99,671 visitors during the year, +2.2% on the previous year – 30% local, 26% domestic and 44% International.
- **Education programme** – A total of 11,338 school students, +8% on the previous year, visited to participate in curriculum-linked learning opportunities delivered by museum educators. The education programme, largely funded by the Ministry of Education, has recently had its contract extended to December 2016.
- **Museum Bus** – Funded by the Ngati Whakaue Education Endowment Trust, the Museum Bus provided transportation to Rotorua Museum for over 4230 +3.4% on the previous year local students from decile one to five schools (1 July 2013 to 31 June 2014). Since its inception, 19,621 students have taken advantage of this initiative, with every eligible school in the district utilising this service.
- **Collections** – There were over 200 enquiries by the public to the museum seeking further information on collection items. The museum's collection was revalued during the year with an increase of \$18.5 million to a total value of over \$24 million. The collection was last valued in 2008.
- **Exhibitions** – 21 exhibitions were presented during the year with 15 locally curated shows supporting our Rotorua relevance strategy with community participation, local content, and local stories. Exhibitions like Matatoki, Te Ara, Be Amazed and Down the Hall on a Saturday Night were highlights, these catered to a wide range of audiences from our community and visitors.
- **Public programmes** - 46 public programmes were hosted during the year which were well supported with 9,851 participants.
- **Customer satisfaction** – Quantitative information collated by *Museums Aotearoa* (through a nationwide survey of museums), indicates 95% (2013) were 'satisfied' with their visitor experience at Rotorua Museum compared to 86% (2013) for all museums.
- **Marketing result** - A total of 269 free media stories were achieved during the year, showing a 57% increase on the previous year. 69 of the stories were attributed to the same sex wedding promotion and reached a large international audience, while 49 of the stories were focused around 'On the Wing' falcon release which got strong national coverage. 224 media and tourism trade people were hosted on families of the museum. In the last year our museum Facebook page has increased its 'likes' by 31% to 3,052 likes.



Rotorua Museum

What it cost us

	2012/13 Long-term Plan \$000	2013/14 Long-term Plan \$000	2013/14 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,972	2,176	2,307
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	0	0	47
Fees, charges and targeted rates for water supply	98	101	99
Internal charges and overheads recovered	0	0	15
Local authorities fuel tax, fines, infringement fees and other receipts	1,317	1,553	1,798
Total operating funding (A)	3,387	3,830	4,266
Applications of operating funding			
Payments to staff and suppliers	2,638	2,794	3,342
Finance costs	237	244	161
Internal charges and overheads applied	397	410	763
Other operating funding applications	0	0	0
Total applications of operating funding (B)	3,272	3,448	4,266
Surplus (deficit) of operating funding (A - B)	115	382	0
Sources of capital funding			
Subsidies and grants for capital expenditure	2,400	1,321	421
Development and financial contributions	7	7	2
Increase(decrease) in debt	(1,492)	(380)	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	915	948	423
Applications of capital funding			
Capital expenditure			
- to meet additional demand	8	9	19
- to improve the level of service	900	931	7
- to replace existing assets	148	417	87
Increase (decrease) in reserves	(26)	(27)	310
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	1,030	1,330	423
Surplus (deficit) of capital funding (C - D)	(115)	(382)	0
Funding balance ((A - B) + (C - D))	0	0	0

Capital expenditure

	2013/14 actual \$000	Additional demand 2013/14 actual \$000	Improved level of service 2013/14 actual \$000	Replaced assets 2013/14 actual \$000	2013/14 budget \$000	Additional demand 2013/14 budget \$000	Improved level of service 2013/14 budget \$000	Replaced assets 2013/14 budget \$000
Museum asset replacements	87	0	0	87	417	0	0	417
Collection development	19	19	0	0	9	9	0	0
Exterior feature lighting	0	0	0	0	931	0	931	0
Tarawera eruption exhibition	7	0	7	0	-	0	0	0
	113	19	7	87	1,357	9	931	417


















Rotorua Museum

Variance from budget

- *Operating:* The Long-term Plan did not include the Museum Café within operating assumptions. The museum previously received a number of large capital subsidies for building and the Long-term Plan assumed these would continue into 2013/14. The Long-term Plan overheads are different to actuals due to a different allocation methodology used across council.
- *Capital expenditure:* Exterior of museum feature lighting programme was deferred during the year along with a number of other capital projects.

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2013/14	Achievement	Comments	Achievement for 2012/13
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%	68%	 This is measured through the National Research Bureau survey 2014.*	64% 
	80% of local residents very /fairly satisfied with the museum and its services.	80%	80%	 This is measured through the National Research Bureau survey 2014.*	82% 
Provide a range of learning opportunities for primary, secondary, tertiary and adult learners.	Number of public programmes (workshops/ lectures) per year.	20	46	 A conscious decision was made this year to run fewer programmes than the previous year (64 in 2013) to provide a greater focus on participation in the programmes offered. Target of 20 will be reviewed in the Long-term Plan 2015 preparation.	90 
	Number of students each year participating in the LEOTC programme (curriculum based learning).	11,000	11,338	 11,338 students participated in the LEOTC programme for the year. Numbers were up 8.2% on the previous year, due to the free museum bus strongly supported by local schools and a more favourable exhibition programme that linked to the curriculum.	10,475 
Position the Museum as a "must see" attraction to visitors to the district, both international and domestic.	Total number of paying visitors per year.	80,000	69,706	 The domestic market numbers were down slightly due to lack of wet weather days during peak holiday times. The target of 80,000 was set using unsustainable growth assumptions and will be reviewed in the Long-term Plan 2015.	67,026 
	Average spend per paying visitor.	\$14	\$25.86	 This is directly related to the success within the retail sector of the Museum; both the shop and the café.	\$17.05 

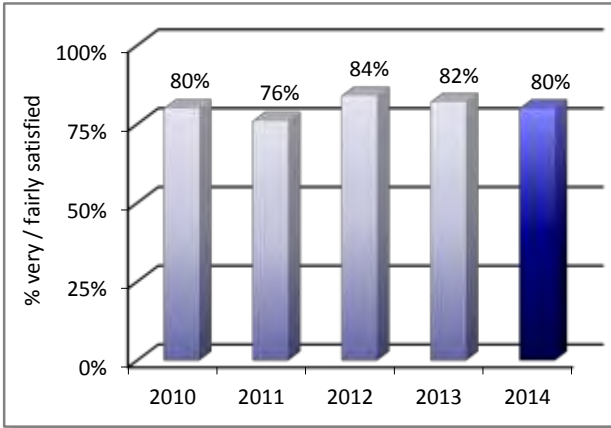
* National Research Bureau survey – a phone survey of 400 residents undertaken annually.



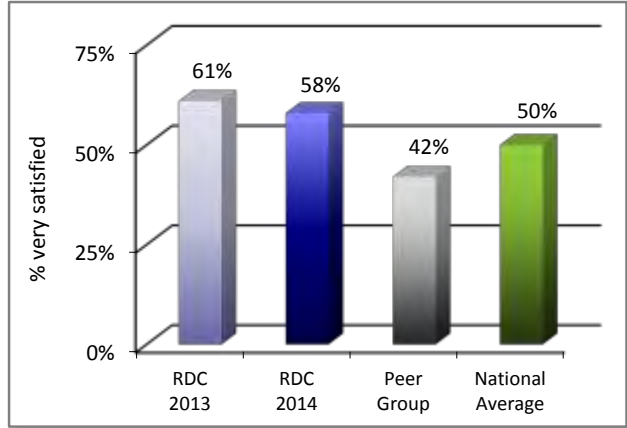
Rotorua Museum

Community satisfaction survey

The graphs below were 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 2014.



Infrastructure Services

Contribution to outcomes

(for full details of community outcomes see pages 16-18)

	Community Outcomes								
	Visionary Community Leadership	Safe and caring	Prosperous economy	Environment	Excellent facilities and services	Living Maori culture	Thriving	Healthy	Learning
Aquatic Centre		✓			✓		✓	✓	
Engineering Services		✓			✓				
Public Gardens, Reserves and Cemeteries		✓		✓	✓			✓	
Roads and Footpaths		✓	✓	✓	✓				
Rotorua Airport Infrastructure					✓				
Sewerage and Sewage				✓	✓			✓	
Stormwater and Land Drainage				✓	✓				
Waste Management				✓	✓				
Water Supplies		✓			✓				

Overview

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

This area is important for 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

The Infrastructure Services area 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.



Aquatic Centre

What we do

Aquatic Facilities

The Rotorua Aquatic Centre is open seven 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 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 fundraising 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.

The year's highlights and achievements included:

- **Visitor admissions** – 364,105 total admissions; 12% above the annual target.
- **Learn to Swim** – An average of 11,057 students enrolled by term in learn to swim programmes.
- **New Zealand Water Safety** - Secured \$45,000 delivery contract from New Zealand Water Safety to teach Rotorua kids to swim 200m
- **Energy reduction** – Total energy consumption reduced by 6.3% or 89,498 kWh on the previous year
- **National Award** - Swimsation Franchise National Award Winner 2013 – best swim school
- **City Award** - Keep Rotorua Beautiful Awards Certificate of Appreciation 2013 winner



Aquatic Centre

What it cost us

	2012/13 Long-term Plan \$000	2013/14 Long-term Plan \$000	2013/14 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,894	1,877	2,073
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	12	12	45
Fees, charges and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	20	20	10
Local authorities fuel tax, fines, infringement fees and other receipts	1,136	1,257	1,182
Total operating funding (A)	3,062	3,166	3,310
Applications of operating funding			
Payments to staff and suppliers	2,226	2,291	2,378
Finance costs	87	90	87
Internal charges and overheads applied	447	458	665
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,760	2,839	3,130
Surplus (deficit) of operating funding (A - B)	302	327	180
Sources of capital funding			
Subsidies and grants for capital expenditure	67	208	0
Development and financial contributions	42	43	3
Increase(decrease) in debt	33	102	(115)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	142	353	(112)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	100	310	(102)
- to replace existing assets	301	323	170
Increase (decrease) in reserves	43	47	0
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	444	680	68
Surplus (deficit) of capital funding (C - D)	(302)	(327)	(180)
Funding balance ((A - B) + (C - D))	0	0	0

Capital expenditure

	2013/14 actual \$000	Additional demand 2013/14 actual \$000	Improved level of service 2013/14 actual \$000	Replaced assets 2013/14 actual \$000	2013/14 budget \$000	Additional demand 2013/14 budget \$000	Improved level of service 2013/14 budget \$000	Replaced assets 2013/14 budget \$000
Aquatic Centre renewals	170	0	0	170	323	0	0	323
Health Centre	0	0	0	0	310	0	310	0
Capital WIP adjustments	(102)	0	(102)	0	0	0	0	0
	68	0	(102)	170	633	0	310	323
















Aquatic Centre

Variance from budget

- Operating:** Long-term Plan income included revenue from a proposed health spa which did not go ahead. Annual Plan 2013/14 income was exceeded due to strong admission revenue, improved value-added activities, services and products provided to customers which in turn is driving repeat business. There was an increase in operational cost for repairs and maintenance due to the ageing state of the facility.
- Capital expenditure:** Development of health spa and café as outlined in the Long-term Plan was reviewed by Council during the year and has been deferred as a result. Aquatic Centre renewals amounted to \$170,000 with the balance being deferred.

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2013/14	Achievement		Comments	Achievement for 2013/14	
To provide safe facilities.	PoolSafe accreditation is maintained.	Achieved	Achieved		PoolSafe accreditation valid until April 2015. PoolSafe accreditation is reviewed annually. The current accreditation is valid until April 2015.	Achieved	
Provide water and land based recreational opportunities.	10,500 individuals participate in Learn to Swim School programmes per term.	10,500	11,057			11,057	
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%	69%		A further 4% reduction on last year's satisfaction. This is felt to be as a result of deferral of capital development. 30% of respondents to the National Research Bureau survey want a higher spend for aquatic services and facilities.	73%	
Provide a variety of fun and accessible activities and events.	Number of visitors to the aquatic centre per year.	320,000	364,105		An annual increase in visitors to the Aquatic Centre of 13.8%. This may be showing a move towards more people wanting to increase their physical activity.	327,670	
	Percentage of households using/visiting the aquatic centre in a year.	65%	64%		Not achieved with the main comments being upgrade of facilities. Funds have been set aside in 2014/15 to undertake investigations into future developments of the Aquatic Centre along with work being undertaken to investigate future potential partnership developments.	63%	

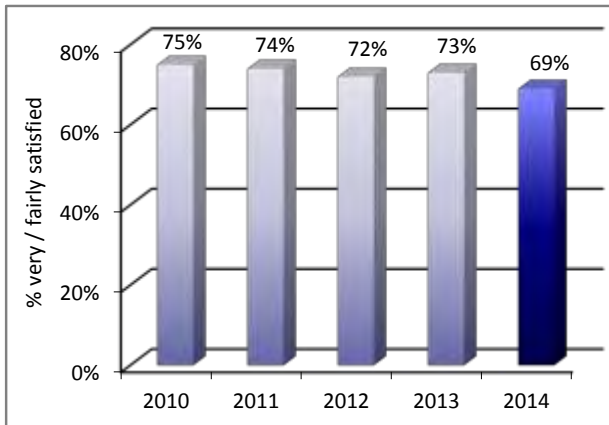
The same percentage of households continue to use the Aquatic Centre; however satisfaction continued to decline. It is believed this is directly attributed to the dated facility and deferral of physical works.



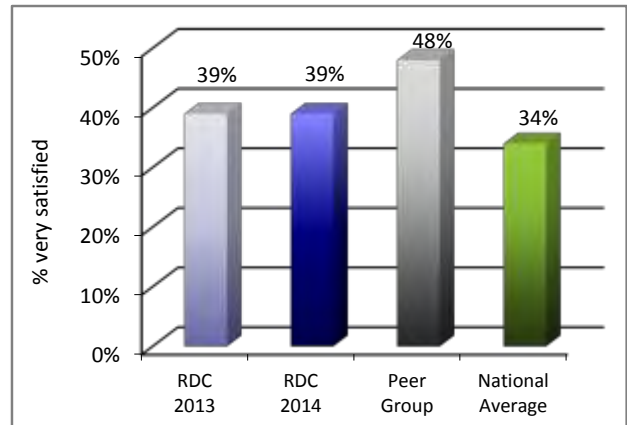
Aquatic Centre

Community satisfaction survey

The graphs below were prepared from the annual Community Satisfaction Survey.

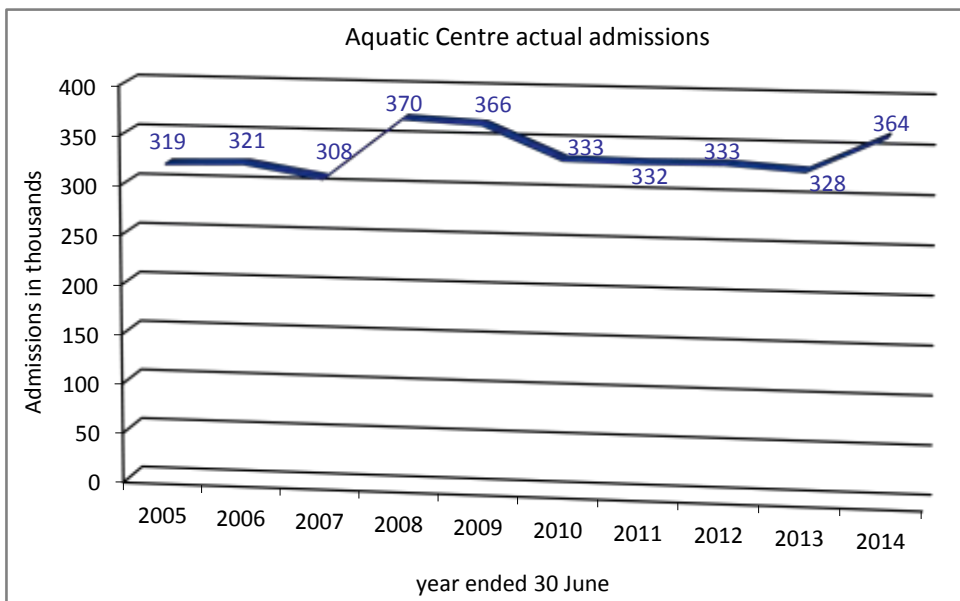


This graph shows the percentage of survey respondents very or fairly satisfied with this service over the last five years.

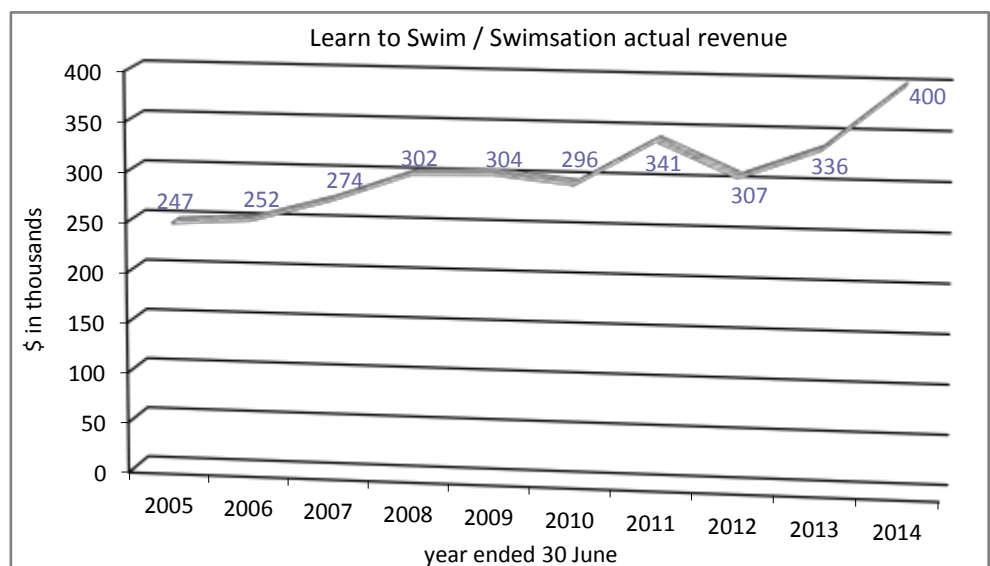
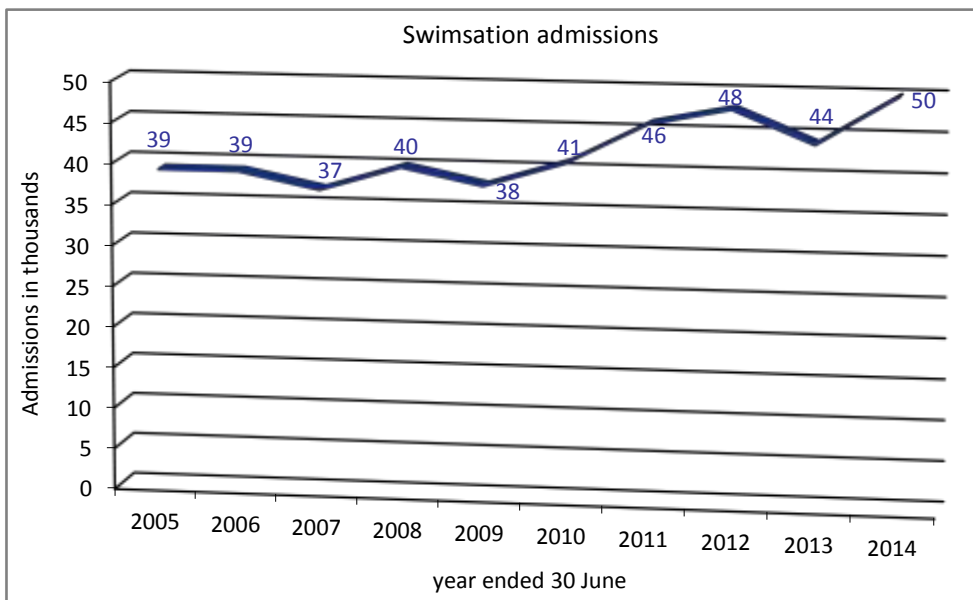
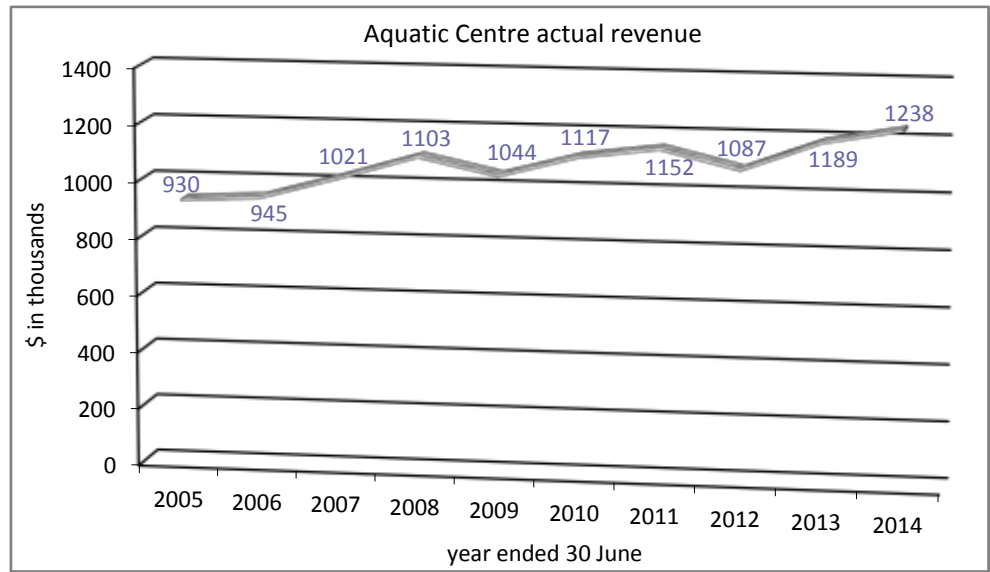


This graph shows the percentage of survey respondents "very" satisfied with this service over the last two years and compares it with our peer group and the national average for 2014.

Other indicators



Aquatic Centre



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 resource consent, building consent, PIM and LIM processes.
- To provide an asset transfer control, engineering standards and engineering audit function.

What it cost us

	2012/13 Long-term Plan \$000	2013/14 Long-term Plan \$000	2013/14 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
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	578	569	6
Internal charges and overheads recovered	8,398	8,629	2,397
Local authorities fuel tax, fines, infringement fees and other receipts	551	774	307
Total operating funding (A)	9,527	9,972	2,710
Applications of operating funding			
Payments to staff and suppliers	5,435	5,577	2,524
Finance costs	20	21	0
Internal charges and overheads applied	3,374	3,514	186
Other operating funding applications	687	851	0
Total applications of operating funding (B)	9,516	9,963	2,710
Surplus (deficit) of operating funding (A - B)	11	9	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	(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	11	8	0
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	11	(8)	0
Surplus (deficit) of capital funding (C - D)	11	(9)	0
Funding balance ((A - B) + (C - D))	0	0	0



Engineering Services

Capital expenditure













	2013/14 actual \$000	Additional demand 2013/14 actual \$000	Improved level of service 2013/14 actual \$000	Replaced assets 2013/14 actual \$000	2013/14 budget \$000	Additional demand 2013/14 budget \$000	Improved level of service 2013/14 budget \$000	Replaced assets 2013/14 budget \$000
Laboratory renewals	0	0	0	0	8	0	0	8
	0	0	0	0	8	0	0	8

Variance from budget

- *Operating:* Hydrus revenue including internal recoveries is down as engineering unit ceased operations in February 2014. Payments to staff and suppliers variance is due to a reduction in capital expenditure and other activities, as well as to the dis-establishment of Hydrus (design services).
- *Capital expenditure:* Renewal of laboratory equipment was deferred from 2013/14 year.

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2013/14	Achievement	Comments	Achievement for 2012/13
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%	45%	 402 inspected out of a total of 901	44% 
	100% of high risk premises annually monitored for compliance.	100%	98%	 66 out of 67 audited	100% 
	95% of pollution control complaints responded to within two hours.	95%	100%	 62 pollution control complaints responded to within two hours	97% 
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%	74%	 Total number of notices 497, an increase of 20 from 2013.	77% 
	90% works approval notices consented within 10 days.	90%	100%	 Total number of notices 497, an increase of 20 from 2013.	92% 
	95% of works approval notices consented within 15 days.	95%	100%	 Total number of notices 497, an increase of 20 from 2013.	100% 



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.

The year's highlights and achievements included:

- **Karenga Park youth space** – Completed stage 2 construction of Karenga Park youth space in Koutu with playing fields upgrade, seating and barbeque area. Official launch combined with neighbourhood safer communities' launch.
- **Lake Road landscaping** – Completed street and adjacent Kuirau Park landscaping associated with Lake Road upgrade.
- **Redwoods public toilets** – Completed and officially opened new iconic art-inspired public toilets adjacent to Redwoods Visitor Information Centre.
- **Waipa mountain bike carpark public toilets** – Completed and launched new iconic mountain bike public toilets and shower block at Waipa mountain bike carpark incorporating a unique ride over mountain bike trail.
- **Redwoods/Tokorangi Forest Green Flag Accreditation** – The Redwoods/Tokorangi Forest received the international Green Flag Award for the second consecutive year. Green Flag is the internationally accredited parks benchmark standard which assesses the quality of parks across a number of categories.
- **Conservation revegetation sustainability plantings** – Undertook community conservation planting projects alongside the Utuhina and Puarenga Streams at Boord Park and Waipa entrance to Whakarewarewa Forest.



Public Gardens, Reserves and Cemeteries

What it cost us

	2012/13 Long-term Plan \$000	2013/14 Long-term Plan \$000	2013/14 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	7,812	8,963	9,086
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	2
Internal charges and overheads recovered	593	607	575
Local authorities fuel tax, fines, infringement fees and other receipts	2,865	2,448	1,796
Total operating funding (A)	11,270	12,018	11,459
Applications of operating funding			
Payments to staff and suppliers	3,229	3,245	2,524
Finance costs	865	894	873
Internal charges and overheads applied	6,107	6,338	7,737
Other operating funding applications	0	0	0
Total applications of operating funding (B)	10,201	10,477	11,134
Surplus (deficit) of operating funding (A - B)	1,069	1,541	325
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	649	650	106
Increase(decrease) in debt	1,565	590	844
Gross proceeds from sale of assets	0	0	789
Lump sum contributions	0	0	0
Total sources of capital funding (C)	2,214	1,240	1,739
Applications of capital funding			
Capital expenditure			
- to meet additional demand	223	314	157
- to improve the level of service	1,554	638	687
- to replace existing assets	884	1,323	325
Increase (decrease) in reserves	622	506	895
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	3,283	2,781	2,064
Surplus (deficit) of capital funding (C - D)	(1,069)	(1,541)	(325)
Funding balance ((A - B) + (C - D))	0	0	0



Public Gardens, Reserves and Cemeteries

Capital expenditure

	2013/14 actual \$000	Additional demand 2013/14 actual \$000	Improved level of service 2013/14 actual \$000	Replaced assets 2013/14 actual \$000	2013/14 budget \$000	Additional demand 2013/14 budget \$000	Improved level of service 2013/14 budget \$000	Replaced assets 2013/14 budget \$000
Public gardens renewals	234	0	0	234	1,275	0	0	1,275
Reserve improvements	5	0	5	0	0	0	0	0
Boatramps development	0	0	0	0	129	129	0	0
Government Gardens lighting upgrade	84	0	76	8	0	0	0	0
Reserve land purchases	0	0	0	0	233	164	69	0
Lakefront development	4	0	4	0	155	0	155	0
Redwoods projects	61	0	52	9	5	0	4	1
New toilet construction	425	140	265	20	181	0	181	0
General reserve developments	30	0	30	0	72	0	72	0
Various reserve improvements	0	0	0	0	21	21	0	0
Walkway development	49	0	49	0	12	0	12	0
Skate Park developments	40	0	40	0	0	0	0	0
Playgrounds development	17	17	0	0	0	0	0	0
Entrance signage	0	0	0	0	21	0	21	0
Public toilets improvements	185	0	166	19	155	0	124	31
Cemetery and crematorium renewals	35	0	0	35	16	0	0	16
	1,169	157	687	325	2,275	314	638	1,323




Variance from budget


















- Operating:** 2014 actual revenue planned from harvesting Tokorangi forest was due to lower than expected log prices. Tree harvesting deferred to 2014/15 financial year.
Staffing costs less due to unfilled vacancies held over prior to organisation restructuring programme.
Long-term Plan overheads are different to actuals due to a change in allocation methodology used across council.
- Capital expenditure:** Kuirau Park building and facilities renewal (\$740,000) deferred awaiting decisions on development options.
Playground resurfacing (\$80,000) and other non-urgent renewals all deferred due to Council's review programme.
Boatramp navigation lights are now provided by Bay of Plenty Regional Council.
Contractor delays resulted in Government Gardens lighting upgrade being carried over from previous year.
Lakefront development works deferred pending partnership agreement with Pukeroa Oruawhata and Te Arawa Lakes Trusts.
Contractor delays resulted in final payments for Redwoods toilets being carried over from previous year.
Blue Lake toilets (\$140,000) and Trout Pool Road toilets (\$35,000) deferred to offset unbudgeted Waipa mountain bike toilets.
Development and improvement programme for various reserves deferred.
Additional cost incurred for Lake Rotoma walkway reconstruction, Kerosine Creek toilet, Tarawera Landing toilets and new i-Site 24 hour toilet.
Contractor delays resulted in final payments for the roof of the toilets at the crematorium being carried over from previous year.



Public Gardens, Reserves and Cemeteries

How we performed

Achieved  Not achieved  Not measured 

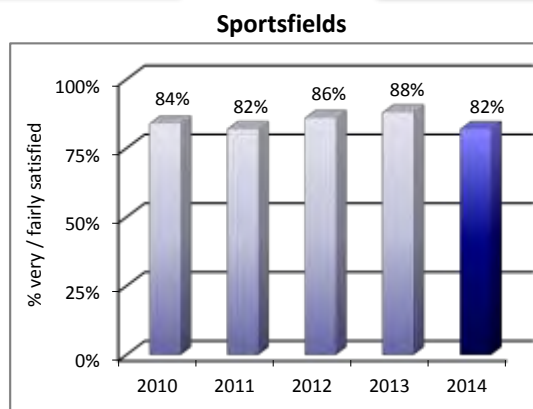
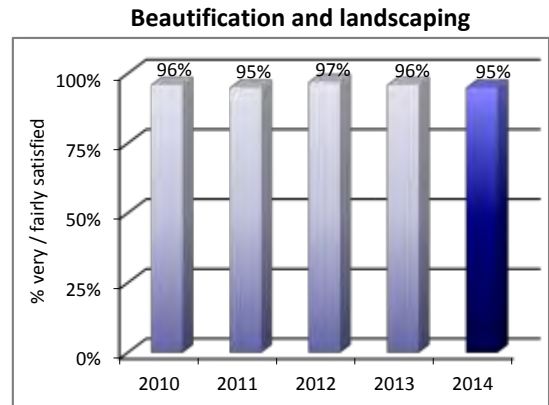
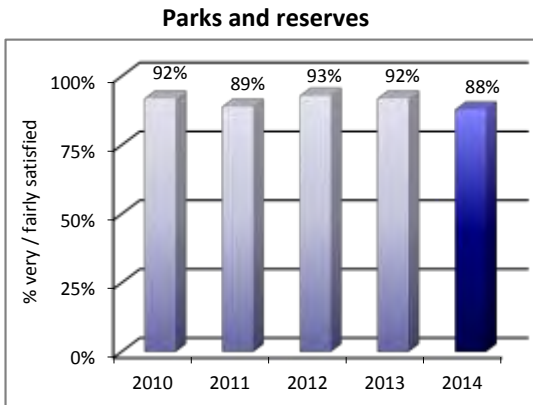
Level of service	Performance measure	Target for 2013/14	Achievement	Comments	Achievement for 2012/13
Provide safe parks and reserves.	95% of playgrounds comply with Playground Safety Standard (NZS:4828).	95%	98.7%	 Council has 78 playgrounds. Following an annual playground audit 1 did not comply due to erosion around the concrete edging of the playground. This has been addressed.	98.7% 
	100% of all new development on reserves designed to incorporate CPTED principles.	100%	Achieved	 Two new developments (Kawaha Point playground and Stage 2 Karenga Park). Both had Crime Prevention Through Environmental Design (CPTED) incorporated into their design.	Achieved 
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%	95%	 RDC is still above its peer group (87%) and above the national average of 83%. This is due to the ability of RDC to supply bedding plants direct from its own nursery.	96%
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%	88%	 4% decrease on last year. This is an area where park and reserve maintenance was cut back due to pressure on budgets identified during Council's financial review in December 2013.	92% 
	85% of households used/visited parks, reserves and playgrounds in last 12 months.	85%	90%	 The last year has had favourable seasonal conditions of a longer summer, and milder spring and autumn which has resulted in increased visits.	90% 
Provide and maintain facilities for recreational activities.	80% of residents are very/fairly satisfied with the level of service for sportsfields.	80%	82%	 Satisfaction is 6% down on last year as a result of pressure on the budgets which resulted in lower under-sowing of turf.	88% 
	70% of households have used/visited sportsfields in last 12 months.	70%	70%	 1% improvement on last year. Favourable seasonal conditions resulted in increased visits/ utilisation.	69% 
Provide adequate open space to meet community needs.	Amount of reserve per 1000 population.	12 ha	17.1 ha/ 1000 population	 There is a slight reduction here as a result of council selling Apirana Reserve. This 40 ha block had originally been purchased for the development of a cemetery, however unresolvable community opposition to its purpose has resulted in Council selling the site and seeking alternative sites for a cemetery.	17.3 ha/ 1000 population 
	90% of children's play areas within 500m of dwellings in the urban area.	90%	97.1%	 0.5% increase on last year with 19,206 dwellings closer than 500 metres from a children's play area out of a total of 19,874 dwellings in the urban area.	96.6% 



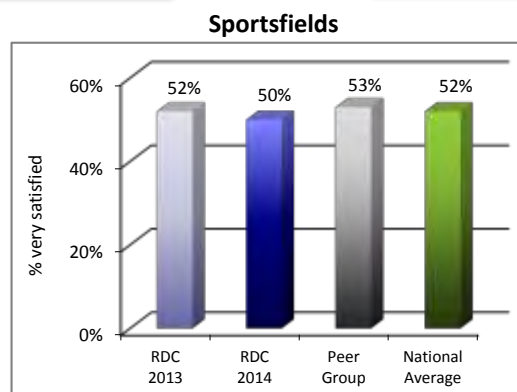
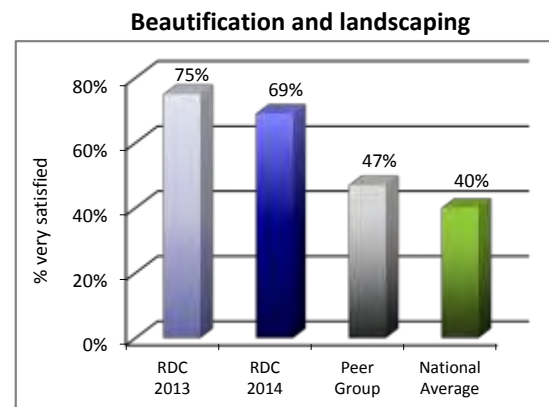
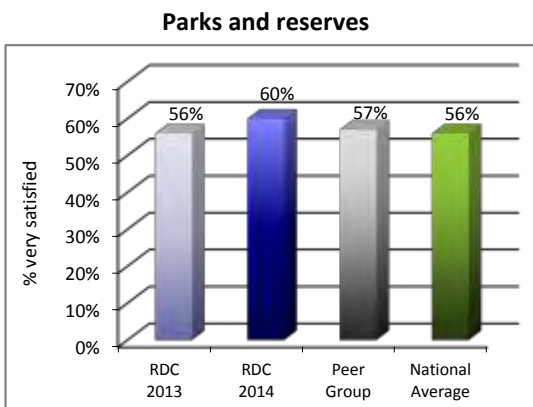
Public Gardens, Reserves and Cemeteries

Community satisfaction survey

The graphs below were 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 2014.



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 an 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 and 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.



Roads and Footpaths

What it cost us

	2012/13 Long-term Plan \$000	2013/14 Long-term Plan \$000	2013/14 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	8,992	8,567	8,990
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	2,913	2,880	2,584
Fees, charges and targeted rates for water supply	0	0	15
Internal charges and overheads recovered	0	0	(1)
Local authorities fuel tax, fines, infringement fees and other receipts	708	730	711
Total operating funding (A)	12,613	12,177	12,299
Applications of operating funding			
Payments to staff and suppliers	6,092	6,028	6,250
Finance costs	1,928	2,068	1,919
Internal charges and overheads applied	1,493	1,547	4,130
Other operating funding applications	0	0	0
Total applications of operating funding (B)	9,513	9,643	12,299
Surplus (deficit) of operating funding (A - B)	3,100	2,534	0
Sources of capital funding			
Subsidies and grants for capital expenditure	7,689	3,381	3,678
Development and financial contributions	213	220	42
Increase(decrease) in debt	3,203	2,764	3,842
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	11,105	6,365	7,562
Applications of capital funding			
Capital expenditure			
- to meet additional demand	6,861	1,650	1,207
- to improve the level of service	4,194	3,009	1,614
- to replace existing assets	5,953	4,833	4,741
Increase (decrease) in reserves	(2,803)	(593)	0
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	14,205	8,899	7,562
Surplus (deficit) of capital funding (C - D)	(3,100)	(2,534)	0
Funding balance ((A - B) + (C - D))	0	0	0



Roads and Footpaths

Capital expenditure

	2013/14 actual \$000	Additional demand 2013/14 actual \$000	Improved level of service 2013/14 actual \$000	Replaced assets 2013/14 actual \$000	2013/14 budget \$000	Additional demand 2013/14 budget \$000	Improved level of service 2013/14 budget \$000	Replaced assets 2013/14 budget \$000
Transport subsidised								
Minor safety projects	461	0	461	0	537	0	537	0
New bus shelter	64	64	0	0	0	0	0	0
Lake Road reconstruction	1,398	990	195	213	500	126	370	4
Road reseals	2,526	0	0	2,526	2,487	0	0	2,487
Ngongotaha cycleway construction	79	79	0	0	0	0	0	0
Drainage renewals	163	0	163	0	229	0	0	229
Pavement rehabilitation renewals	1,480	0	0	1,480	1,555	0	0	1,555
Structural replacement	154	0	0	154	133	0	0	133
Passenger transport infrastructure	0	0	0	0	45	45	0	0
Passenger Transport Centre	0	0	0	0	1,035	1,035	0	0
Traffic services renewals	181	0	0	181	188	0	0	188
Transport unsubsidised								
Footpath renewals	64	0	0	64	149	0	0	149
National cycleway	384	0	384	0	0	0	0	0
Land acquisition	63	63	0	0	52	52	0	0
Development assistance	11	11	0	0	57	57	0	0
Kerbs and channels renewals	66	0	0	66	0	0	0	0
Maori roadlines	0	0	0	0	90	90	0	0
Minor safety improvements	2	0	2	0	36	0	36	0
Parks roading renewals	57	0	0	57	88	0	0	88
Rural seal extensions	43	0	43	0	1142	0	1142	0
Security lighting	66	0	66	0	52	0	52	0
CBD upgrade	0	0	0	0	414	245	169	0
Rural street improvements	193	0	193	0	462	0	462	0
Urban street improvements	107	0	107	0	241	0	241	0
	7,562	1,207	1,614	4,741	9,492	1,650	3,009	4,833




Variance from budget















- Operating:** Variance in subsidies are a result of changes to NZTA subsidised programmes. Overhead allocation methodology in 2013/14 Annual Plan budget and actuals was different from the Long-term Plan hence the variance.
- Capital expenditure:** There were a number of programmes deferred in the 2013/14 financial year such as rural seal extensions, Maori roadlines and minor safety projects. Passenger Transport Centre was differed as not funded by NZTA. CBD upgrade budgets were removed from Roads and Footpaths as work was done under Economic Development/ICE and CBD projects. Ngongotaha cycleway construction and new bus shelter project carried forward from 2012/13 year. Lake Road reconstruction capital cost transferred from Corporate Property.



Roads and Footpaths

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2013/14	Achievement	Comments	Achievement for 2012/13
Provide a safe roading network.	Declining trend for injury crashes.	64	42 	This is a positive result showing that educational road safety programmes, road maintenance and the targeting of black spot areas is having a positive result.	67  (2013 target – 65)
Provision of an efficient well maintained roading network.	95% of public bus services run on time.	Achieved	87% 	Figure supplied by Bay of Plenty Regional Council.	88% 
	Cumulative road condition indice within 1.5% of national average.	Achieved	-0.4% 	Road condition indices measure structural condition of roads. RDC aims to have NZ average condition roads and being an urban authority would expect to be below NZ average. The target of -1.5% means that a very small number of roads fall below average. The 2013/14 results are not available at the time of final audit, therefore 2012/13 results have been used.	-0.36%  (2011/12 result)
	80% of residents are very/fairly satisfied with the roading network.	80%	84% 	This is measured through the National Research Bureau survey 2014.*	80% 
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.	70-90% 
	65% of residents are very/fairly satisfied with parking in Rotorua city.	65%	83% 	Free two hour parking was introduced into the CBD.	68% 
Provide educational and sustainability programmes that support the environment.	6 educational programmes delivered per year.	6	8 	8 programmes were delivered which were: <ul style="list-style-type: none"> ■ Cycling ■ Speed ■ Alcohol ■ Walking ■ Younger drivers ■ Safer roads and roadsides ■ Older drivers – Agewise ■ NCS Highways 	9 

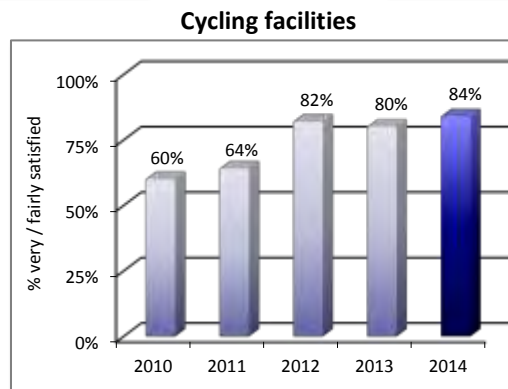
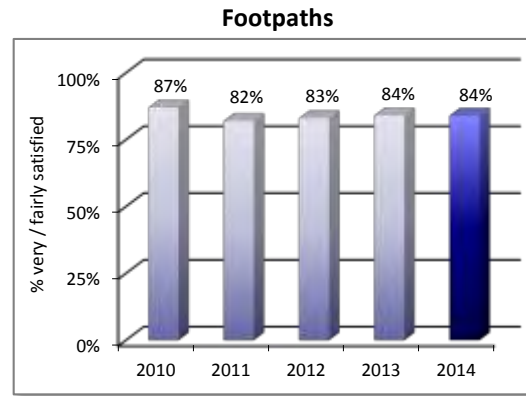
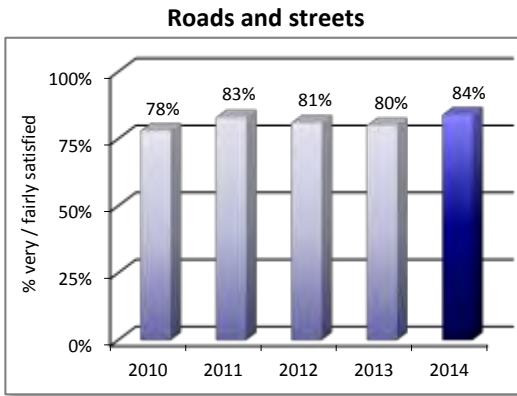
* National Research Bureau survey – a phone survey of 400 residents undertaken annually.



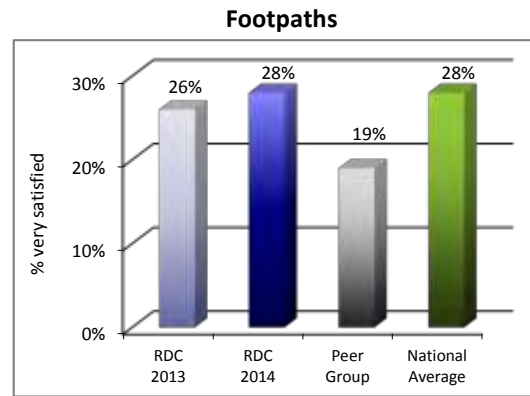
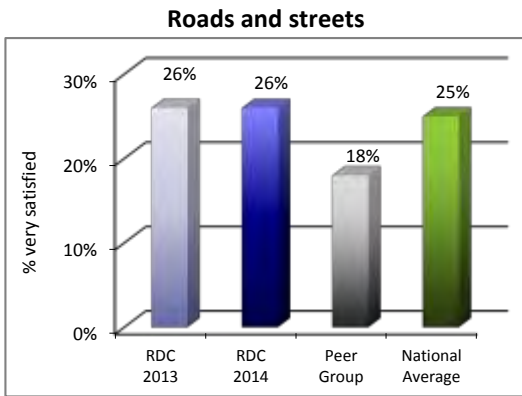
Roads and Footpaths

Community satisfaction survey

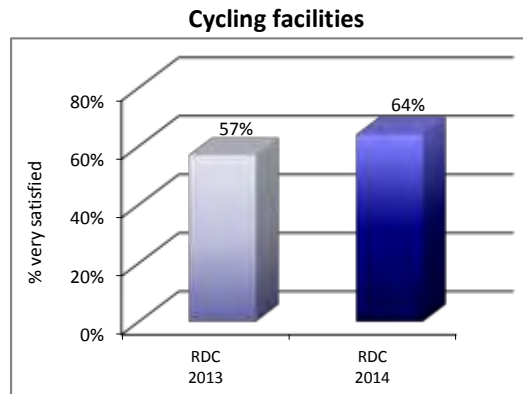
The graphs below were prepared from the annual Community Satisfaction Survey.



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 2014.



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.

What it cost us

	2012/13 Long-term Plan \$000	2013/14 Long-term Plan \$000	2013/14 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	4,000	4,000	2,221
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	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	1,050	1,270	543
Total operating funding (A)	5,050	5,270	2,764
Applications of operating funding			
Payments to staff and suppliers	115	118	156
Finance costs	4,111	4,044	1,922
Internal charges and overheads applied	172	188	544
Other operating funding applications	0	0	0
Total applications of operating funding (B)	4,398	4,350	2,622
Surplus (deficit) of operating funding (A - B)	652	920	142
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	375	336	28
- to replace existing assets	291	179	114
Increase (decrease) in reserves	(14)	405	0
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	652	920	142
Surplus (deficit) of capital funding (C - D)	(652)	(920)	(142)
Funding balance ((A - B) + (C - D))	0	0	0



Rotorua Airport Infrastructure



Capital expenditure





	2013/14 actual \$000	Additional demand 2013/14 actual \$000	Improved level of service 2013/14 actual \$000	Replaced assets 2013/14 actual \$000	2013/14 budget \$000	Additional demand 2013/14 budget \$000	Improved level of service 2013/14 budget \$000	Replaced assets 2013/14 budget \$000
Property purchases	9	0	9	0	233	0	233	0
Runway and other renewals	114	0	0	114	179	0	0	179
Wetlands mitigation	19	0	19	0	103	0	103	0
	142	0	28	114	515	0	336	179

Variance from budget

- Operating:** Other receipts were optimistic in the Long-term Plan and Annual Plan 2013/14. Annual Plan fees were based on those charged the previous year with a decrease and a margin deducted for collection costs to Rotorua Regional Airport Ltd. There was some overspend on consultants for wetlands consenting and other issues, which was partially offset by insurance. Actual finance costs are based on a lower opening debt position for the airport recalculated in accordance with debt policies and taking advantage of lower interest rates.
- Capital expenditure:** Overall savings from deferred capital programmes and property purchases. Noise and wetland mitigation required as condition of airport designation and investigation of suitable site is continuing.

How we performed

Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2013/14	Achievement	Comments	Achievement for 2012/13
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.

The year's highlights and achievements included:

- **Wastewater treatment and disposal system resource consent conditions variation** – Council successfully applied to the Bay of Plenty Regional Council for variations to the consent conditions which will make it possible to consistently achieve full compliance for the remainder of the term of this consent.
- **Alternative effluent disposal system consultation and investigation** – A project steering committee was set up to progress this project, and an agreement signed with the current landowners (CNI Iwi Holdings Ltd) enabling the continuation of existing disposal whilst progressing an alternative system outside the current land area.
- **Rotoma/Rotoiti Sewerage Scheme** – A project steering committee and technical advisory group has been set up to evaluate options for the provision of sewerage services for these areas.
- **Wastewater Treatment Plant resource consent compliance** – For the first time in a number of years, full compliance was achieved for all conditions of the resource consent.

What it cost us

	2012/13 Long-term Plan \$000	2013/14 Long-term Plan \$000	2013/14 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates (other than a targeted rate for water supply)	10,131	10,229	12,342
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	0	0	662
Internal charges and overheads recovered	768	800	511
Local authorities fuel tax, fines, infringement fees and other receipts	1,024	831	51
Total operating funding (A)	11,923	11,860	13,566



Sewerage and Sewage

What it cost us cont.

	2012/13 Long-term Plan \$000	2013/14 Long-term Plan \$000	2013/14 actual \$000
Applications of operating funding			
Payments to staff and suppliers	5,790	5,691	5,217
Finance costs	787	937	492
Internal charges and overheads applied	2,729	2,831	3,876
Other operating funding applications	0	0	9
Total applications of operating funding (B)	9,306	9,459	9,594
Surplus (deficit) of operating funding (A - B)	2,617	2,401	3,972
Sources of capital funding			
Subsidies and grants for capital expenditure	10,766	7,935	484
Development and financial contributions	231	239	85
Increase(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	1,293	2,068	0
Total sources of capital funding (C)	12,290	10,242	569
Applications of capital funding			
Capital expenditure			
- to meet additional demand	8,099	11,435	779
- to improve the level of service	4,701	5,670	1,461
- to replace existing assets	2,276	5,704	1,400
Increase (decrease) in reserves	(169)	(10,166)	751
Increase (decrease) in investments	0	0	150
Total applications of capital funding (D)	14,907	12,643	4,541
Surplus (deficit) of capital funding (C - D)	(2,617)	(2,401)	(3,972)
Funding balance ((A - B) + (C - D))	0	0	0

Variance from budget

- Operating:** Trade waste income has increased from the Long-term Plan due to programmes to capture use of premises and increased usage.
 Consultants and legal fees were incurred due to consenting issues and extended consultation on proposed Rotoiti/Rotorua sewerage scheme.
 Insurance costs have increased significantly over the last two years.
 Subsidies and grants and lump sum contributions not realised due to delays to the Rotoiti/Rotoma sewerage scheme.
- Capital expenditure:** Wastewater Treatment Plant dewatering plant and other renewals were deferred pending possible alternative treatment and disposal system under investigation.
 Pipeline renewal programme deferred to offset unbudgeted network improvements which included Fenton Park upgrade and CCTV equipment (previously deferred).
 Waipa mountain bike toilet connection and Waikuta Road extension.
 Depot Street pump station upgrade work deferred from previous year.
 Investigation and consultation work for the alternative wastewater disposal system was brought forward two years to start in this year.
 Progress on the TERAX project was delayed from the original Long-term Plan programme and will now proceed in 2014/15.
 Hamurana sewerage scheme completion was carried over from previous year, plus some extra costs for odour control.
 Rotoiti/Rotorua sewerage scheme was delayed and Mamaku Sewerage scheme design deferred.
 Capital expenditure deferrals have not resulted in a significant change to existing levels of service.










Sewerage and Sewage

Capital expenditure

	2013/14 actual \$000	Additional demand 2013/14 actual \$000	Improved level of service 2013/14 actual \$000	Replaced assets 2013/14 actual \$000	2013/14 budget \$000	Additional demand 2013/14 budget \$000	Improved level of service 2013/14 budget \$000	Replaced assets 2013/14 budget \$000
Network improvements	526	391	0	135	0	0	0	0
Pump station renewals	316	0	0	316	103	0	0	103
WWTP renewals	527	0	0	527	2,296	0	0	2,296
Land treatment renewals	120	0	0	120	2,270	0	0	2,270
Urban network renewals	302	0	0	302	1,035	0	0	1,035
Pump station improvements	50	0	50	0	0	0	0	0
Land treatment improvements	208	0	208	0	0	0	0	0
Thermal deconstruction	1,002	0	1,002	0	2,107	0	2,107	0
Gisborne Point/Rotoma treatment plant	273	164	109	0	0	0	0	0
Hamurana sewerage scheme	263	184	79	0	0	0	0	0
Gisborne Point/Hinehopu wastewater scheme	0	0	0	0	8,276	8,276	0	0
Mamaku sewerage scheme	0	0	0	0	517	232	285	0
Rotoma sewerage scheme	8	8	0	0	6,205	2,927	3278	0
Brunswick sewerage scheme	12	9	3	0	0	0	0	0
Okere/Otaramarae scheme	33	23	10	0	0	0	0	0
	3,640	779	1,461	1,400	22,809	11,435	5,670	5,704

How we performed




Achieved  Not achieved  Not measured 





Level of service	Performance measure	Target for 2013/14	Achievement	Comments	Achievement for 2012/13
Provide sewerage systems that are safe, reliable and sustainable.	Reduction in number of household unit equivalents discharging to septic tanks.	N/A	N/A	 Rotoiti/Rotoma construction not commenced due to ongoing consultation process being undertaken.	Hamurana  538 Rotoma/ Rotoiti 0  (2013 target - Hamurana 560 Rotoma 480 Rotoiti 252 connected)
	Less than 14 overflows caused by network faults (per 100km of mains) annually.	14	9.9	 This represents 54 overflows for the year in total (9.9 overflows per 100km of mains = 54 overflows in total). This figure is up from last year – largely due to improvements made to recording and reporting. Council is continually working to reduce the incidence of overflows by targeting problem areas for increased maintenance and inspections.	6.4 
	95% of customers are very/fairly satisfied with wastewater services.	95%	97%	 This is measured through the National Research Bureau survey 2014.*	99% 



Sewerage and Sewage

How we performed cont.

Achieved  Not achieved  Not measured 

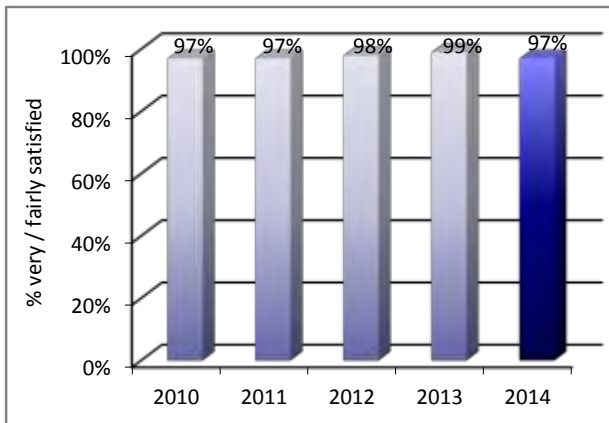
Level of service	Performance measure	Target for 2013/14	Achievement	Comments	Achievement for 2012/13
As per previous page	95% of overflows responded within 1 hour.	95%	100%		97.5% 
	100% of consent conditions complied with.	100%	100%		99%  1% unable to be achieved as out of Council's control (2013 target – 100%)

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

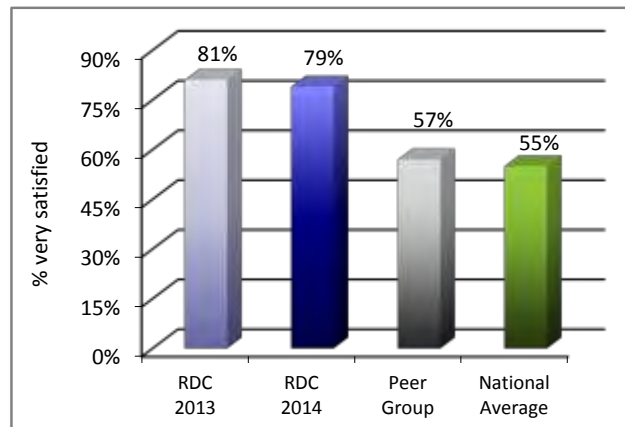
Community satisfaction survey

The graphs below were prepared from the annual Community Satisfaction Survey.

Wastewater treatment



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 2014.



Stormwater and Land Drainage

What we do

- Maintain stormwater systems 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.

What it cost us

	2012/13 Long-term Plan \$000	2013/14 Long-term Plan \$000	2013/14 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,326	4,154	3,312
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	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	120	124	51
Total operating funding (A)	3,446	4,278	3,363
Applications of operating funding			
Payments to staff and suppliers	433	445	345
Finance costs	730	762	697
Internal charges and overheads applied	1,340	1,391	1,236
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,503	2,598	2,278
Surplus (deficit) of operating funding (A - B)	943	1,680	1,085
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	43	44	4
Increase(decrease) in debt	254	345	285
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	297	389	289



Stormwater and Land Drainage

What it cost us cont.

	2012/13 Long-term Plan \$000	2013/14 Long-term Plan \$000	2013/14 actual \$000
Applications of capital funding			
Capital expenditure			
- to meet additional demand	246	255	101
- to improve the level of service	255	344	184
- to replace existing assets	978	1,729	1,089
Increase (decrease) in reserves	(239)	(259)	0
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	1,240	2,069	1,374
Surplus (deficit) of capital funding (C - D)	(943)	(1,680)	(1,085)
Funding balance ((A - B) + (C - D))	0	0	0

Capital expenditure

	2013/14 actual \$000	Additional demand 2013/14 actual \$000	Improved level of service 2013/14 actual \$000	Replaced assets 2013/14 actual \$000	2013/14 budget \$000	Additional demand 2013/14 budget \$000	Improved level of service 2013/14 budget \$000	Replaced assets 2013/14 budget \$000
City stormwater upgrades	267	101	73	93	703	255	182	266
Stormwater renewals:	0	0	0	0	1,625	0	162	1,463
Koutu Road drainage renewals	927	0	93	834	0	0	0	0
Susan Street drainage renewals	177	0	18	159	0	0	0	0
Other stormwater renewals	3	0	0	3	0	0	0	0
	1,374	101	184	1,089	2,328	255	344	1,729




Variance from budget









- Operating:** There has been a reduction in work undertaken on the Kaituna scheme due to lack of any significant risk events and BOP Regional Council seeking to outsource less work to council. This has resulted in savings in cost but also reflected in less income received.
 Long-term Plan overheads are different to actuals due to a different allocation methodology used in the Annual Plan 2013/14.
- Capital expenditure:** Several projects initially planned in the Long-term Plan deferred as a result of Council's capital programme review and less funding allocation from NZTA.
 Catchment 15 project will now take place in 2014/15 year. Work on Susan Street area was delayed and will be tendered in 2014/15 year.
 NIWA has been engaged for a water quality programme to support Council's application for a comprehensive consent for the Rotorua urban area.



Stormwater and Land Drainage

How we performed

Achieved  Not achieved  Not measured 

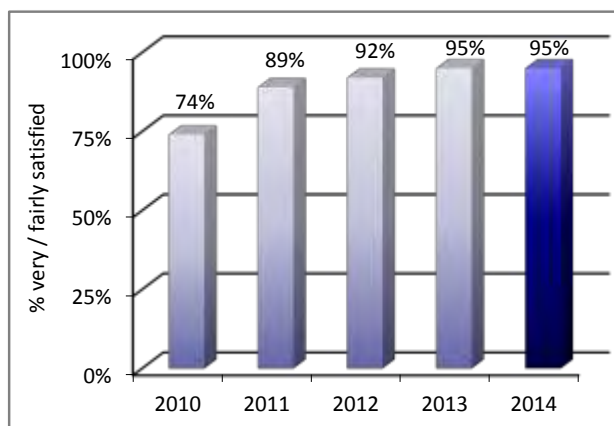
Level of service	Performance measure	Target for 2013/14	Achievement	Comments	Achievement for 2012/13
Provide a stormwater network that minimises the impact on the environment	No breaches of consent conditions	Achieved	Achieved 	There were no breaches of consent conditions notified by Regional Council.	0 
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	Achieved 	Significant rainfall event August 2013 – no dwellings flooded	0 
	95% of blockages responded to in 24 hours	95%	87% 	1 significant event – Easter 2014	85% 
	80% of people very/fairly satisfied with stormwater drainage schemes.	80%	95% 	Results from the National Research Bureau* survey 95% five years in a row. The target will be amended in the Long-term Plan 2015-2025 development.	95% 

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

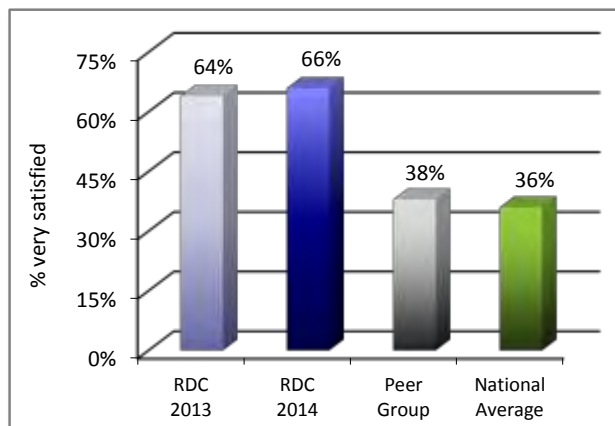
Community satisfaction survey

The graphs below were prepared from the annual Community Satisfaction Survey.

Stormwater



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 2014.



Waste Management

What we do

- Refuse collection
- Waste management
- Landfill operation
- Provide a weekly refuse collection service for residential properties.
- Manage and provide recycling and re-use services.
- Plan, provide and manage waste disposal facilities.
- Provide litter collection and management services.
- Provide waste minimisation education to the community.

- Provide and operate transfer stations for rural communities.
- Receive and dispose 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.

What it cost us

	2012/13 Long-term Plan \$000	2013/14 Long-term Plan \$000	2013/14 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,052	1,087	1,448
Targeted rates (other than a targeted rate for water supply)	2,103	2,176	2,237
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	1,317	1,100	1,289
Local authorities fuel tax, fines, infringement fees and other receipts	5,620	5,632	2,780
Total operating funding (A)	10,092	9,995	7,754
Applications of operating funding			
Payments to staff and suppliers	4,030	4,413	3,988
Finance costs	374	307	858
Internal charges and overheads applied	3,941	4,073	4,807
Other operating funding applications	0	0	0
Total applications of operating funding (B)	8,345	8,793	9,653
Surplus (deficit) of operating funding (A - B)	1,747	1,202	(1,899)
Sources of capital funding			
Subsidies and grants for capital expenditure	300	388	833
Development and financial contributions	0	0	0
Increase(decrease) in debt	0	0	160
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	300	388	993
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	400	517	989
- to replace existing assets	106	110	4
Increase (decrease) in reserves	1,541	963	(1,899)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	2,047	1,590	(906)
Surplus (deficit) of capital funding (C - D)	(1,747)	(1,202)	1,899
Funding balance ((A - B) + (C - D))	0	0	0



Waste Management




Capital expenditure











	2013/14 actual \$000	Additional demand 2013/14 actual \$000	Improved level of service 2013/14 actual \$000	Replaced assets 2013/14 actual \$000	2013/14 budget \$000	Additional demand 2013/14 budget \$000	Improved level of service 2013/14 budget \$000	Replaced assets 2013/14 budget \$000
Landfill renewals	4	0	0	4	110	0	0	110
Thermal deconstruction plant	1,065	0	1,065	0	517	0	517	0
WIP capital adjustment for Hinehopu Station	(76)	0	(76)	0	0	0	0	0
	993	0	989	4	627	0	517	110

Variance from budget

- Operating:** Income was significantly lower than estimated in the Long-term Plan due to the lost volume redirected by major users at the transfer station. Several options are currently being investigated to provide the landfill with opportunities to replace or regain the lost volume. Due to delay in the decisions to proceed with the TERAX demonstration plant, there was no MFE funding this year. Maintenance programmes were within budget of the Annual Plan 2013/14.
- Capital expenditure:** Cost for TERAX research programme examining suitability of municipal solid waste were higher than the Long-term Plan and updated in the Annual Plan 2013/14. Work to date shows wider range of wastes than originally thought can be processed into useable products. Some savings on capital programmes offset by MFE funding not received.

How we performed

Achieved  Not achieved  Not measured 

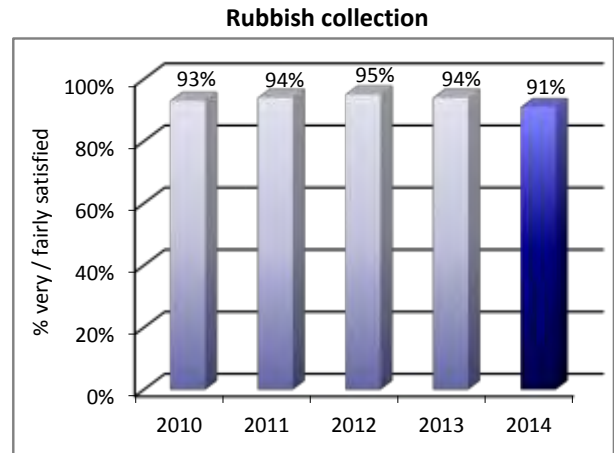
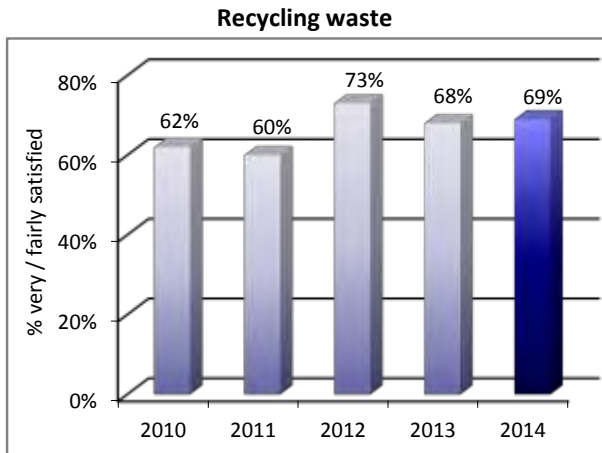
Level of service	Performance measure	Target for 2013/14	Achievement	Comments	Achievement for 2012/13
Provide sustainable recycling facilities for household, green waste and concrete.	Percentage of green waste and concrete recovered from total amount landfilled.	17%	24%	 8,262 tonnes of green and demolition waste was recovered	40% (2013 target – 15%) 
	Number of tonnes per annum of recycled material recovered.	4,470 tonnes	4,475 tonnes	 3,411 tonnes collected by council. 1,046 tonnes collected by private collection services.	4,027 tonnes (2013 target – 4,250 tonnes) 
Minimise impact on environment.	No breaches of consent conditions notified by Regional Council.	Achieved	Achieved	 0 breaches reported for year.	0 
Provide sustainable disposal facilities.	Less than 55,000 tonnes rubbish/ waste landfilled annually.	55,000	34,669 tonnes	 While this seems like a good result, an ongoing issue with competition from other services providers and the reduced utilisation of the landfill is contributing to this result.	41,911 tonnes 
Provide efficient household waste collection service.	95% of residents very/fairly satisfied with refuse collection service.	95%	91%	 Reasons for why residents are not satisfied include: <ul style="list-style-type: none"> • Need for recycling • Not enough rubbish bags • Would like bin/wheelie bins • Dislike paper rubbish bags 	94% 



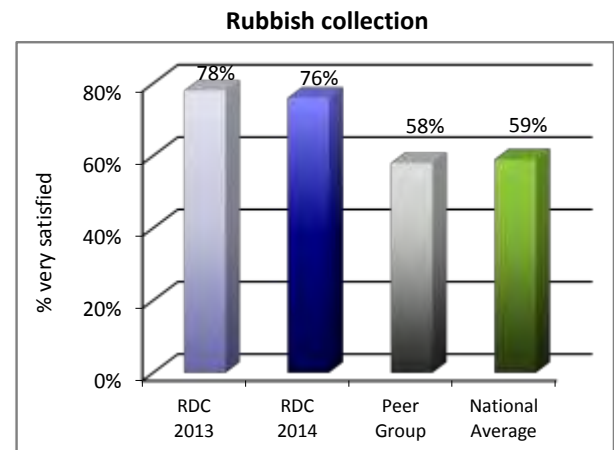
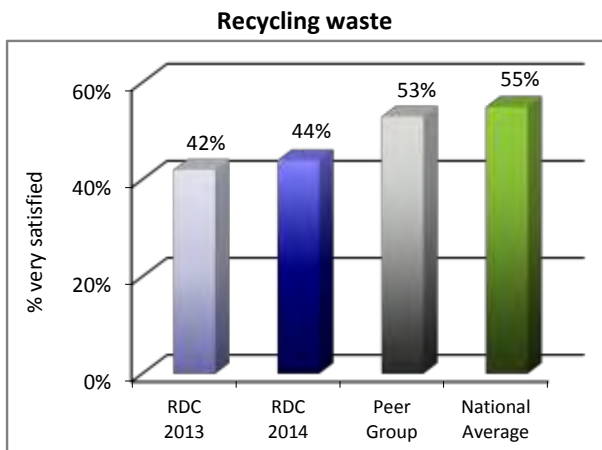
Waste Management

Community satisfaction survey

The graphs below were 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.

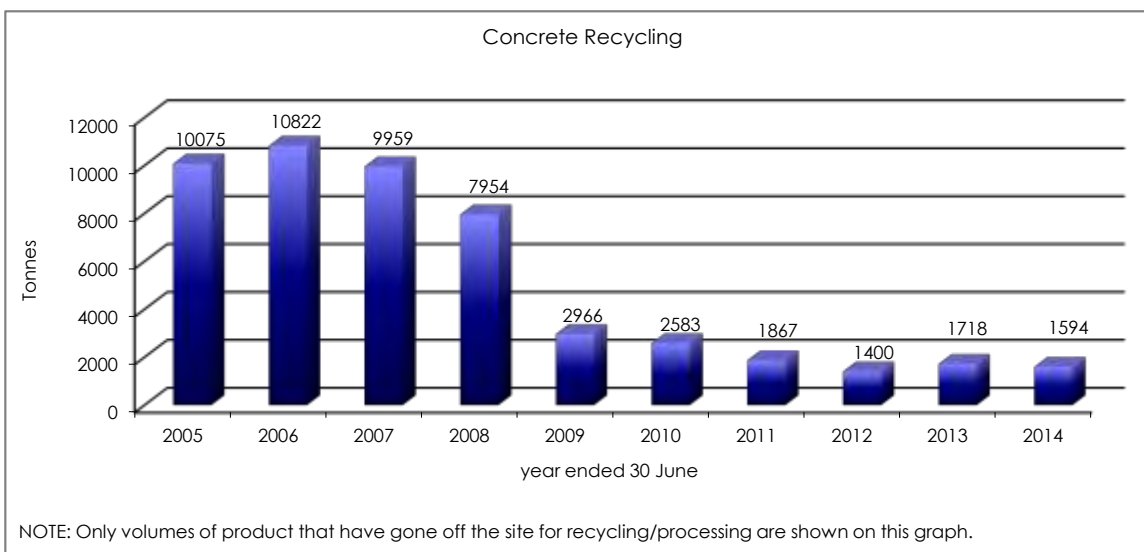
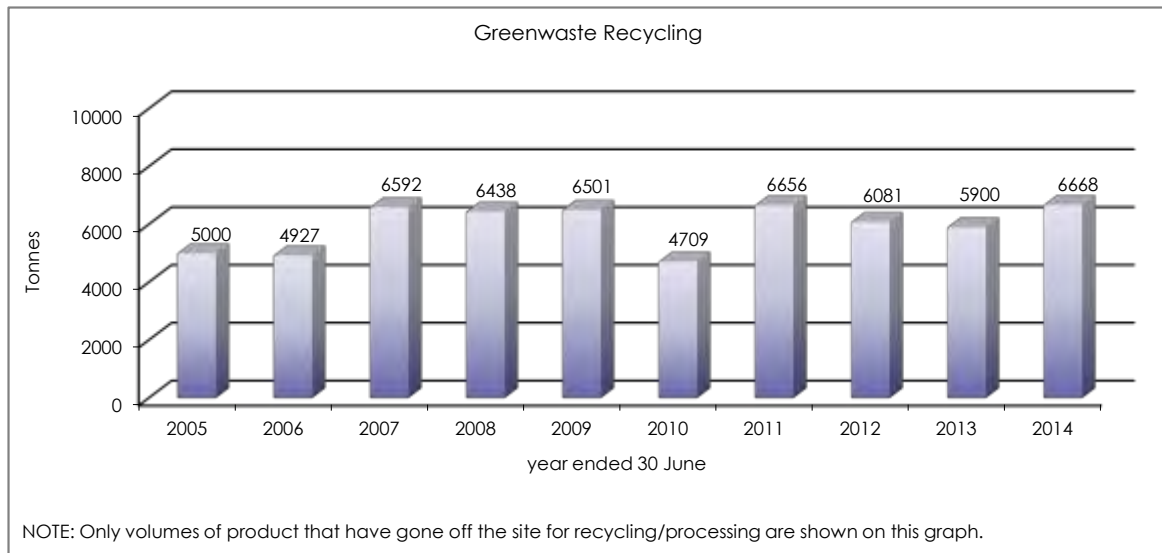
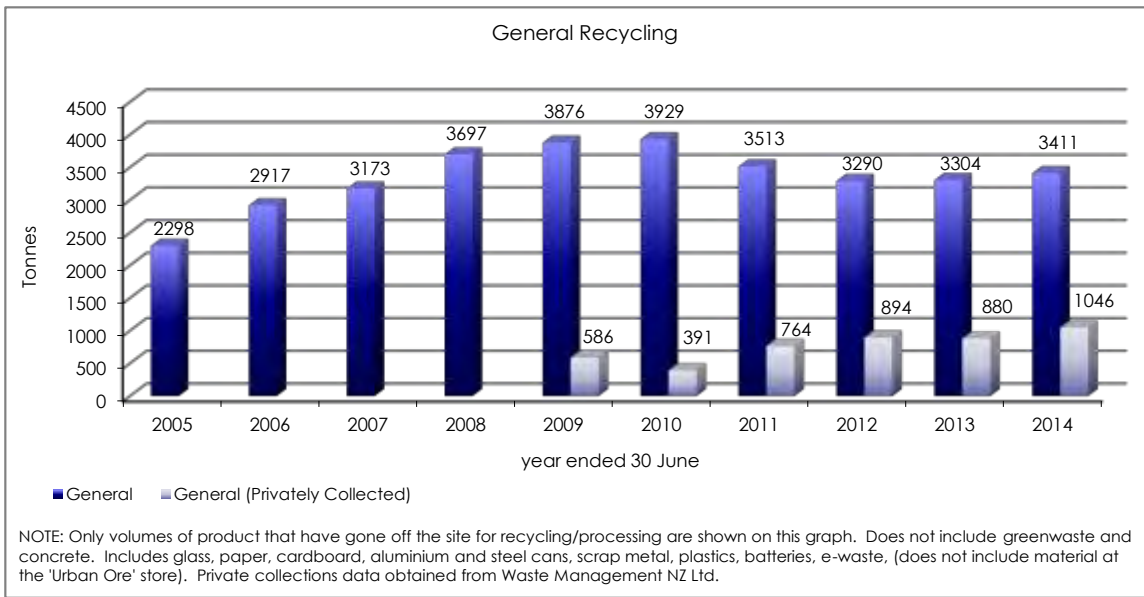


These graphs show the percentage of survey respondents "very" satisfied with these services over the last two years and compares it with our peer group and the national average for 2014.

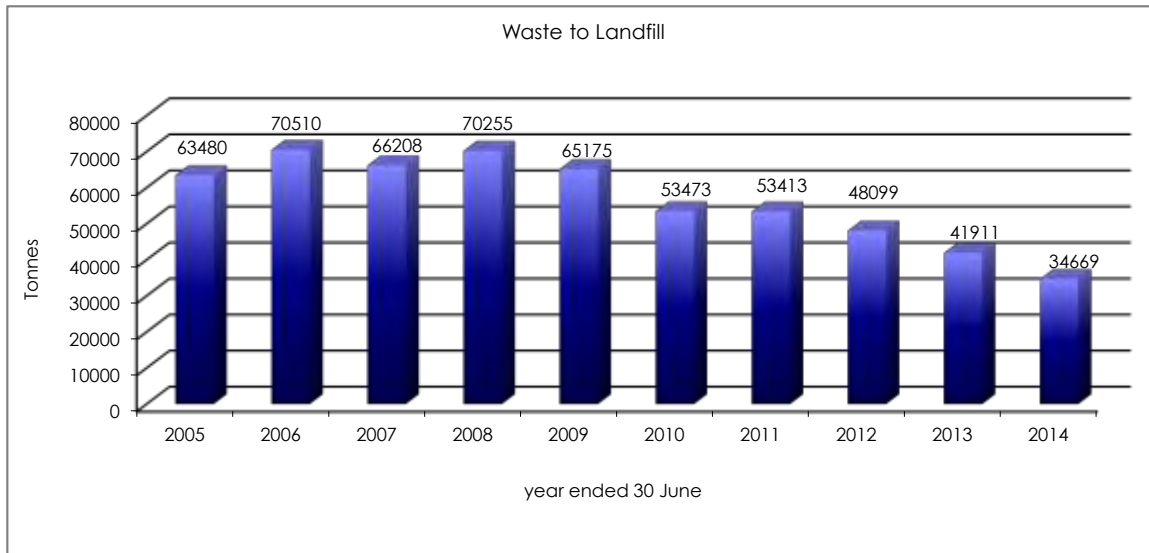
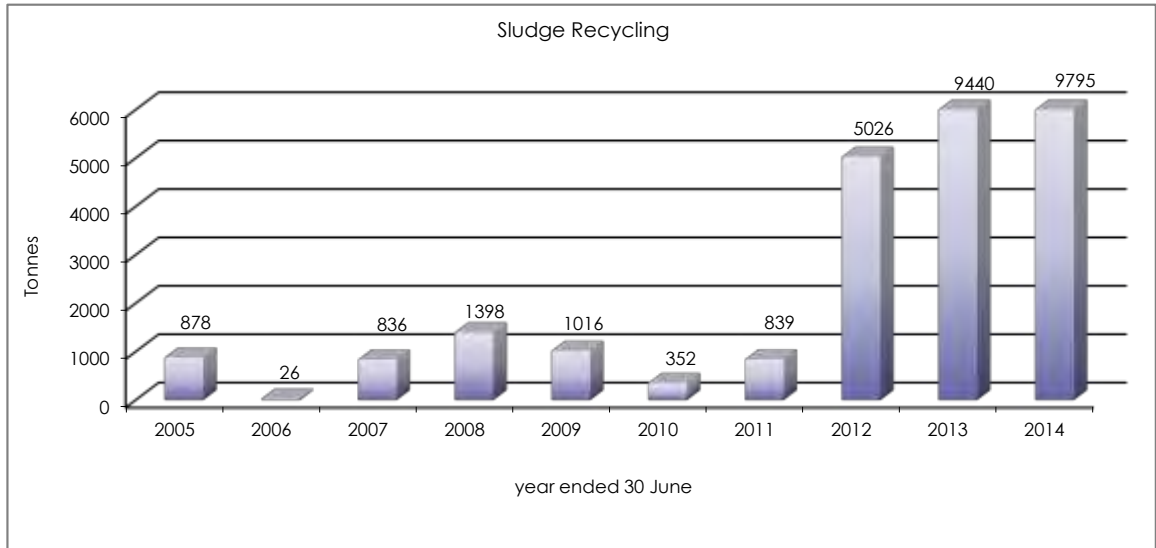


Waste Management

Other indicators



Waste Management



Water Supplies

What we do

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

Functions carried out in providing the service include:

- Strategic planning and improvement of water networks to provide for growth within the district.
- Planning and implementation of renewal work to ensure infrastructure is maintained.
- Developing maintenance planning, levels of service and quality standards.
- Management and maintenance of assets and services including monitoring of pressure, flow and water quality.
- Developing emergency and contingency plans to ensure service is maintained during adverse events.
- Provision of information and education to the public regarding water use and conservation.
- Development of funding policies and systems to enable continuing provision of the service into the future.

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

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

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

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.

What it cost us

	2012/13 Long-term Plan \$000	2013/14 Long-term Plan \$000	2013/14 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates (other than a targeted rate for water supply)	3,521	3,778	3,710
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	3,786	4,106	3,214
Internal charges and overheads recovered	1,869	1,916	0
Local authorities fuel tax, fines, infringement fees and other receipts	2	95	0
Total operating funding (A)	9,178	9,895	6,924
Applications of operating funding			
Payments to staff and suppliers	591	780	1,536
Finance costs	653	776	501
Internal charges and overheads applied	6,281	6,465	3,876
Other operating funding applications	30	8	0
Total applications of operating funding (B)	7,555	8,029	5,913
Surplus (deficit) of operating funding (A - B)	1,623	1,866	1,011



Water Supplies

What it cost us cont.

	2012/13 Long-term Plan \$000	2013/14 Long-term Plan \$000	2013/14 actual \$000
Sources of capital funding			
Subsidies and grants for capital expenditure	80	1,125	0
Development and financial contributions	75	78	56
Increase(decrease) in debt	7	(1)	1,230
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	162	1,202	1,286
Applications of capital funding			
Capital expenditure			
- to meet additional demand	1,161	1,201	9
- to improve the level of service	1,508	2,789	705
- to replace existing assets	1,736	1,274	1,250
Increase (decrease) in reserves	(2,620)	(2,196)	333
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	1,785	3,068	2,297
Surplus (deficit) of capital funding (C - D)	(1,623)	(1,866)	(1,011)
Funding balance ((A - B) + (C - D))	0	0	0

Capital expenditure

	2013/14 actual \$000	Additional demand 2013/14 actual \$000	Improved level of service 2013/14 actual \$000	Replaced assets 2013/14 actual \$000	2013/14 budget \$000	Additional demand 2013/14 budget \$000	Improved level of service 2013/14 budget \$000	Replaced assets 2013/14 budget \$000
Ngongotaha bore sources	8	0	8	0	310	0	310	0
Urban network improvements	601	0	601	0	2,160	0	2,160	0
Mamaku network improvements	31	5	19	7	0	0	0	0
Urban plant improvements	47	0	47	0	21	4	16	1
Urban reticulation improvements	30	0	30	0	52	0	52	0
Central reservoir storage	0	0	0	0	1,448	1,197	251	0
Mamaku plant renewals	2	0	0	2	0	0	0	0
Reporoa capital improvements	4	4	0	0	0	0	0	0
Meters and backflow preventers renewals	100	0	0	100	39	0	0	39
Monitoring equipment replacements	9	0	0	9	10	0	0	10
Urban network renewals	929	0	0	929	1,190	0	0	1,190
Urban water plant renewals	150	0	0	150	34	0	0	34
Rotoiti reticulation renewals	33	0	0	33	0	0	0	0
Kaharoa reticulation renewals	9	0	0	9	0	0	0	0
Reporoa reticulation renewals	11	0	0	11	0	0	0	0
	1,964	9	705	1,250	5,264	1,201	2,789	1,274













Water Supplies

Variance from budget

- Operating:** During the year there was a change in the cost allocation methodology resulting in the variances. Savings were made in staffing costs and delaying the backflow preventer installation and monitoring programme.
- Capital expenditure:** Ngongotaha alternative source bore investigation work was deferred pending further consultation. Non-urgent urban network improvement works deferred including backflow preventor installation, rider main additions and Eastern/Central emergency link. Also deferred was central reservoir storage. Meter and backflow preventer renewals requirement was greater than budgeted. Network renewal expenditure was partly deferred to offset additional plant renewals required.

How we performed




Achieved  Not achieved  Not measured 






Level of service	Performance measure	Target for 2013/14	Achievement	Comments	Achievement for 2012/13	
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%	99.8%	 There is a requirement that the maximum elapsed time between water sampling on the city supply is four days. On one of 588 samples this time was exceeded by two days.	100% 	
	Achieve MOH gradings of minimum Cc across all water supplies.	Achieved	Not achieved	 A Cc rating is the minimum potable water for human consumption based upon the Ministry of Health. Given that many of the Rotorua water supplies come from underground aquifers the quality of water is expected to be much higher than water that is sourced from rivers and needs multiply treatments before it can be considered potable. Technical faults with the treatment monitoring system have delayed the grading review. Currently 8 out of 9 treatment plants should meet the requirements for achieving a C grade or better when gradings are carried out. The remaining one is expected to be eligible for grading in 2016. The distribution zone grades already achieve c or better, apart from two which are designated as ungraded. The current grades as published by the Ministry of Health are detailed below. *	Not achieved 	
	Less than 3 per 1000 properties lodge a complaint regarding low pressure during normal operating conditions.	Achieved	1.5			1.6 
	90% of customers satisfied with water services as measured by annual survey.	90%	94%			95% 



Water Supplies

How we performed cont.

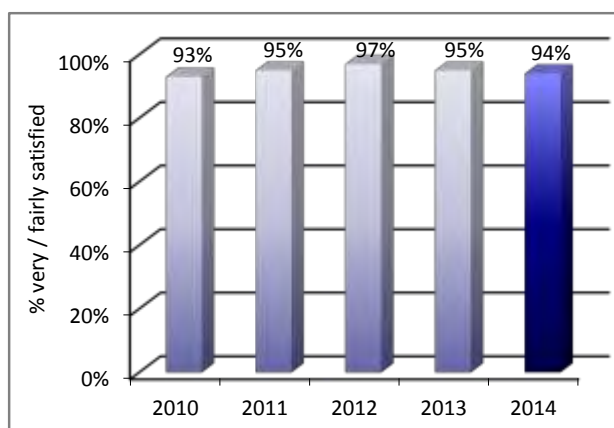
Achieved  Not achieved  Not measured 

Level of service	Performance measure	Target for 2013/14	Achievement	Comments	Achievement for 2012/13
As per previous page	95% of breaks responded to within 1 hour.	95%	83.8% 	The reduction from 2012/13 is the result of a combination of a change in reporting methodology, as well as reduced performance. The reasons have been identified and performance is expected to improve over the next year. 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.	98.4% 
Provide educational programmes to ensure efficient use of water.	3 education programmes delivered per year.	3	4 	RDC developed the following projects: <ul style="list-style-type: none"> School education programme Radio advertising RESOURCE centre World Water Day 	6 
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%	98.6% 	2,580 hydrants tested. Of these 2,545 (98.6%) fully meet the requirements.	99.3%

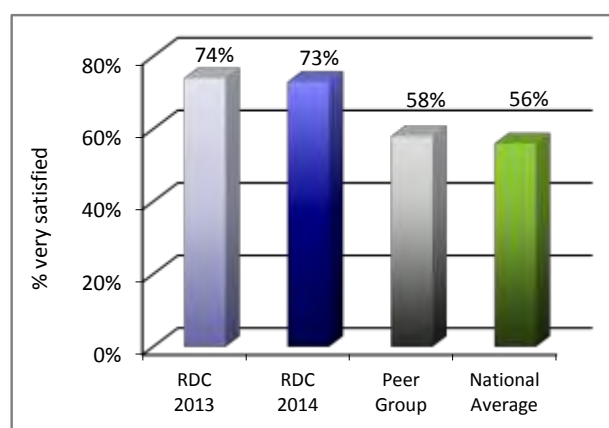
*	Population	Distribution System	Source/Treatment
Central – Matipo and Utuhina	42,500	a	E
Eastern	9,600	c	E
Ngongotaha	4,826	a	D
Okareka	730	u	D
Rotoiti	880	b	D
Rotoma	340	a	E
Hamurana	900	a	E
Kaharoa	800	u	E
Mamaku	868	a	D
Reporoa	1,060	c	E

Community satisfaction survey

The graphs below were 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 2014.



Overview of Castlecorp

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

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

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

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

Castlecorp aims to improve the quality of life of residents and visitors through provision of quality services and the maintenance of essential infrastructure, employing sound business practices based on continuous improvements to match quality and cost effectiveness of the private sector.

Castlecorp not only maintains essential networks of underground services and parks, but also supports the Rotorua community by participating in a wide range of community activities, and developing close working relationships with community organisations. Customer-based strategies and a strong commitment to sustainable operations reflect the values of continuous improvement and value for customers.

What it cost us

	2012/13 Long-term Plan \$000	2013/14 Long-term Plan \$000	2013/14 actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	465	0	0
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	4
Internal charges and overheads recovered	18,780	19,401	14,829
Local authorities fuel tax, fines, infringement fees and other receipts	332	471	288
Total operating funding (A)	19,577	19,872	15,117
Applications of operating funding			
Payments to staff and suppliers	10,848	11,202	10,057
Finance costs	33	33	63
Internal charges and overheads applied	7,391	7,639	3,733
Other operating funding applications	0	221	0
Total applications of operating funding (B)	18,272	19,095	13,853
Surplus (deficit) of operating funding (A - B)	1,305	777	1,264



Castlecorp

What it cost us cont.

	2012/13 Long-term Plan \$000	2013/14 Long-term Plan \$000	2013/14 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	(11)	0
Gross proceeds from sale of assets	500	324	422
Lump sum contributions	0	0	0
Total sources of capital funding (C)	500	313	422
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	1,805	1,090	1,233
Increase (decrease) in reserves	0	0	453
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	1,805	1,090	1,686
Surplus (deficit) of capital funding (C - D)	(1,305)	(777)	(1,264)
Funding balance ((A - B) + (C - D))	0	0	0

Capital expenditure

	2013/14 actual \$000	Additional demand 2013/14 actual \$000	Improved level of service 2013/14 actual \$000	Replaced assets 2013/14 actual \$000	2013/14 budget \$000	Additional demand 2013/14 budget \$000	Improved level of service 2013/14 budget \$000	Replaced assets 2013/14 budget \$000
Castlecorp renewals	0	0	0	0	16	0	0	16
Fleet renewals	1,233	0	0	1,233	1,074			1,074
	1,233	0	0	1,233	1,090	0	0	1,090

Variance from budget

- Operating:** Castlecorp had a large amount of work in progress for completion by 30 June 2014. A number of projects were delayed in other council activities and this had an adverse financial impact on Castlecorp resources which were not able to be deployed or reduced.
 Long-term Plan overheads are different to actuals due to a different allocation methodology used in the Annual Plan 2013/14.
- Capital expenditure:** the Long-term Plan fleet renewals figure included only capital purchases and excluded fleet sales estimate, and the actual renewals include the amount of capital purchases and the proceeds from sale in the calculation.
 Office equipment replacements budgeted were not actually required in 2013/14 financial year.



Financial prudence parameters

Page

Financial prudence parameters.....104



Financial prudence parameters

Annual report disclosure statement for year ending 30 June 2014

What is the purpose of this statement?

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

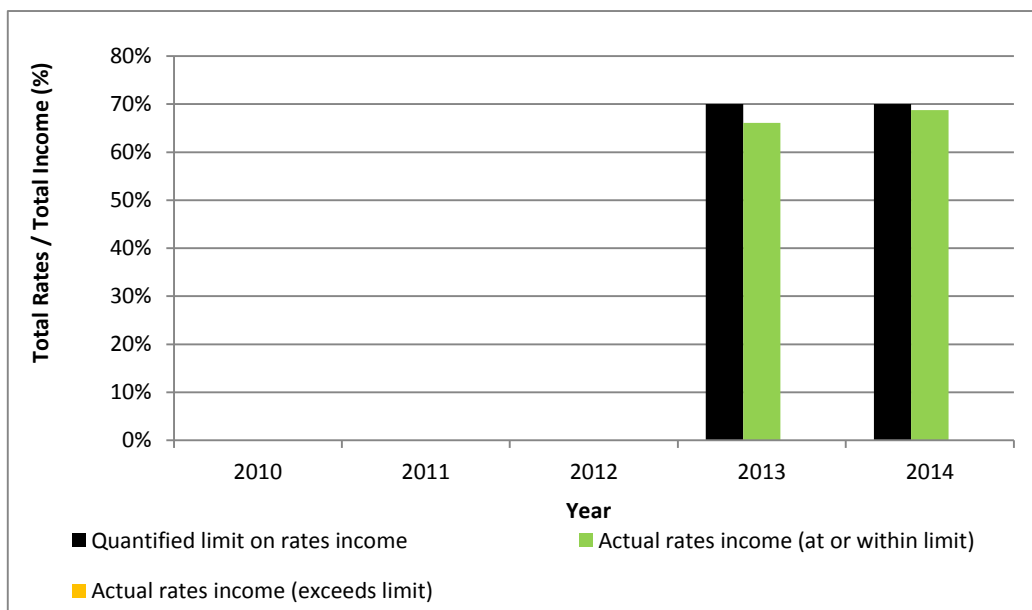
Rates affordability benchmark

The council meets the rates affordability benchmark if:

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

Rates (income) affordability

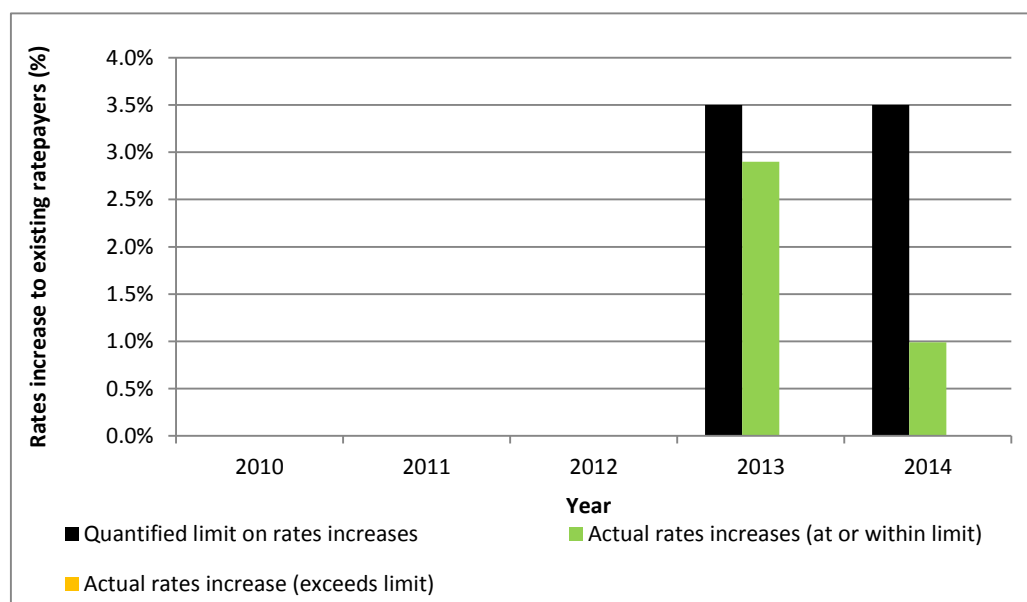
The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy, included in the Long-term Plan. The quantified limit is that council will limit total rates as a proportion of total revenue to less than 70%.



Financial prudence parameters

Rates (increases) affordability

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



Debt affordability benchmark

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

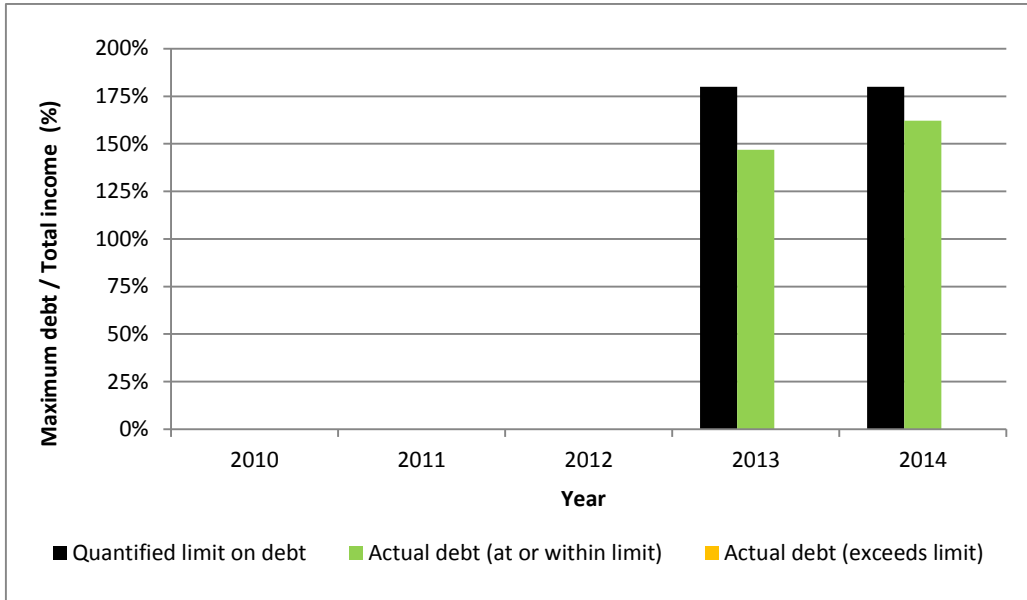
- Council's debt is not to exceed 180% of total revenue.
- Gross interest expense of all borrowings will not exceed 15% of total annual revenue.
- Net cash flows from operating activities are to exceed gross annual interest expense by a multiple of at least 2.
- Maximum debt not to exceed 20% of total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



Financial prudence parameters

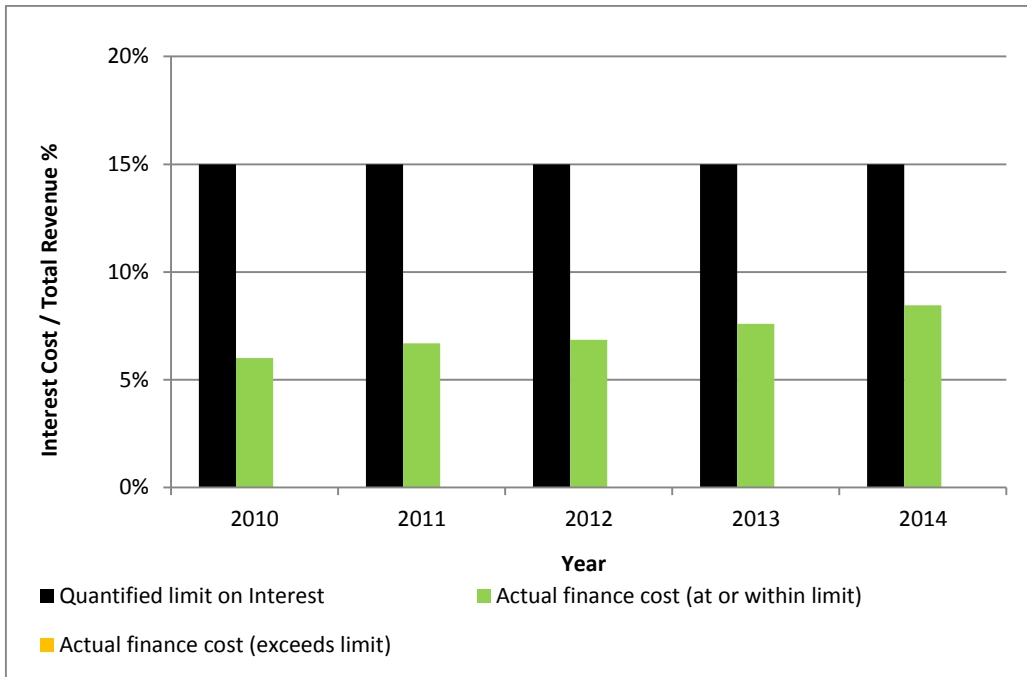
Council's debt is not to exceed 180% of total revenue

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



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

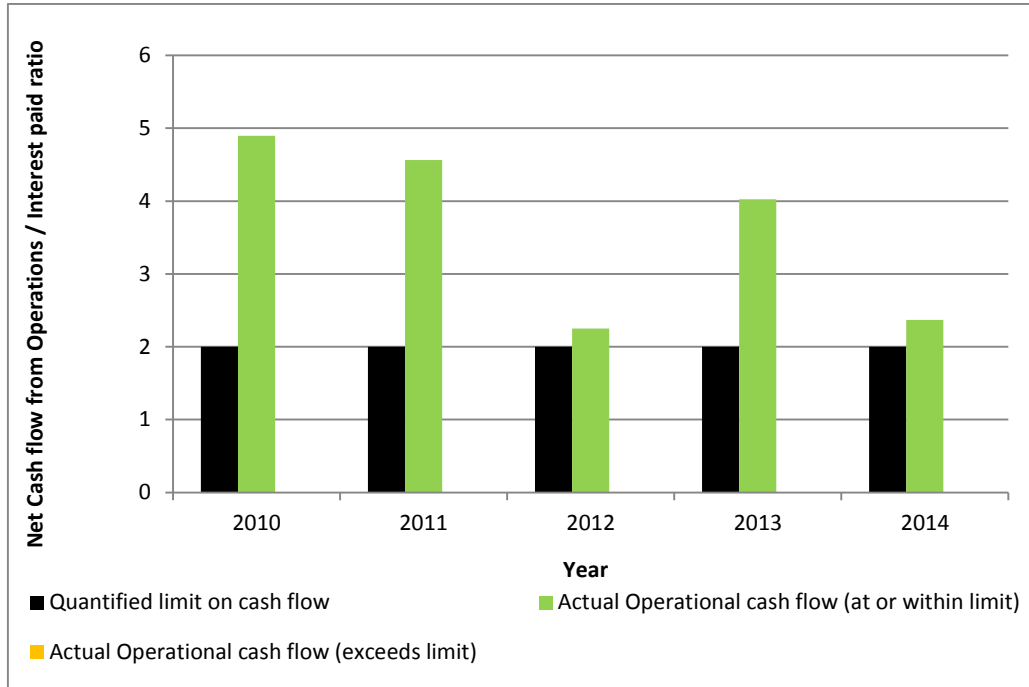
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's Long-term Plan. The quantified limit is that gross interest expense of all borrowings will not exceed 15% of total annual revenue.



Financial prudence parameters

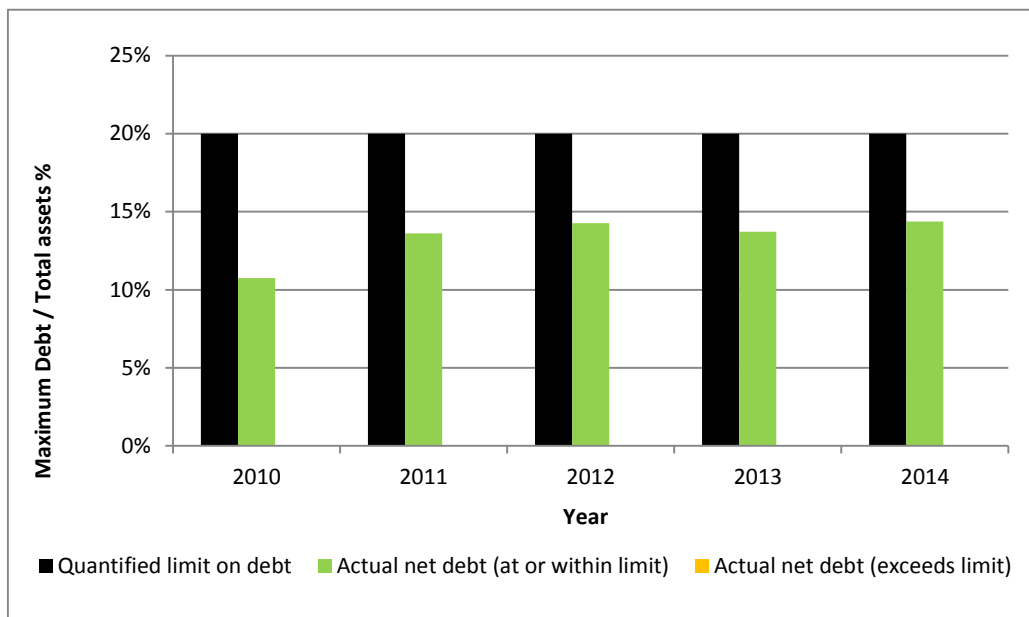
Net cash flows from operating activities are to exceed gross annual interest expense by a multiple of at least 2

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



Maximum debt not to exceed 20% of total assets

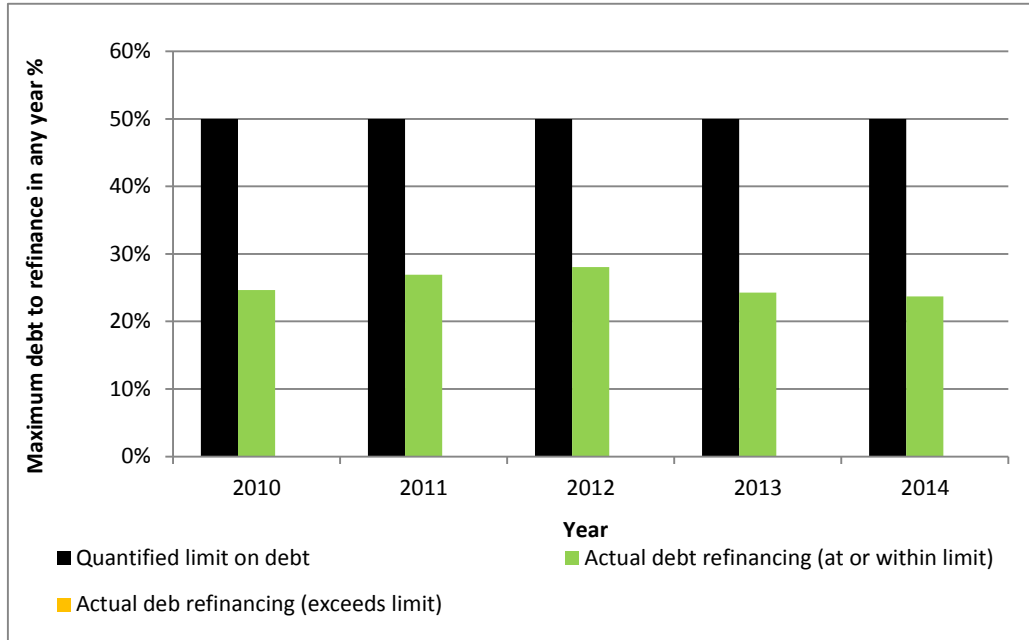
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's Long-term Plan. The quantified limit is that maximum debt not to exceed 20% of total assets.



Financial prudence parameters

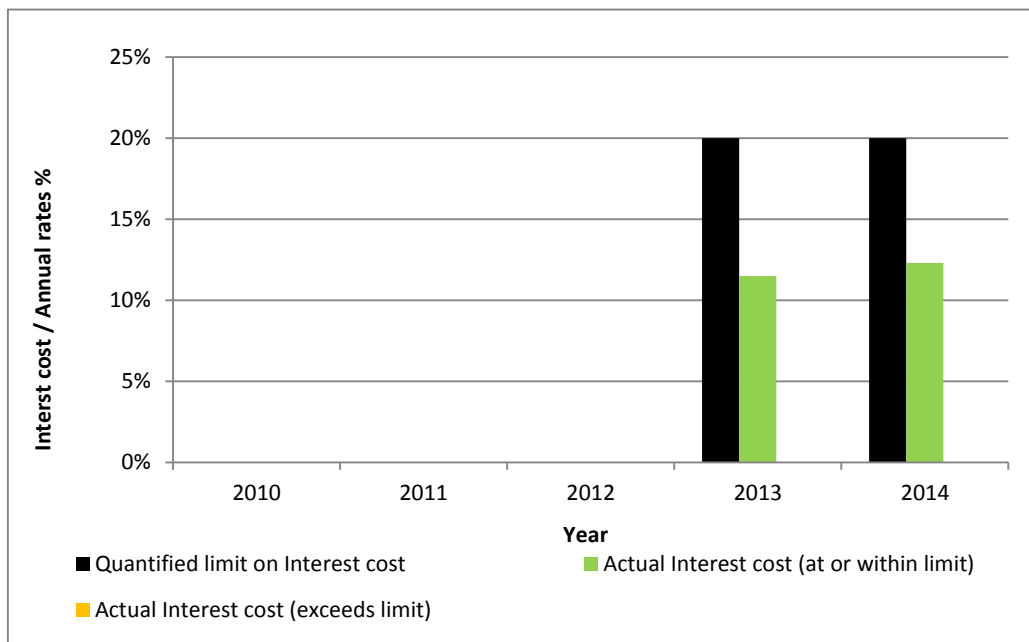
No more than \$60 million or 50% of existing external borrowing (whichever is greater) is subject to refinancing in any financial year

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



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

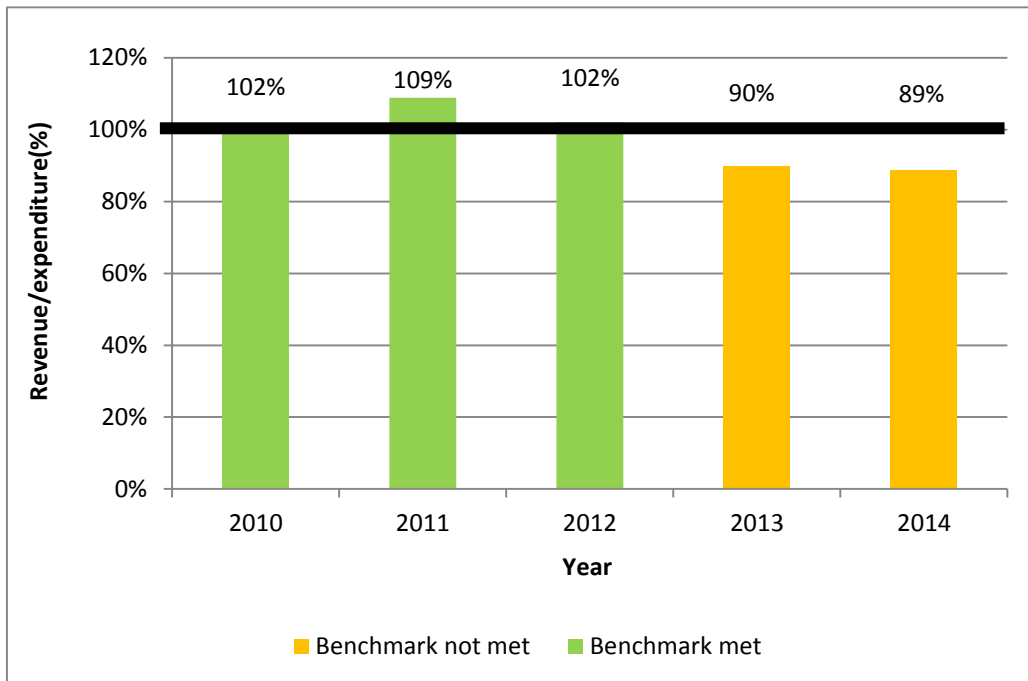
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's Long-term Plan. The quantified limit is that gross interest expense of all borrowings will not exceed 20% of total rates annual revenue.



Financial prudence parameters

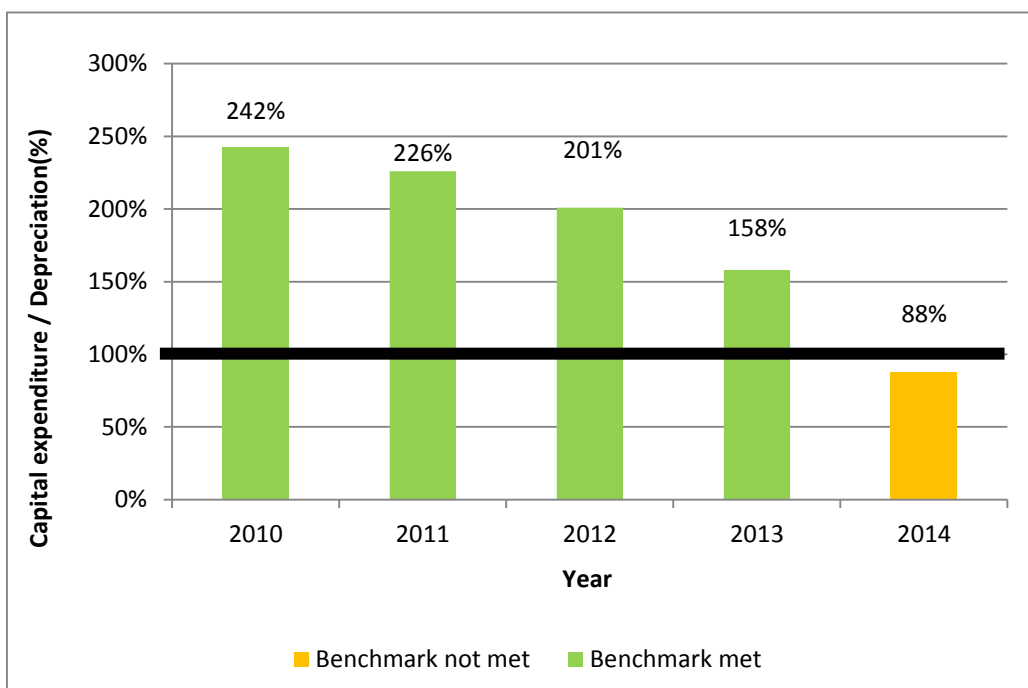
Balanced budget benchmark

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



Essential services benchmark

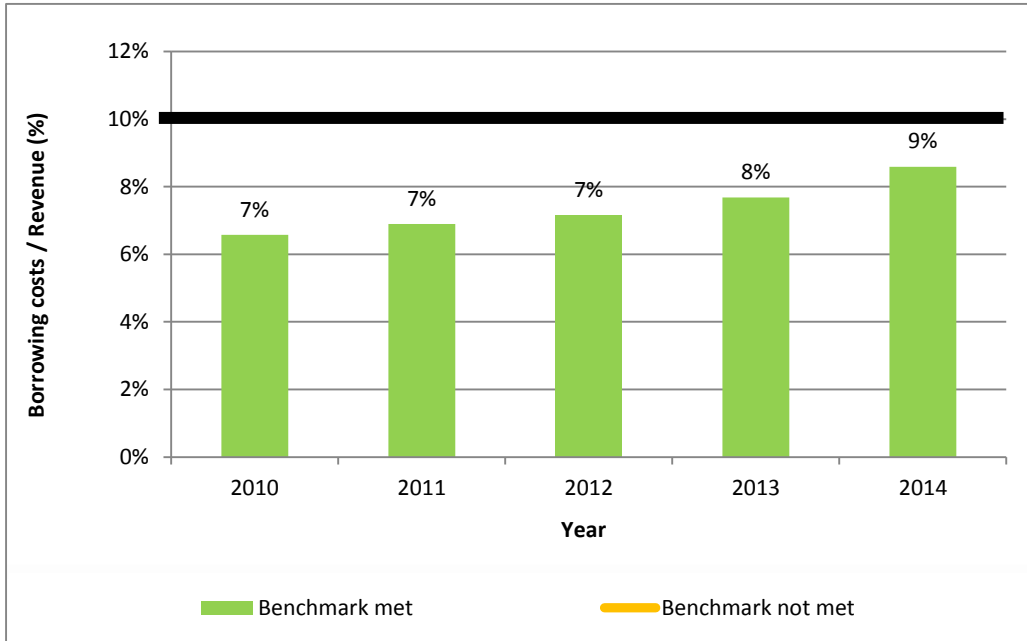
The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services. The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Financial prudence parameters

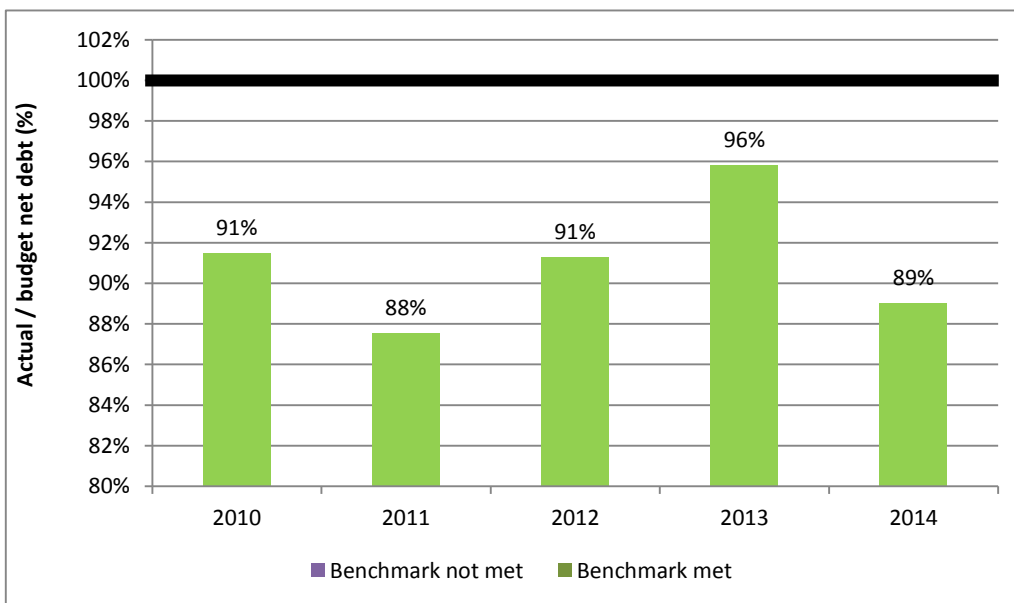
Debt servicing benchmark

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluation of property, plant or equipment). Because Statistics New Zealand projects that the district's population will grow at or lower than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



Debt control benchmark

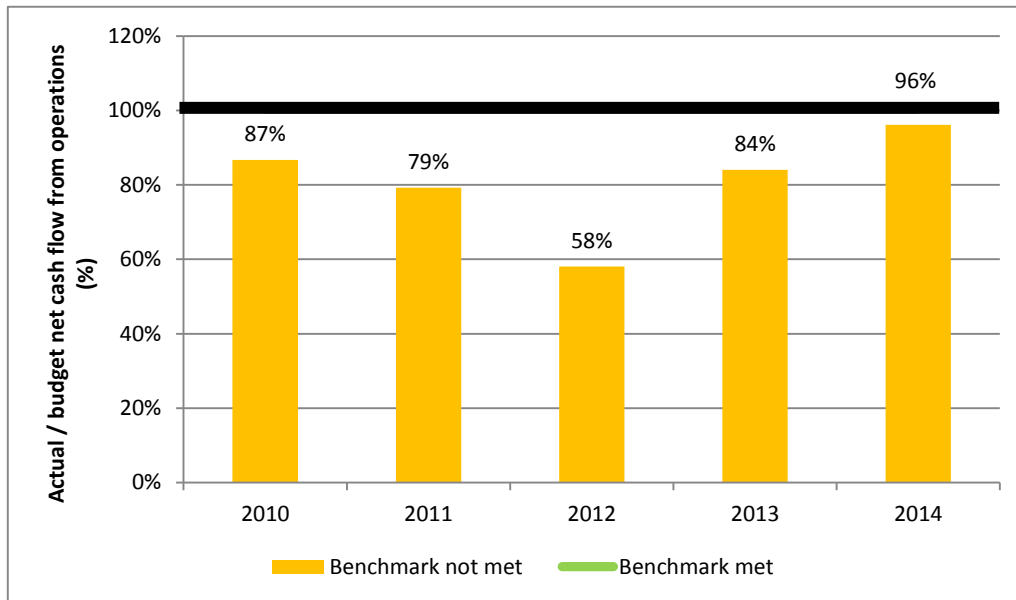
The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The council meets the debt control benchmark if its actual net debt equals or is less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



Financial prudence parameters

Operations control benchmark

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



Council controlled organisations / shared services entities

	Page
Rotorua Regional Airport Limited	113
Grow Rotorua Limited	115
Terax 2013 Ltd and Terax Limited Partnership	118
Rotorua District Council Holdings Limited.....	120
Local Authority Shared Services Limited	120
Bay of Plenty Local Authority Shared Services Limited.....	122



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

Management and governance

The following Directors held office as at 30 June 2014:

	Date of appointment
Raymond Noel Cook (Chairman)	10/12/2002
Wiremu Atetini Kingi	10/12/2002
Stuart Alan Crosby	22/12/2010
Peter Stubbs	01/06/2014

The following Directors resigned during the year:

	Date of resignation
Kevin Allen Winters	14/10/2013
Raymond John Sayer	17/03/2014

2013/2014 Summary

Total revenue

Total revenue was down \$60,997 (2.5%) when compared to the Statement of Intent (SOI) budget. The 2.5% reduction in revenue was largely driven by a 16% reduction in Rotorua-Sydney capacity and the consequent 17% reduction in international passengers, with the company proactively working with Air New Zealand to cancel poorly performing

winter flights in order to reduce the subsidy paid on these flights. These cancellations have saved Rotorua District Council \$350,000 in subsidy payments. The decision to cancel these flights was only made after the finalisation of the SOI and consequently not incorporated within its revenue targets.

Overall domestic passengers were slightly higher (2.3%) when compared to the budget, largely driven off strong results on Auckland-Rotorua with passengers on this sector up 15% on the prior year. International and domestic numbers are the key driver of the airport's revenue with a direct correlation between them and landing charges revenue, development levy revenue, retail revenue shares and car parking revenue.

Total expenses

Actual expenses increased by \$193,032 or 8% when compared to the SOI budget. This large increase was mainly due to tree trimming and removal costs arising out of the five-yearly flight path obstruction survey (\$200,000) together with the company paying the full costs of runway insurance (\$90,000) whereas previously these costs had been paid by Rotorua District Council. When the SOI was completed, it was based on the understanding that Rotorua District Council, as the owner of the airport's infrastructural assets, would be paying for these costs as they had historically, and as such these costs were not included in the company's forecast. However, as these costs are operational expenses, the company has agreed to pay for these in the 2014 and future financial years. Looking forward, the company expects future tree trimming and insurance costs to be significantly lower than this financial year now that the company has full accountability over these costs.

	2014 target (\$)	2014 actual (\$)	2013 actual (\$)
Total revenue	2,430,618	2,369,621	2,548,009
Total expenses	2,412,057	2,605,089	2,406,535
Surplus (deficit) before tax	18,561	(235,468)	141,474
Provision for tax	-	-	-
Surplus (deficit) after tax	18,561	(235,468)	141,474
Total debt	-	-	-
Total assets (net current liabilities)	1,802,612	1,690,057	1,925,525
Total shareholders funds	1,802,612	1,690,057	1,925,525



Rotorua Regional Airport Limited

	2014 target	2014 actual	2013 actual
Aircraft			
Aircraft Movements	8,500	7,424	7,574
Passengers			
Domestic	191,534	195,961	195,248
International	23,500	19,315	22,297
Total Passengers	215,034	215,276	217,545
Total operating revenue per passenger	\$11.30	\$10.91	\$11.53
Aeronautical revenue per passenger	\$8.40	\$8.12	\$8.64
Commercial revenue per passenger	\$2.90	\$2.79	\$2.89
NPAT per passenger	\$0.09	-\$1.09	\$0.65
Funds to RDC per passenger	\$2.84	\$2.12	\$2.62
Ratio of aeronautical revenue to total revenue	74.33%	73.79%	73.76%

2013/14 results

Statement of comprehensive income

	2014 (\$)	2013 (\$)
Revenue		
Operating revenue	2,348,705	2,507,727
Other revenue	20,916	40,282
	2,369,621	2,548,009
Expenses		
Operating expenses	1,067,461	911,017
Audit fees	22,498	22,275
Depreciation and amortisation	175,105	188,855
Development levy pass-on	413,456	482,406
Directors' fees	17,500	17,500
Other expenses	790,076	621,201
Rent and rates	118,993	163,281
	2,605,089	2,406,535
Surplus / (Deficit) before tax	(235,468)	141,474
Income tax expense	0	0
Surplus / (Deficit) after tax	(235,468)	141,474
Other comprehensive income	0	0
Total comprehensive income	(235,468)	141,474

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



Grow Rotorua Limited

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

The following were board members at 30 June 2014:

- John Green, QSM (Chairperson)
- Warren Parker
- Jane Nees
- Michael Barnett, ONZM
- Tony Marks
- Gina Rangi
- Hemi Rolleston

Key Performance Indicator	Status	Comments
ORGANISATIONAL ESTABLISHMENT / REPORTING		
2012/13 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 contribute to RSEGS objectives and its performance measures.	Achieved	A presentation was made to Councillors on full year activities, progress and forward plans.
Three month update presentation to RDC, including a presentation of the Grow Rotorua Ltd business plan 2013/14: Ensure the business plan has alignment with activities of RDC, RCoC and Bay of Connections, as identified in RSEGS.	Not required	Not required as separate presentation as included as an update at the above.
RDC presents Letter of Expectation (LoE) to Grow Rotorua Ltd.	Achieved	LoE received from Mayor's office December 2013.
Six month update including financials.	Achieved	Six-monthly report provided to RDC February 2014. Presentation to full Council in May 2014.
Grow Rotorua Ltd presents 2014/15 draft Statement of Intent (SOI) to RDC (third and final year).	Achieved	Draft SOI submitted to RDC February 2014. Comments received and SOI modified accordingly.
Nine month update presentation to RDC (combined with six-month report)	Achieved	Included in six-month update in May 2014.
Completion of 2014/15 SOI by both RDC and Grow Rotorua Ltd	Draft submitted	Draft SOI received by RDC June 2014.
STRATEGY IMPLEMENTATION		
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	Grow Rotorua is represented on the Bay of Connections Governance and Management Groups through the Chair and CE respectively.
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	Grow Rotorua is a regular contributor to the Daily Post and Chamber of Commerce publications as well as media releases and commentary on new stories. Workshops and presentations have been held. GRL staff have presented at various conferences and events. Key stakeholder meetings have been held.
Demonstrate in the annual report how Grow Rotorua Ltd has responded to opportunities outside of the defined scope of business of Grow Rotorua Ltd as set out in this SOI.	Achieved	Several new initiatives outside the SOI have been investigated and proved worthy of further investment.
TOURISM SECTOR		
Spa and Wellness Approve a strategy paper on the growth potential, barriers, investment opportunities, potential investors and particularly iwi participation in the Spa and Wellness sector.	Achieved	Global Research Project Stage Two has been completed. Stage Three report is in draft form.
Golf Course Approve a strategy paper on the growth potential, barriers, investment opportunities and particularly iwi participation in an International / PGA rated golf course and facilities including funding options built on Arikikapakapa.	Underway	Initial reports received from Greg Turner Golf on potential for Arikikapakapa to be key course on NZ Golf circuit.



Grow Rotorua Limited

Key Performance Indicator	Status	Comments
Biking Strategy Approve a strategy paper on the growth potential, barriers, investment opportunities, potential investors and funding options to grow tourism revenues around biking infrastructure, services and events.	Achieved	10 Year Biking Strategy has been developed working with key stakeholders particularly the Iwi landowners. Rotorua Trails Trust Deed has been drafted and agreed to by Rotorua Mountain Bike Club.
FORESTRY AND WOOD PROCESSING SECTOR		
Processed Timber Markets Potential Working with local and national organisations, identify specific market segments and distribution channels where processing and supply from NZ of predominantly Pinus Radiata products has a sustainable competitive advantage.	Underway	Research trip to China undertaken with help from DANA and local exporters. Potential for Engineered Wood products (EWP) has been explored. GRL supported study trip to Germany to look at EWP industry.
Specialist Living / District Heating Approve a strategy paper on the growth potential, barriers, investment opportunities, potential investors and particularly Iwi participation in the aged care and specialist living sector. Place particular focus on utilising geothermal resources or other district heating sources as well as 'wood first' approach to design and construction.	Handed over to RDC	Grow Rotorua facilitated local professionals and central government staff to bring together collective knowledge around various district heating scheme options for Rotorua.
Te Papa Tipu Innovative Park Demonstrate assistance and support for the development and funding for an Innovation Park cluster based at Te Papa Tipu and how this contributes to supporting economic development.	Achieved	Grow Rotorua supported the RIF application through provision of Business Plan. Scion successful in being awarded a \$2.5m grant from BoPRC to build the centre.
GEOHERMAL ENERGY SECTOR		
Geothermal Seminar Organise and run a Geothermal Seminar utilising internationally-regarded expertise to demonstrate the alternative uses and values of geothermal resources.	Achieved	Very successful seminar run in February 2014 with key note speaker Professor John Lund.
Geothermal Direct Heat Opportunities Approve a strategy paper on available resources, opportunities and economics for utilising geothermal resources in direct heat applications e. g. bathing, glasshouses, timber drying etc.	Part achieved	Several reports provided by East Harbour, GNS and Stratum on resource potential of fields across the Rotorua District.
AGRICULTURE SECTOR		
Manuka / Honey / Beekeeping Working with local firms to determine the opportunities for the region including seedling production, plantations, tourism, export development, training and further investment.	Achieved	GRL in conjunction with eLandnz has developed a comprehensive business model and supply agreement for plantation manuka.
Land Use Change Options Determine the options and initial feasibility for alternative land uses across the region (e. g. dairy goats, hop growing, medicinal plants) in conjunction with the Rotorua Te Arawa Lakes Programme.	Achieved	Agribusiness Group provided a report on several land use change options for Rotorua District. Dairy Goat Business Case is well advanced, as is Free Stall Barn Report.
TE ARAWA INVESTMENT OPPORTUNITIES		
Work with Te Arawa trusts and businesses on direct investment opportunities. Develop specific engagement plans for working with Te Arawa right from the early stages in each sector / project opportunity.	Achieved	GRL currently has six projects underway at various levels of investigation with various Iwi trusts and businesses.
OTHER OPPORTUNITIES		
Freshwater Sciences CoE Work with tertiary and research institutions to determine the feasibility and requirements for establishing a Lakes Freshwater Centre based in Rotorua.	Achieved	First level Business Concept has been developed along with conceptual drawings for an iconic building. Early meetings held with key stakeholders.



Grow Rotorua Limited

2013/14 results

Statement of comprehensive income

	30 June 2014	30 June 2013
	\$	\$
Income		
BOP Regional Council Grant	20,000	0
Other income	32,474	4,817
RDC Grant	800,000	850,000
Sponsorship	34,337	800
Youth Enterprise Scheme Grant	6,770	9,391
Interest received	4,039	5,339
	<u>897,620</u>	<u>870,347</u>
Expenses		
Accident Compensation levy	845	0
Accountancy fees	27,200	2,500
Advertising, marketing, communications	18,314	3,060
Audit fees	7,652	5,535
Conference expenses	46,120	4,940
Consultancy and projects	532,578	167,096
Directors' fees	80,000	80,000
Depreciation	16,205	12,397
Motor vehicle expenses	9,973	6,859
Other expenses	36,666	21,483
Printing and stationery	9,032	1,272
Recruitment costs	0	19,058
Subscriptions	3,505	4,793
Telephone, tolls and internet	7,111	1,253
Travel and accommodation	38,721	14,337
Wages and salaries	333,719	183,505
Youth Enterprise Scheme	6,650	6,650
	<u>1,176,291</u>	<u>534,738</u>
Surplus / (Deficit) before tax	<u>(277,871)</u>	<u>335,609</u>
Income tax expense	(5,698)	5,698
Net Surplus / (Deficit)	<u>(272,973)</u>	<u>329,911</u>
Other comprehensive income	0	0
Total comprehensive income	<u>(272,973)</u>	<u>329,911</u>

For further information refer to www.rotoruanz.com



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.

Terax 2013 Ltd

Performance measures

Target	Measure	Timing	Progress
That the company is in place and operating efficiently.	<ul style="list-style-type: none"> ▪ Board of Company appointed. ▪ All service contracts in place with providers. ▪ The budget is adopted by the Board and the Investors advised via the SOI of expected investment requirements over three year timeframe. 	By July 30 th 2013	Completed (ongoing)
Compliance.	<ul style="list-style-type: none"> ▪ The Audit of the Company does not highlight any material issues. 	Annually	See auditors' report

Statement of comprehensive income

	2014 actual (\$)	2013 actual (\$)
Total revenue	219,898	38,424
Total expenses	219,898	41,042
Surplus (deficit) before tax	0	(2,617)
Provision for tax	0	0
Surplus (deficit) after tax	0	(2,617)



Terax 2013 Ltd and Terax Limited Partnership

Terax Partnership Ltd

Performance measures

Target	Measure	Timing	Progress
Intellectual Property improved.	<ul style="list-style-type: none"> Arrangements in place with Scion such that the current intellectual property is appropriately protected and enhanced to improve the value of such intellectual property. 	By July 30 th 2013	Arrangements in place and international patent application filings are progressing as planned.
Commercialisation model in place	<ul style="list-style-type: none"> The Partnership has an appropriate model for commercialisation in place. 	By October 31 st 2013	The plan to seek an execution partner (territorial licensee or investor) was endorsed by the board and limited partners.
Licensee for NZ/Australia Municipal Biosolids market	<ul style="list-style-type: none"> Licensee selection progress completed and licensee identified. 	By October 31 st 2013	Prospective territorial licensees have been identified and discussions are in progress.
Licenses taken up	<ul style="list-style-type: none"> No less than two licenses or sub-licenses within the local government sector or wider industry end users. 	By December 31 st 2015	Preliminary discussions have been held with several additional prospective end users.
Licenses taken up	<ul style="list-style-type: none"> No less than four licenses or sub-licenses in place. 	By July 30 th 2016	Preliminary discussions have been held with several prospective users.
Business Operations	<ul style="list-style-type: none"> Effective business strategies are put in place to ensure that the Investors receive an appropriate return on their investment. 	Reviewed annually	Quarterly with the Limited Partners at the Advisory Committee meeting.

Statement of comprehensive income

	2014 actual (\$)	2013 actual (\$)
Total revenue	966	0
Total expenses	198,802	34,257
Surplus (deficit) before tax	(197,836)	(34,257)
Provision for tax	0	0
Surplus (deficit) after tax	(197,836)	(34,257)



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

2014 the holding company had not traded. As the holding company has not operated, and there are no indications that it will commence operations in the short term. Council have supported an exemption for a period of three years commencing 2013/14. This is in accordance with section 7 Local Government Act 2002. The company has been registered on the companies register as a non-trading company.

Local Authority Shared Services Limited

The Local Authority Shared Services Ltd (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 2013/14 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 January 2014 with nine of the twelve shareholder Councils responding. Nine Councils responded that the concept of LASS was still delivering benefits to their council. Two Councils responded that they were satisfied with the efforts being made by LASS to advance shared services opportunities and seven were fairly satisfied. The comments were made that achievements are constrained by fundamental challenges, and that more benefits could be seen with a more dedicated resource.
Administration expenditure shall not exceed that budgeted by more than 5% unless prior approval is obtained from the Directors.	Achieved, actual expenditure was \$10,306 unfavourable to budget (-4.8%).



Local Authority Shared Services Limited

Performance measure	Actual outcome
The company maintains an overall positive cash flow position.	Not achieved this year as cash flow was intentionally operated at a negative level in order to use up prior year surpluses. The Company still maintains a safe cash position with the cash, cash equivalents and bank accounts balances at the end of June 2014 being \$442,598.
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 September meeting when the Annual Report is presented.
That SVDS is available to users at least 99% of normal working hours.	SVDS was available 100% of working hours.
That at least 98% of agreed timelines are met for sale and property files that have been delivered to the FTP server for access to customers.	100% of Sales and Property files were supplied to Property IQ on time.
All Capital SVDS enhancement work is supported by a business case approved by the Advisory Group.	Not applicable this year as only minor work items of \$5,000 or less have been undertaken as per the road map approved by the advisory group.
That all required WRTM modelling reports are actioned within the required timeframe.	All WRTM modelling reports were completed within specified timeframes.
That the base model adheres to "Screenline Validation Standards" as set out in the NZTA Economic Evaluation Manual as indicated by an external independent peer review.	No peer review has been undertaken in the current year (the last report from the peer reviewer was in October 2013 which stated that the model continues to meet all the set out criteria). As a result of the census, an update to the model is being undertaken and an independent reviewer is involved in this process. An independent review will be completed in October 2014.
That a full report on progress of the WRTM model be provided to the LASS Board twice each year.	Reports were provided at the LASS Board meetings in January and May 2014.
The key performance indicators from appendix 4 of the insurance brokerage contract are met.	This target has been achieved.
That any joint procurement projects deliver as per project approved objectives.	LASS joint procurement satisfactorily completed for computer generated print, mail and E-Services for rates, accessing online economic profile data, and postal and courier services.
In response to requests from shareholders, the Company will provide regular reports and updates to the Waikato Mayoral Forum group regarding progress with shared service initiatives.	Updates are provided at all Mayoral Forums, the most recent being June 2014.



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 2013/14.

Target	Result	Narration
Successfully implement two of the identified Shared Service projects within a 12 month period.	Not achieved	Inter-council network security standards and protocols developed and established. Development of shared IT hosting infrastructure completed within external datacentre. Following a strategic review in late 2013, the BOPLASS Board advised in the 2014 Half Yearly Report that BOPLASS strategy had been reset and the shared services target for 2013/14 would not be applicable or achieved.
Investigate a minimum of four Joint Procurement or Shared Services initiatives per year for goods and services from sources offering best value, service, continuity of supply and/or continued opportunities for integration.	Achieved	Infrastructure insurance options investigated and new contracts established for participating councils. Joint Media Monitoring contract implemented and shared portal developed. Radio telephony procurement and regional strategy initiated. Travel and accommodation services procurement initiated. Document back scanning services investigated and establishment of a BOPLASS service evaluated. High volume print and mail services procurement initiated. Additional GIS software joint procurement opportunities investigated. Antivirus alternatives investigated. Agenda Management software provider appointed. Database monitoring procurement investigated. Aerial drones procurement and capabilities under investigation. Shared licence management server developed to support joint procurement of current and future software licences.
Manage and/or renegotiate existing contracts ensuring appointed vendors remain competitive and continued best value is returned to shareholders.	Achieved	Telecommunications contract tendered with further discounts negotiated. Postal services contract renegotiated. ESRI and contract renegotiated and renewed. Further N3 contract discounts negotiated. New aerial photography contract investigated. Fuel contract reviewed and alternative proposed to councils. Improved pricing and standardisation through an enterprise objective document management contract investigated. Video conference services renewal options investigated.
Perform self assessment reviews of governance.	Achieved	Strategic reviews and facilitated workshops completed by the Board.
Communicate with each shareholding council at appropriate levels with at least one meeting with each Leadership Team per year.	Achieved	Meetings held with councils.
Ensure sufficient income is available from activities to sustain a viable company.	Achieved	Council contributions levied, activity groups levied, contributions received from activities producing savings. Non-voting shares issued to improve equity ratios.



Financial statements

	Page
Index	124
Statement of compliance	125
Statement of comprehensive income	126
Statement of changes in equity.....	127
Statement of financial position	128
Statement of cash flows	129
Notes to the financial statements	130



Index

Financial statements

Statement of compliance.....	125
Statement of comprehensive income	126
Statement of changes in equity	127
Statement of financial position	128
Statement of cash flows	129

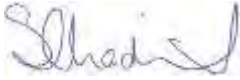
Notes to the financial statements

1: Statement of accounting policies	130
2: Rates, excluding targeted water supply rates	143
3: Subsidies and grants	144
4: Finance income and costs.....	145
5: Development and financial contributions	145
6: Other revenue.....	145
7: Gains	145
8: Personnel costs.....	146
9: Other expenses.....	146
10: Tax.....	147
11: Cash and cash equivalents.....	147
12: Debtors and receivables	148
13: Derivative financial instruments	150
14: Other financial assets	151
15: Inventory.....	152
16: Non-current assets held for sale.....	153
17: Property, plant and equipment	154
18: Intangible assets	179
19: Depreciation and amortisation expenses by group of activity	160
20: Forestry assets	160
21: Creditors and other payables	161
22: Borrowings.....	162
23: Employee entitlements.....	163
24: Provisions.....	164
25: Equity	165
26: Reconciliation of net surplus (deficit) after tax to net cash flow from operating activities	170
27: Capital commitments and operating leases	171
28: Contingencies	172
29: Related party transactions.....	175
30: Remuneration	177
31: Severance payments.....	179
32: Agency relationships.....	179
33: Financial instruments.....	181
33A: Financial instrument categories	181
33B: Fair value hierarchy disclosures.....	181
33C: Financial instrument risks	183
34: Capital management.....	189
35: Additional explanation of major variances against budget	189
36: Joint ventures	191
37: Insurance	192
38: Reclassification and restatement	193
39: Events after balance date	194
40: Adoption after statute date.....	194
Other legislative disclosures	195



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, except for those noted in Note 40.



Steve Chadwick

Mayor

5 November 2014



G Williams

Chief Executive

5 November 2014



Statement of comprehensive income

for the year ended 30 June 2014

	Notes	Council			Group	
		2014 actual \$000	2014 budget \$000	2013 actual \$000	2014 actual \$000	2013 actual \$000
Income						
Rates, excluding targeted water supply rates	2	68,228	72,110	68,190	68,150	68,108
Targeted rates for water supply	2	3,237	1,408	3,131	3,237	3,131
Development and financial contributions	5	311	753	805	311	805
Subsidies and grants	3	8,691	10,162	12,629	8,691	12,629
Finance income	4	76	0	49	101	78
Other revenue	6	23,429	29,177	23,000	25,419	24,962
Gains	7	0	0	45	0	45
Total Income		103,972	113,610	107,849	105,909	109,758
Expenditure						
Personnel costs	8	35,911	34,532	34,112	36,245	34,296
Depreciation and amortisation expense	19	27,431	26,298	30,103	27,622	30,304
Finance costs	4	8,231	8,924	8,181	8,231	8,181
Other expenses	9	46,050	48,486	46,657	47,740	47,706
Total operating expenditure		117,623	118,240	119,053	119,838	120,487
Surplus/(deficit) before tax		(13,651)	(4,630)	(11,204)	(13,929)	(10,729)
Income tax expense	10	0	0	0	(5)	5
Surplus/(deficit) after tax		(13,651)	(4,630)	(11,204)	(13,924)	(10,734)
Other comprehensive income						
Revaluation on property, plant and equipment	25	29,268	0	97,404	29,268	97,404
Revaluation on intangibles	25	128	0	0	128	0
Net change in fair value of hedges	25	294	0	524	294	524
Net change in fair value of investment	25	(315)	0	473	(42)	3
Total other comprehensive income		29,375	0	98,401	29,648	97,931
Total comprehensive income		15,724	(4,630)	87,197	15,724	87,197

Explanations of major variances against budget are provided in note 35.

Explanations of the changes made to the restatement of components of the 2012/13 group income and expenditure is provided in note 38.

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



Statement of changes in equity

for the year ended 30 June 2014

	Notes	Council			Group	
		2014 actual \$000	2014 budget \$000	2013 actual \$000	2014 actual \$000	2013 actual \$000
Balance as at 1 July	25	961,813	928,419	874,616	961,813	874,616
Surplus/(Deficit) for the year		(13,651)	(4,630)	(11,204)	(13,924)	(10,734)
Other comprehensive income		29,375	0	98,401	29,648	97,931
Balance as 30 June	25	977,537	923,789	961,813	977,537	961,813

Explanations of major variances against budget are provided in note 35.

The 2013/14 Annual Plan statement of changes in equity did not balance to the 2013/14 Annual Plan statement of financial position.

Explanations of the changes made to the restatement of components of the 2012/13 group statement of changes in equity is provided in note 38.

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



Statement of financial position

as at 30 June 2014

	Notes	Council			Group	
		2014 actual \$000	2014 budget \$000	2013 actual \$000	2014 actual \$000	2013 actual \$000
Assets						
Current assets						
Cash and cash equivalents	11	5,329	5,901	663	5,998	2,258
Debtors and other receivables	12	8,335	18,500	14,227	8,505	14,538
Inventory	15	1,298	1,279	1,327	1,298	1,327
Non-current assets held for sale	16	878	0	0	878	0
Provision for taxation	10	0	0	0	52	46
Total current assets		15,840	25,680	16,217	16,731	18,169
Non-current assets						
Loans and receivables	12	11	0	11	11	11
Property, plant and equipment	17	1,151,372	1,033,954	1,130,845	1,152,341	1,131,638
Intangible assets	18	2,559	2,804	3,017	2,581	3,067
Forestry assets	20	0	1,230	1,276	0	1,276
Derivative financial instruments	13	276	0	0	276	0
Other financial assets						
- Investment in CCOs and other similar entities	14	1,820	2,147	2,295	0	0
- Investment in other entities	14	1,185	0	652	1,185	652
Total non-current assets		1,157,223	1,040,135	1,138,096	1,156,394	1,136,644
Total assets		1,173,063	1,065,815	1,154,313	1,173,125	1,154,813
Liabilities						
Current liabilities						
Creditors and other payables	21	16,742	22,500	24,628	16,731	25,056
Provisions	24	1,690	604	723	1,690	723
Employee benefit liabilities	23	6,121	5,339	5,652	6,194	5,724
Borrowings	22	33,675	46,000	38,450	33,675	38,450
Derivative financial instruments	13	16	0	0	16	0
Total current liabilities		58,244	74,443	69,453	58,306	69,953
Non-current liabilities						
Provisions	24	2,028	2,000	2,638	2,028	2,638
Employee benefit liabilities	23	254	469	476	254	476
Borrowings	22	135,000	124,001	119,900	135,000	119,900
Derivative financial instruments	13	0	0	33	0	33
Total non-current liabilities		137,282	126,470	123,047	137,282	123,047
Total liabilities		195,526	200,913	192,500	195,588	193,000
Net assets		977,537	864,902	961,813	977,537	961,813
Equity						
Accumulated funds	25	740,644	864,902	853,903	740,701	854,373
Self funding reserves	25	2,129	0	(74,322)	2,129	(74,322)
Council created reserves	25	92	0	(25,000)	92	(25,000)
Restricted reserves	25	1,491	0	1,238	1,491	1,238
Cashflow hedge reserve	25	261	0	(33)	261	(33)
Fair value through equity	25	57	0	777	0	307
Asset revaluation reserve – PPE	25	232,735	0	205,250	232,735	205,250
Asset revaluation reserve - intangibles	25	128	0	0	128	0
Total equity		977,537	864,902	961,813	977,537	961,813

Explanations of major variances against budget are provided in note 35.

Explanations of the changes made to the restatement of components of the 2012/13 group statement of financial position is provided in note 38.

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



Statement of cash flows

for the year ended 30 June 2014

	Notes	Council			Group	
		2014 actual \$000	2014 budget \$000	2013 actual \$000	2014 actual \$000	2013 actual \$000
Cash flows from operating activities						
Receipts from rates revenue		71,702	73,518	71,700	71,624	71,618
Interest received		76	0	49	101	78
Dividends received		0	0	0	0	0
Receipts from other revenue		34,492	40,092	44,996	36,576	46,915
Payments to suppliers and employees		(78,974)	(83,019)	(74,249)	(81,776)	(75,085)
Interest paid		(8,311)	(8,924)	(7,934)	(8,311)	(7,934)
Income tax paid/refunded		0	0	0	(1)	(3)
Goods and Services Tax (net)		1,847	0	(1,575)	1,884	(1,675)
Net cash from operating activities	26	20,832	21,668	32,987	20,097	33,914
Cash flows from investing activities						
Proceeds from sale of property, plant and equipment		1,504	2,000	816	1,505	837
Collections on advances		0	0	6	0	6
Purchase of property, plant and equipment		(26,625)	(31,496)	(39,873)	(26,966)	(40,005)
Purchase of intangible assets		(644)	0	(1,171)	(645)	(1,171)
Purchase of financial assets		(726)	0	(360)	(576)	(320)
Net cash from investing activities		(26,491)	(29,496)	(40,582)	(26,682)	(40,653)
Cash flows from financing activities						
Proceeds from borrowings		45,000	26,887	25,000	45,000	25,000
Repayment of borrowings		(34,675)	(15,000)	(18,000)	(34,675)	(18,000)
Change in usage of registered security stock facility		0	0	375	0	375
Net cash from financing activities		10,325	11,887	7,375	10,325	7,375
Net (decrease)/increase in cash, cash equivalents and bank overdraft		4,666	4,059	(220)	3,740	636
Cash, cash equivalents and bank overdrafts at the beginning of the year		663	1,842	883	2,258	1,622
Cash, cash equivalents and bank overdrafts at year end	11	5,329	5,901	663	5,998	2,258

Explanations of major variances against budget are provided in note 35

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

Following a review of the 2012/13 Statement of Cashflows, a classification issue was noted between operating and investing activities of \$6 million. These figures have been restated this year to provide better comparative information with the 2013/14 Statement of Cashflows. The net impact on the cash and cash equivalents is nil.



Notes to the financial statements

for the year ended 30 June 2014

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), and jointly controlled entities Terax 2013 Limited (50% owned) and Terax Limited Partnership (50% owned). The Council's subsidiaries and jointly controlled entities are incorporated and domiciled in New Zealand.

The 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 2014. The financial statements were authorised for issue by Council on 5 November 2014.

Basis of preparation

Statement of Compliance

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

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

Measurement Base

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

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of Rotorua District Council and Group is New Zealand dollars.

Changes in accounting policies

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

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted

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). The effective date for the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. Therefore, Council will transition to the new standards in preparing its 30 June 2015 financial statements.

The Council has not assessed the implications of the new accounting standards framework at this time.

Significant Accounting Policies

Basis of Consolidation

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

Subsidiaries

Rotorua District Council consolidates as subsidiaries in the group financial statements all entities where Rotorua District Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where Rotorua District Council controls the majority voting power on the governing body or where



Notes to the financial statements

for the year ended 30 June 2014

such policies have been irreversibly predetermined of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

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

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

The Council will recognised goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. This difference reflects the goodwill be recognised by the Council. If the consideration transferred is lower than the net fair value of the Council's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in the surplus or deficit.

Associates

The council accounts for investments in associates using the equity method. An associate is an entity over which the council has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in the associate is initially recognised at cost and the carrying amount in the 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 groups interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

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

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

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

Joint Venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. For jointly controlled entities, 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 using the proportionate consolidation method.

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



Notes to the financial statements

for the year ended 30 June 2014

service provided as a percentage of the total services to be provided.

Vested assets

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

Sale of goods

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

Traffic and parking infringements

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

Interest and dividends

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

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

Development contributions

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

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

Construction contracts

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

Contract costs include all costs directly related to specific contracts, costs that are specifically

chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the group's construction activities in general.

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

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

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profit less losses, the net amounts are presented as a liability.

Borrowing costs

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

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

Grant expenditure

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

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

Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of



Notes to the financial statements

for the year ended 30 June 2014

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



Notes to the financial statements

for the year ended 30 June 2014

bankruptcy, receivership or liquidation, and default in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Derivative financial instruments and hedge accounting

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

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

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

The Council and group designates certain derivatives as either:

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

The council and group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Council and group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of hedged items.

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

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

Fair value hedge

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

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

Cash flow hedge

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

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



Notes to the financial statements

for the year ended 30 June 2014

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 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.



Notes to the financial statements

for the year ended 30 June 2014

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.



Notes to the financial statements

for the year ended 30 June 2014

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, recreational forests and motor vehicles.

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

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

Property, plant and equipment is 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. The value of recreational forests is at deemed cost. 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.



Notes to the financial statements

for the year ended 30 June 2014

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. Stormwater channels are also considered to have an infinite life and are not depreciated. Signs and markings are not depreciated as these assets are maintained to the same level.
- The useful lives of the Rotorua Museum collections and the library reference collection are considered to be extremely long. Therefore, due to its insignificance, no depreciation has been brought to charge.

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

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

The expected lives of major classes of assets are:

Buildings	
Structure	10 to 80 years
Services	20 to 50 years
Fit-out	5 to 40 years
Site specific	2 to 20 years
Library books (excluding reference)	3 to 10 years
Plant and equipment	10 to 20 years
Parks and Reserves	5 to 100 years
Sewage	
Treatment plants and facilities	5 to 100 years
Wastewater and reticulation (other assets)	10 to 140 years
Water	
Treatment plants and facilities	5 to 100 years
Water and reticulation (other assets)	10 to 130 years
Stormwater drainage	10 to 130 years
Roads and footpaths	
Seal - first coat and base	80 years
Seal - second coat	12 years
Footpaths (concrete)	100 years
Footpaths (bitumen)	7 to 20 years
Bridges	40 to 100 years
Landfill improvements	3 to 100 years
Airport	
Runway 150mm AC surface	15 years
Wetland	9 years
Computer systems	3 to 5 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.



Notes to the financial statements

for the year ended 30 June 2014

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 asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its 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.



Notes to the financial statements

for the year ended 30 June 2014

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.

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

Investment property

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

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

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

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

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:



Notes to the financial statements

for the year ended 30 June 2014

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

Presentation of employee entitlements

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

Superannuation schemes

Defined contribution schemes

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

Defined benefit schemes

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

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, to the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme. Further information on this scheme is disclosed in note 28.

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 34.

Property revaluation reserves

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



Notes to the financial statements

for the year ended 30 June 2014

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 2013/14 Annual 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 24 provides information about the estimates and assumptions surrounding the landfill aftercare provision.

Infrastructural assets

Note 17 provides information about the estimates and assumptions applied in determining the fair value of infrastructural assets.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying the Rotorua District Council's accounting policies for the period ended 30 June 2014:

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.



Notes to the financial statements

for the year ended 30 June 2014

The council owns land which is classified as property, plant and equipment. 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	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
General rates	46,531	46,238	46,457	46,161
Targeted rates attributable to activities:				
- water, excluding water supply rates	3,710	3,703	3,706	3,698
- sewerage	11,184	11,036	11,184	11,036
- refuse and sanitation	2,237	2,119	2,237	2,119
- lakes enhancement rate	439	437	439	437
- eastern sewerage capital rates	660	1,409	660	1,409
- business development targeted rates	5,351	5,078	5,351	5,078
- urban sewerage develop. rate	59	59	59	59
- lakes community board rate	51	48	51	48
- rate penalties	1,169	1,225	1,169	1,225
Less rates charges to Council properties	(3,163)	(3,162)	(3,163)	(3,162)
Total rates, excluding targeting water supply rates	68,228	68,190	68,150	68,108

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 2014 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is show below.

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Rates, excluding targeted water supply rates	68,228	68,190	68,228	68,108
Targeted water supply rates	3,535	3,427	3,535	3,427
Less targeted water supply rates charges to Council properties	(298)	(296)	(298)	(296)
Total annual rates income	71,465	71,321	71,465	71,239



Notes to the financial statements

for the year ended 30 June 2014

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	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Total gross rates, excluding targeted water supply rates	69,191	69,371	69,191	69,289
Rates remissions:				
- General rates remissions	538	892	538	892
- Targeted rates remissions	164	149	164	149
- Penalty remissions	261	140	261	140
Total remissions	963	1,181	963	1,181
Rates (net of remissions), excluding targeted water supply rates	68,228	68,190	68,228	68,108

Non-rateable land

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

Rating base information

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

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

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

3: Subsidies and grants

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
New Zealand Transport Rooding subsidies	5,926	8,764	5,926	8,764
Grants subsidies and donations capital	2,112	3,205	2,112	3,205
Other subsidies operating	653	661	653	661
Total subsidies and grants	8,691	12,629	8,691	12,629

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2013: \$Nil).



Notes to the financial statements

for the year ended 30 June 2014

4: Finance income and costs

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Finance income				
Interest income				
- term and call deposits	76	49	101	78
Total finance income	76	49	101	78
Finance costs				
Interest expense				
- interest on bank borrowings	8,789	8,198	8,789	8,198
- discount unwind on provisions (note 24)	(558)	(17)	(558)	(17)
Total finance cost	8,231	8,181	8,231	8,181
Net finance costs	8,155	8,132	8,130	8,103

5: Development and financial contributions

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Development contributions	211	646	211	646
Financial contributions from subdivisions	100	159	100	159
Total development and financial contributions	311	805	311	805

6: Other revenue

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Traffic and parking infringements	1,698	1,709	1,698	1,709
Rendering of services (other trading revenue)	12,567	13,329	14,557	15,291
Petrol tax	516	522	516	522
Vested assets	19	74	19	74
Assets recognised for the first time	1,319	0	1,319	0
Dividend income	0	0	0	0
Insurance recoveries	0	0	0	0
Fees and charges	3,718	3,647	3,718	3,647
Lease and rental revenue	3,581	3,685	3,581	3,685
Other revenue	11	34	11	34
Total other revenue	23,429	23,000	25,419	24,962

7: Gains

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Non-financial instruments				
Forestry asset revaluation	0	45	0	45
Property, plant and equipment gains on disposal	0	0	0	0
Total non-financial instrument gains	0	45	0	45



Notes to the financial statements

for the year ended 30 June 2014

8: Personnel costs

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Salaries and wages	33,045	32,910	33,379	33,094
Defined contribution plan employer contributions	1,055	977	1,055	977
Increase/(decrease) in employee entitlements	247	225	247	225
Restructuring	1,564	0	1,564	0
Total personnel costs	35,911	34,112	36,245	34,296

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

9: Other expenses

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Fees to auditors				
- fees to Audit New Zealand for audit of the Council's financial statements	121	147	157	179
- fees to Audit New Zealand for other services	0	14	0	14
- fees to other auditors	0	44	0	44
Grants and contributions	1,187	1,479	1,187	1,479
Contractors and physical works	11,904	13,041	11,904	13,041
Insurance premiums	1,645	1,647	1,645	1,647
Consultants and legal advice	3,033	2,280	3,033	2,280
Marketing and promotion	2,676	3,071	2,676	3,071
Lighting and heating	3,278	3,369	3,278	3,369
ACC	290	406	290	406
Change in rates refund provision	(12)	(23)	(12)	(23)
Councillor remuneration	641	587	641	587
Impairment of receivables	225	119	225	119
Property, plant and equipment impairment	0	0	0	0
Goodwill impairment	117	0	117	0
Research and development expenditure	1	70	1	70
Losses on forestry revaluation	135	0	135	0
Losses on disposal of assets	2,914	5,301	2,914	5,301
Impairment of other financial assets	353	0	353	0
Impairment of plant, property and equipment from revaluation	1,980	0	1,980	0
Impairment of plant, property and equipment re-classified as held for sale	400	0	400	0
Other expenditure	15,162	15,105	16,816	16,122
Total other expenses	46,050	46,657	47,740	47,706

The fees paid to Audit New Zealand for other services in the year ending 30 June 2014 were Nil. In 2013 fees were paid for a 2012 audit of the 2012-2022 Long-term Plan.



Notes to the financial statements

for the year ended 30 June 2014

10: Tax

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$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	(13,651)	(11,204)	(13,924)	(10,734)
Tax @ 28%	(3,822)	(3,137)	(3,899)	(3,005)
Plus/(less) tax effect of:				
Non-deductible expenditure	2,623	1,923	2,530	1,735
Tax loss not recognised	(157)	998	(74)	1,043
Deferred tax on temporary differences	1,356	216	1,443	227
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 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
Charged to surplus or deficit	(1,356)	0	0	1,356	0
Charged to other comprehensive income	0	0	0	0	0
Balance at 30 June 2014	(4,274)	0	0	4,274	0

A deferred tax asset has not been recognised in relation to unused tax losses of Council \$10,724,302 (2013: \$11,690,328), Group \$13,465,162 (2013: \$14,234,063).

11: Cash and cash equivalents

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Cash at bank and on hand	5,329	663	5,998	2,258
Total cash and cash equivalents	5,329	663	5,998	2,258

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.



Notes to the financial statements

for the year ended 30 June 2014

12: Debtors and other receivables

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Current debtors and other receivables				
Rates receivables	4,015	4,288	4,015	4,288
Other receivables	4,356	7,842	4,520	8,153
Prepayments	465	526	470	526
GST receivable	797	2,644	798	2,644
Current gross debtors - other receivables	9,633	15,300	9,803	15,611
Less: Provision for impairment of receivables	(1,298)	(1,073)	(1,298)	(1,073)
Total current portion	8,335	14,227	8,505	14,538
Non-current portion debtors and other receivable				
Community Loans	11	11	11	11
Total non-current portion	11	11	11	11
Gross debtors – other receivables	8,346	14,238	8,516	14,549

Fair Value

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

Impairment

When Council provides for impairment on rates receivables, it takes into account its various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgement, then the Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material.

Community Loans

The fair value of community loans is \$10,782 (2013: \$10,841).



Notes to the financial statements

for the year ended 30 June 2014

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

	2014			2013		
	Gross \$000	Impairment \$000	Nett \$000	Gross \$000	Impairment \$000	Nett \$000
The status of receivables as at 30 June 2014 and 2013 are detailed below:						
Council						
Not past due	4,801	0	4,801	8,817	(15)	8,802
Past due 1-60 days	1,494	(112)	1,382	2,997	(40)	2,957
Past due 61-120 days	127	(54)	73	102	(25)	77
Past due > 121 days	3,222	(1,132)	2,090	3,395	(993)	2,402
Total	9,644	(1,298)	8,346	15,311	(1,073)	14,238
Group						
Not past due	4,971	0	4,971	9,131	(15)	9,116
Past due 1-60 days	1,494	(112)	1,382	2,997	(40)	2,957
Past due 61-120 days	127	(54)	73	102	(25)	77
Past due > 121 days	3,222	(1,132)	2,090	3,395	(993)	2,402
Total	9,814	(1,298)	8,516	15,625	(1,073)	14,552

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	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Individual impairment	1,298	1,073	1,298	1,073
Collective impairment	0	0	0	0
Total provision for impairment	1,298	1,073	1,298	1,073

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	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Not past due	0	15	0	15
Past due 1-60 days	112	40	112	40
Past due 61-120 days	54	25	54	25
Past due > 121 days	1,132	993	1,132	993
Total individual impairment	1,298	1,073	1,298	1,073

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

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
At 1 July	1,073	954	1,073	954
Additional provisions made during the year	484	(119)	484	(119)
Receivables written off during the period	(259)	238	(259)	238
At 30 June	1,298	1,073	1,298	1,073

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



Notes to the financial statements

for the year ended 30 June 2014

13: Derivative financial instruments

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$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	276	0	276	0
<i>Total non-current asset portion</i>	276	0	276	0
Total derivative financial instruments assets	276	0	276	0
Current liability portion				
Interest rate swaps - cashflow hedges	16	0	16	0
<i>Total current liability portion</i>	16	0	16	0
Non-current liability portion				
Interest rate swaps - cashflow hedges	0	33	0	33
<i>Total non-current liability portion</i>	0	33	0	33
Total derivative financial instruments liabilities	16	33	16	33

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 (2013: \$15 million) and for the group were \$15 million (2013: \$15 million). At 30 June 2014, the fixed interest rates of cashflow hedge interest rate swaps varied from 4.12% to 5.25% (2013: 4.12% to 5.25%).

Gains and losses recognised in the hedging reserve in equity (note 25) on interest rate swap contracts as at 30 June 2014 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.



Notes to the financial statements

for the year ended 30 June 2014

14: Other financial assets

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Non-current portion				
<i>Investment in CCOs and other similar entities</i>				
Unlisted shares Rotorua Regional Airport Limited	1,690	1,926	0	0
Unlisted shares Terax Limited Partnership	74	40	0	0
Unlisted shares Terax 2013 Ltd	(1)	(1)	0	0
Unlisted shares Grow Rotorua Ltd	57	330	0	0
	1,820	2,295	0	0
<i>Investment in other entities</i>				
Unlisted shares NZ Local Government Insurance Corporation Ltd (cost)	167	167	167	167
Unlisted shares Waikato Local Authority Shared Services Ltd	128	170	128	170
Unlisted shares BOP Local Authority Shared Services Ltd	10	(4)	10	(4)
Borrower Notes	880	320	880	320
	1,185	652	1,185	652
Total non-current portion	3,005	2,947	1,185	652
Total other financial assets	3,005	2,947	1,185	652

Fair value

Term deposits

The carrying amount of term deposits approximates their fair value.

Unlisted shares

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

The Waikato LASS share investment comprises:

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

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

The BOP LASS share investment comprises 5 ordinary shares (2013: 1). The fair value of the BOP LASS, approximated using the net asset backing method, is \$9,935 (2013: (\$3,939)). BOP LASS issued 22 new ordinary non-voting shares for the 2013/14 financial year. Council paid for 4 of these shares totalling \$16,634 after 30 June 2014, and this has been included as an accrual within the net asset backing method calculations.

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 \$1,690,057 (2013: \$1,925,525). The deficit for the year of (\$235,468) (2013: \$141,474) is recognised in the Statement of comprehensive income.



Notes to the financial statements

for the year ended 30 June 2014

The cost price of the share investment in the subsidiary Grow Rotorua Limited amounts to \$100. The recoverable amount is approximated by using the net asset backing method and amounts to \$57,038 (2013: \$330,011). The deficit for the year of (\$272,973) (2013: \$329,911) is recognised in the Statement of comprehensive income.

The cost price of the share investment in the subsidiary Terax 2013 Limited amounts to \$300. The recoverable amount is approximated by using the net asset backing method and amounts to (\$1,009) (2013: (\$1,009)). The Nil result for the year (2013: (\$1,309)) is recognised in the Statement of comprehensive income.

The cost price of the share investment in the subsidiary Terax Limited Partnership amounts to \$190,000. The recoverable amount is approximated by using the net asset backing method and amounts to \$73,795 (2013: \$22,871). The deficit for the year of (\$98,918) (2013: (\$17,129)) 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

A total impairment loss of \$352,958 (2013: Nil) has been recognised in the surplus/deficit of the statement of comprehensive income in the line item "other expenses" (note 9). This related to investment in CCOs and other similar entities of \$350,664, and investment in other entities of \$2,294. An additional total impairment of \$314,227 was recognised through other comprehensive income. This related to investments in CCOs and other similar entities of \$272,973, and investments in other entities of \$41,254.

15: Inventory

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Inventories held for distribution or consumption in provision of services	1,020	1,011	1,020	1,011
Inventories held for use in production of goods and services on a commercial basis	278	316	278	316
Total inventories	1,298	1,327	1,298	1,327
Water and sewerage reticulation spare parts	218	240	218	240
Street furniture	13	14	13	14
Nursery store	751	707	751	707
Vehicle workshop and fuel	8	15	8	15
Other inventories held for distribution	29	36	29	36
Museum retail stock	100	92	100	92
Solid waste refuse bags	126	165	126	165
Other commercial inventory	53	58	53	58
Total inventories	1,298	1,327	1,298	1,327

No inventories are pledged as security for liabilities (2013: \$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 2014 amounted to \$Nil (2013: \$Nil).



Notes to the financial statements

for the year ended 30 June 2014

The write-down of inventory held for distribution because of a loss in service potential amounted to \$Nil (2013: \$Nil). There have been no reversals of write-downs (2013: \$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 (2013: \$Nil). There have been no reversals of write-downs (2013: \$Nil).

16: Non-current assets held for sale

The following seven Council owned properties have been presented as held for sale following the approval by the Council on 18 December 2013 for them to be declared surplus, as they provide no future use to the Council: 2A Bennets Rd, 137A Lake Rd, and 149 Lake Rd. The completion dates for sales are expected before the end of 2014.

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Non-current assets held for sale are:				
- buildings	336	0	336	0
- land	542	0	542	0
Total non-current assets held for sale	878	0	878	0



Notes to the financial statements

for the year ended 30 June 2014

17: Property, plant and equipment

2014 Classification	\$000															
	Carrying amount 1 July 2013	Current year additions	Infrastructural assets constructed by council	Infrastructural assets transferred to council	Forestry assets reclassified	Assets transferred to hold for sale	Current year disposals	Current year impairment charges	Current year depreciation	Revaluation surplus	Other cost movements	Depreciation writeback	Other depreciation movements	Cost / revaluation 30 June 2014	Accumulated depreciation and impairment charges 30 June 2014	Carrying amount 30 June 2014
Operational assets																
Land	43,123	49	0	0	0	(542)	(91)	0	0	(3,252)	551	0	0	39,838	0	39,838
Buildings	127,216	2,088	0	0	0	(336)	(668)	0	(5,265)	(5,536)	11	(1)	(1)	122,775	(281)	122,494
Library books	4,163	418	0	0	0	0	(73)	0	(780)	0	1	0	0	4,509	(1,901)	2,608
Motor vehicles	8,484	1,260	0	0	0	(1,159)	(153)	0	(935)	0	0	0	0	8,585	(4,378)	4,207
Art collections	6,058	69	0	0	0	0	0	0	(17)	18,468	1	(1)	(1)	24,596	(21)	24,575
Plant and equipment	17,449	6,640	0	0	0	(883)	(683)	0	(1,639)	0	(1)	2	2	18,141	(11,814)	6,327
Total operational assets	206,493	180,086	5,460	0	0	(878)	(2,874)	0	(8,636)	9,680	563	16,647	0	218,444	(18,395)	200,049
Infrastructural assets																
Land	6,767	0	24	0	0	0	(8)	0	0	(1,094)	133	0	0	5,822	0	5,822
Parks and reserves	29,807	2,724	0	0	0	(1,905)	(73)	0	(1,317)	0	(351)	(1)	(1)	30,275	(5,402)	24,873
Recreational forests	0	0	0	0	2,460	0	0	0	0	0	0	0	0	2,460	0	2,460
Roading and footpaths	341,050	332,017	6,229	0	0	(1,515)	(1,515)	0	(5,815)	0	854	(65)	(65)	346,618	(14,853)	331,765
Sewerage	49,032	45,793	2,449	0	0	(280)	(280)	0	(1,769)	0	95	(26)	(26)	51,296	(4,891)	46,405
- treatment plant and facilities	163,879	157,421	994	0	0	(32)	(32)	0	(2,573)	(5,896)	(97)	26	26	158,848	(1,072)	157,776
- other	18,131	16,479	233	0	0	(49)	(49)	0	(507)	0	(344)	33	33	17,971	(2,105)	15,866
Water	87,736	77,620	1,789	0	0	(810)	(810)	0	(2,387)	0	344	(32)	(32)	89,059	(12,414)	76,645
- treatment plant and facilities	112,248	105,898	1,571	0	0	(696)	(696)	0	(2,092)	(9,555)	(64)	8,442	0	103,504	0	103,504
- other	41,055	41,055	0	0	0	0	0	0	0	0	(40)	0	0	41,015	0	41,015
Flood protection and control works	849,705	808,554	16,013	0	2,460	(5,295)	(5,295)	0	(16,460)	(16,545)	530	16,939	(65)	846,868	(40,737)	806,131
Land under roads	52,397	48,821	141	0	0	0	0	0	(1,020)	(1,985)	(758)	64	64	49,795	(135)	49,660
Total infrastructural assets	1,130,845	6,889	16,013	0	2,460	(878)	(9,217)	0	(26,388)	(6,337)	(2)	37,983	(3)	1,211,920	(60,548)	1,151,372
Restricted assets																
Airport	80,569	295	0	0	0	(1,048)	0	0	0	2,513	30	0	0	82,359	0	82,359
Land	13,828	993	0	0	0	0	0	0	(272)	0	(367)	0	0	14,454	(1,281)	13,173
Landfill	146,794	1,429	0	0	0	(1,048)	0	0	(1,292)	528	(1,095)	62	62	146,608	(1,416)	145,192
Total restricted assets	146,794	1,429	0	0	0	(1,048)	0	0	(1,292)	528	(1,095)	62	62	146,608	(1,416)	145,192
Total Council	1,202,992	1,130,845	6,889	16,013	2,460	(878)	(9,217)	0	(26,388)	(6,337)	(2)	37,983	(3)	1,211,920	(60,548)	1,151,372
RRAL's property, plant and equipment																
Building chattels	91	88	0	0	0	0	0	0	(7)	0	0	0	0	179	(23)	156
Furniture and fittings	156	42	0	0	0	(2)	(2)	0	(12)	0	0	0	0	154	(124)	30
Plant and equipment	866	370	0	0	0	(32)	(32)	0	(74)	0	0	0	0	1,093	(540)	553
Motor vehicles	495	229	0	0	0	0	0	0	(49)	0	0	0	0	495	(314)	181
Computer equipment	80	24	0	0	0	(2)	(2)	0	(11)	0	0	0	0	78	(66)	12
Total RRAL's property, plant and equipment	1,688	740	347	0	0	(36)	(36)	0	(153)	0	0	33	0	1,999	(1,067)	932
Grow Rotorua's property, plant and equipment																
Motor vehicles	64	52	0	0	0	0	0	0	(16)	0	0	0	0	64	(28)	36
Computer equipment	2	1	0	0	0	0	0	0	0	0	0	0	0	2	(1)	1
Total Grow Rotorua's property, plant and equipment	66	53	0	0	0	0	0	0	(16)	0	0	0	0	66	(29)	37
Total group property, plant and equipment	1,204,747	1,131,638	7,236	16,013	2,460	(878)	(9,253)	0	(26,557)	(6,337)	(2)	38,016	(3)	1,213,985	(61,644)	1,152,341

* 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.

The net change of Plant, property and equipment from valuations is \$29,487 million (2013: -101,129 million).

Notes to the financial statements

for the year ended 30 June 2014

2013 Classification	\$'000																		
	Carrying amount 30 June 2014	Accumulated depreciation and impairment charges 30 June 2014	Cost / revaluation 30 June 2014	Other depreciation movements	Depreciation writeback	Other cost movements	Revaluation surplus	Current year depreciation	Current year impairment charges	Current year disposals	Assets transferred to hold for sale	Forestry assets reclassified	Infrastructural assets transferred to council	Infrastructural assets constructed by council	Current year additions	Carrying amount 1 July 2012	Accumulated depreciation and impairment charges 1 July 2012	Cost / revaluation 1 July 2012	
Operational assets																			
Land	43,123	0	43,123	0	0	0	0	0	0	0	0	0	0	0	0	43,123	0	43,123	
Buildings	126,464	(5,068)	121,396	613	(5)	0	0	(5,160)	0	(5)	0	0	0	0	121,396	(5,068)	126,464		
Library books	3,572	(739)	2,833	591	0	0	0	(427)	0	0	0	0	0	0	2,833	(739)	3,572		
Motor vehicles	8,235	(4,515)	3,720	2,066	0	0	0	(856)	0	(1,817)	0	0	0	0	3,720	(4,515)	8,235		
Art collections	6,050	(35)	6,015	8	0	0	0	(5)	0	0	0	0	0	0	6,015	(35)	6,050		
Plant and equipment	16,210	(9,112)	7,098	1,239	0	0	0	(1,697)	0	0	0	0	0	0	7,098	(9,112)	16,210		
Total operational assets	203,654	(19,469)	184,185	4,517	0	0	0	(8,145)	0	(1,822)	0	0	0	0	184,185	(19,469)	203,654		
Infrastructural assets																			
Land	4,829	0	4,829	0	0	0	0	0	0	(249)	0	0	0	0	4,829	0	4,829		
Parks and reserves	28,027	(3,064)	24,963	0	0	0	0	(1,240)	0	0	0	0	74	1,706	24,963	(3,064)	28,027		
Recreational forests	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Roading and footpaths	242,434	(7,892)	234,542	0	0	0	0	(9,033)	0	(8,450)	0	0	0	13,394	234,542	(7,892)	242,434		
Sewerage	43,814	(1,631)	42,183	0	0	0	0	(1,764)	0	(1,106)	0	0	0	6,187	42,183	(1,631)	43,814		
- treatment plant and facilities	159,484	(4,022)	155,462	0	0	0	0	(2,457)	0	(130)	0	0	0	4,662	155,462	(4,022)	159,484		
Water	17,576	(1,228)	16,348	0	0	0	0	(430)	0	(52)	0	0	0	508	16,348	(1,228)	17,576		
- treatment plant and facilities	85,278	(7,485)	77,793	0	0	0	0	(2,632)	0	(17)	0	0	0	2,574	77,793	(7,485)	85,278		
- other	110,494	(4,261)	106,233	0	0	0	0	(2,089)	0	0	0	0	0	1,754	106,233	(4,261)	110,494		
Stormwater	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Flood protection and control works	40,971	0	40,971	0	0	0	0	0	0	0	0	0	0	84	40,971	0	40,971		
Land under roads	73,2907	(29,583)	703,324	0	0	0	0	(19,646)	0	(10,004)	0	0	74	33,056	703,324	(29,583)	732,907		
Total infrastructural assets	1,081,047	(52,280)	1,028,767	6,812	0	0	0	(29,146)	0	(11,826)	0	0	74	33,056	1,028,767	(52,280)	1,081,047		
Restricted assets																			
Airport	51,927	(2,538)	49,389	470	0	0	0	(1,038)	0	0	0	0	0	0	49,389	(2,538)	51,927		
Land	79,329	0	79,329	1,227	0	0	0	0	0	0	0	0	0	0	79,329	0	79,329		
Landfill	13,230	(690)	12,540	598	0	0	0	(317)	0	0	0	0	0	598	12,540	(690)	13,230		
Total restricted assets	144,486	(3,228)	141,258	2,295	0	0	0	(1,355)	0	0	0	0	0	2,295	141,258	(3,228)	144,486		
Total Council	1,081,047	(52,280)	1,028,767	6,812	0	0	0	(29,146)	0	(11,826)	0	0	74	33,056	1,028,767	(52,280)	1,081,047		
RRAL'S property, plant and equipment																			
Building chattels	68	(13)	55	23	0	0	0	(3)	0	0	0	0	0	0	55	(13)	68		
Furniture and fittings	153	(101)	52	3	0	0	0	(13)	0	(1)	0	0	0	0	52	(101)	153		
Plant and equipment	866	(421)	445	1	0	0	0	(75)	0	(1)	0	0	0	0	445	(421)	866		
Motor vehicles	497	(248)	249	35	0	0	0	(17)	0	(36)	0	0	0	0	249	(248)	497		
Computer equipment	75	(43)	32	5	0	0	0	(12)	0	0	0	0	0	0	32	(43)	75		
Total RRAL'S property, plant and equipment	1,659	(826)	833	67	0	0	0	(120)	0	(37)	0	0	0	0	833	(826)	1,659		
Grow Rotorua's property, plant and equipment																			
Motor vehicles	0	0	0	64	0	0	0	(12)	0	0	0	0	0	0	64	0	0	0	
Computer equipment	0	0	0	2	0	0	0	(1)	0	0	0	0	0	0	2	0	0	0	
Total Grow Rotorua's property, plant and equipment	0	0	0	66	0	0	0	(13)	0	0	0	0	0	0	66	0	0	0	
Total group property, plant and equipment	1,082,706	(53,106)	1,029,600	6,945	0	0	0	(29,319)	0	(11,863)	0	0	74	33,056	1,029,600	(53,106)	1,082,706		
Total group property, plant and equipment	1,082,706	(73,102)	1,130,845	0	0	0	0	(29,319)	0	(11,863)	0	0	74	33,056	1,130,845	(73,102)	1,082,706		

* 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.



Notes to the financial statements

for the year ended 30 June 2014

Valuation

	Last valuation date	Replacement Cost 2014 \$000	Replacement Cost 2013 \$000
Roading and footpaths	2012/13	495,908	461,194
Sewerage			
- treatment plant and facilities	2011/12	65,947	63,777
- other	2013/14	251,029	250,067
Water			
- treatment plant and facilities	2009/10	22,837	22,653
- other	2009/10	161,122	160,143
Stormwater	2013/14	185,540	184,665
Flood protection and control works	N/A	0	0

Land (operational, restricted, and infrastructural)

The fair value of land is reviewed at three yearly intervals. The most recent valuation was performed by independent valuers QV and was effective as at 30 June 2014. There were also four separate land parcels valued by independent valuers Telfer Young, which were excluded from the QV valuation. The Telfer Young valuations collectively totalled \$525,000 and are effective February 2014.

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

Buildings (operational and restricted)

The fair value of buildings is reviewed at three yearly intervals. The most recent valuation was performed by independent valuers Landmass. The valuation is effective as at 30 June 2014. There were also four separate buildings valued by independent valuers Telfer Young, which were excluded from the Landmass valuation. The Telfer Young valuations collectively totalled \$530,000 and are effective February 2014.

There are 122 bus shelters that were not included in the building valuations, but are included as assets in the building class. The carrying value of these assets as at 30 June 2014 is \$235,000.

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



Notes to the financial statements

for the year ended 30 June 2014

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 2009
- Wastewater reticulation system: 30 June 2014
- Stormwater and land drainage system: 30 June 2014
- Roading network: 1 July 2012
- Parks and reserves assets: 1 July 2010

The valuation for wastewater reticulation system is included within the classification 'sewerage other'. Other assets within this classification were not included within the wastewater reticulation asset valuation. These included pump station plant assets and wastewater treatment systems which had carrying values of \$4.25 million and \$66,000 respectively as at 30 June 2014.

Library collections

Library collections are valued at depreciated replacement cost in accordance with the guidelines released in 2002 by the New Zealand Library Association and the National Library. Library valuations are performed by Council's library staff, and are subject to independent review by Barbara Whitton, an Associate and Registered member of LIANZA. The last valuation was effective as at 1 July 2010.

Art collections

The Museum art collections are valued at fair market value. Determination of fair value is made by: If an active market exists for the same or similar asset the market prices are deemed to be the fair value or If there is no active market fair value should be determined by other market based evidence adjudged by us as active and knowledgeable participants in the market. The last valuation was completed by independent valuer Art + Object and is effective 30 June 2014. There are a small number of artworks owned by the Council, but not housed in the Museum which were not revalued. The collective carrying value of these assets at 30 June 2014 is \$349,000.

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.



Notes to the financial statements

for the year ended 30 June 2014

The most recent fair value of the airport land was valued by independent valuer QV. The valuation is effective as at 30 June 2014.

The most recent fair value of the airport buildings was valued by independent valuer Telfer Young. The valuation is effective as at 31 January 2014.

The most recent fair value of the airport infrastructure (including runway) was valued by independent valuer AECOM. The valuation is effective as at 30 June 2014.

An artificial floating wetland which is included within the airport asset class is not included in the above valuations. The carrying value of the wetland as at 30 June 2014 is \$692,000.

Impairment

Impairment losses of \$1.98 million from an impairment on the revaluation of plant, property and equipment (2013: \$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 \$16,306 million (2013: \$25,291 million). The breakdown by asset class is as follows:

	2014	2013
	\$000	\$000
Operational assets		
Land	72	238
Buildings	280	187
Art collections	0	236
Plant and equipment	66	9
Infrastructural assets		
Parks and reserves	306	1,427
Roading and footpaths	1,928	3,934
Sewerage - treatment plant and facilities	7,033	5,426
Sewerage - other	3,822	7,416
Stormwater	451	2,754
Water - treatment plant and facilities	237	1,357
Water - other	758	1,231
Restricted assets		
Airport	147	863
Landfill	1,206	213
Total work in progress	16,306	25,291

Leasing

The net carrying amount of plant and equipment held under finance leases is \$Nil (2013: \$Nil).



Notes to the financial statements

for the year ended 30 June 2014

18: Intangible assets

	Council			Total \$000	Group Total \$000
	Carbon Credits \$000	Computer Software \$000	Goodwill \$000		
Cost					
Balance as at 1 July 2013	158	5,326	212	5,696	5,850
Additions	6	638	0	644	645
Disposals	(6)	(99)	0	(105)	(159)
Revaluation	142	0	0	142	142
Impairment	0	0	(117)	(117)	(117)
Balance as at 30 June 2014	300	5,865	95	6,260	6,361
Balance as at 1 July 2012	0	4,525	0	4,525	4,679
Additions	158	801	212	1,171	1,171
Disposals	0	0	0	0	0
Balance as at 30 June 2013	158	5,326	212	5,696	5,850
Accumulated amortisation and impairment					
Balance as at 1 July 2013	0	2,679	0	2,679	2,783
Amortisation charge	0	1,041	0	1,041	1,063
Disposals	0	(19)	0	(19)	(66)
Balance as at 30 June 2014	0	3,701	0	3,701	3,780
Balance as at 1 July 2012	0	1,721	0	1,721	1,790
Amortisation charge	0	958	0	958	993
Disposals	0	0	0	0	0
Balances as at 30 June 2013	0	2,679	0	2,679	2,783
Carrying Amounts					
Balance as at 1 July 2012	0	2,804	0	2,804	2,889
Balance as at 30 June and 1 July 2013	158	2,647	212	3,017	3,067
Balance as at 30 June 2014	300	2,164	95	2,559	2,581

Carbon credits

During 2012/13, the Council acquired 75,000 carbon credits for the purpose of meeting its obligations under the Emissions Trading Scheme for carbon emissions from its landfill operations. During 2013/14, the Council purchased a further 25,163 carbon credits to the value of \$5,536. These were forfeited in order to meet its 2013 calendar year carbon credits emissions liability. At 30 June 2014, Council's closing carbon credit balance of 75,000 units were revalued based on the market spot rate at balance date.

Goodwill

In May 2013, the Council purchased a Café business (the 'Museum Café'). Goodwill on acquisition was \$212,000. An impairment test was completed on the goodwill acquisition value as at 30 June 2014. When comparing future discounted cashflow projections based on the first year of operations of the business with the original business case projections, goodwill has been considered to be impaired at an estimated rate of 56%. An impairment loss of \$117,000 (2013: \$Nil) has been recognised in the statement of comprehensive income in the line item "other expenses" (note 9).



Notes to the financial statements

for the year ended 30 June 2014

Work in progress

The total amount of computer software in the course of construction is \$30,000 (2013: \$438,000).

19: Depreciation and amortisation expenses by group of activity

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Directly attributable depreciation and amortisation expense by group of activity				
Aquatic Facilities	399	387	399	387
Castlecorp Business Unit	920	846	920	846
Community Engagement and Support	1,027	1,022	1,027	1,022
District Library	1,187	849	1,187	849
Economic Development	466	385	482	397
Emergency Management	31	34	31	34
Events and Venues	1,857	1,822	1,857	1,822
Governance and Strategic Direction	2,682	2,582	2,682	2,582
Infrastructural Planning and Compliance	13	24	13	24
Public Gardens and Open Spaces	1,744	1,987	1,744	1,987
Regulatory Services	14	24	14	24
Roads and Footpaths	5,770	8,709	5,770	8,709
Rotorua Airport Infrastructure	933	1,038	1,108	1,227
Rotorua Museum	559	483	559	483
Stormwater and Land Drainage	2,091	2,087	2,091	2,087
Waste Management	4,815	4,732	4,815	4,732
Water Supplies	2,923	3,093	2,923	3,093
<i>Total directly attributable depreciation and amortisation by group of activity</i>	27,431	30,103	27,622	30,304
Depreciation and amortisation not directly related to group of activities	0	0	0	0
Total depreciation and amortisation expense	27,431	30,103	27,622	30,304

20: Forestry assets

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Balance at 1 July	1,276	1,230	1,276	1,230
Increases due to purchases	0	0	0	0
Increase due to asset recognised for the first time	1,319	0	1,319	0
Gains/(losses) arising from changes in fair value less estimated point of sale costs	(122)	45	(122)	45
Decreases due to sales	0	0	0	0
Decreases due to harvest	(13)	0	(13)	0
Transfer to plant, property and equipment (note 17)	(2,460)	0	(2,460)	0
Balance at 30 June	0	1,276	0	1,276



Notes to the financial statements

for the year ended 30 June 2014

The Council owns six forestry stands located at:

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

Tokorangi Forest (Redwood Forest)

In 1993 the Crown Forest License for the Tokorangi Forest (Redwood Forest) was transferred to Council from the Crown in recognition of the significant recreation resource with the valuable aesthetic and landscape features that the forest represents for the people of Rotorua, as well as its national and international visitors. There are covenants in place that restrict the licence to this effect. The majority of the forest will therefore not be managed commercially.

The 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.

Valuation assumptions

Independent valuers Prime Forest Management Limited have valued forestry assets as at 30 June 2014. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- a discount rate of 8% (2013: 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

Re-classification

As at 30 June 2014, the forestry assets have been re-classified as plant, property, and equipment (note 17). Here they are classified as recreational forests, as part of the Council's operating assets. This re-classification recognises that the forestry assets are predominately used for recreational purposes, rather than being managed primarily for harvesting, or being transformed into additional biological assets.

21: Creditors and other payables

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Trade payables	9,066	17,154	9,014	17,582
Other payables	372	391	413	391
Deposits and bonds	922	1,054	922	1,054
Rates, fees and grants received in advance	3,749	3,874	3,749	3,874
Accrued interest	2,633	2,155	2,633	2,155
Total creditors and other payables	16,742	24,628	16,731	25,056

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.



Notes to the financial statements

for the year ended 30 June 2014

22: Borrowings

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Current portion				
Registered debenture stock	15,000	15,000	15,000	15,000
Registered security stock	18,675	23,450	18,675	23,450
<i>Total current portion</i>	33,675	38,450	33,675	38,450
Non-current portion				
Registered debenture stock	75,000	80,000	75,000	80,000
Registered security stock	5,000	19,900	5,000	19,900
LGFA borrowing	55,000	20,000	55,000	20,000
Other secured loans	0	0	0	0
<i>Total non-current portion</i>	135,000	119,900	135,000	119,900
Total borrowings	168,675	158,350	168,675	158,350

Fair values of non-current borrowings

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Registered debenture stock	76,223	82,719	76,223	82,719
Registered security stock	5,000	19,900	5,000	19,900
LGFA borrowing	54,809	19,920	54,809	19,920
Derivative valuation	0	33	0	33
Total	136,032	122,572	136,032	122,572

Registered security stock

Security stock of \$23,675,000 (2013: \$43,350,000) is at floating interest rates. The interest rate is reset based on the bank bill rate plus a margin for credit risk.

Borrowing from the Local Government Funding Agency (LGFA) of \$55 million (\$2013: \$20 million) is at fixed interest rates for the term of the stock.

Registered debenture stock

Debenture stock of \$90 million (2013: \$80 million) is at fixed interest rates for the term of the stock. Debenture stock of \$15 million (2013: \$15 million) is at floating interest rates. The interest rate is reset quarterly or six monthly based on the equivalent bank bill rate plus a margin for credit risk.

Security

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

Council does not have an overdraft facility.



Notes to the financial statements

for the year ended 30 June 2014

Treasury Policy compliance ratios

	Limit	2014	2013
Net debt as a percentage of equity	<20%	16.62%	16.53%
Net debt as a percentage of income	<200%	156.26%	147.44%
Net interest as a percentage of income	<15%	8.38%	7.65%
Liquidity (external debt plus cash or near cash financial investments plus committed loan facilities, to existing external debt	>100%	125.22%	110.93%
No more than 50% of outstanding debt or \$60 million (whichever is the greater) can mature in any rolling 12 month period	<50%	23.71%	24.28%
Headroom for undrawn committed bank facilities	>\$2 million	\$36 million	\$16 million

The weighted average effective interest rate on borrowings is 5.47% (2013: 5.22%).

23: Employee entitlements

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Current				
Payroll payables	1,482	986	1,482	1,043
Accrued pay	648	648	648	648
Annual leave	3,647	3,686	3,715	3,701
Long service leave	208	223	213	223
Retirement gratuities	56	0	56	0
Sick leave	80	110	80	110
Total current	6,121	5,652	6,194	5,724

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Non current				
Long service leave	82	129	82	129
Retirement gratuities	172	347	172	347
Total non current	254	476	254	476

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

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary. A weighted average discount rate of 3.5% (2013: 1.6%) and an inflation factor of 1.6% (2013: 0.7%) were used.



Notes to the financial statements

for the year ended 30 June 2014

24: Provisions

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Current provisions are represented by:				
Restructuring provision	1,033	0	1,033	0
Weather-tightness claims	573	657	573	657
Landfill aftercare provisions	60	20	60	20
Prov. grants not yet uplifted	24	46	24	46
Total current provisions	1,690	723	1,690	723
Non-current provisions are represented by:				
Landfill aftercare provision	1,959	2,557	1,959	2,557
Provision for refund of rates	69	81	69	81
Total non-current provisions	2,028	2,638	2,028	2,638

Movements for each class of provisions are as follows:

Council and group	Restructuring	Weather-tightness claims	Landfill aftercare	Refund of rates	Grants not yet uplifted
	\$000	\$000	\$000	\$000	\$000
2014					
Balance 1 July 2013	0	657	2,577	81	46
Additional provisions made during the year	1,033	100	0	0	0
Amounts used during the year	0	(184)	0	(12)	(22)
Discount unwinding	0	0	(558)	0	0
Balance at 30 June 2014	1,033	573	2,019	69	24
2013					
Balance 1 July 2012	0	1,005	2,594	104	103
Additional provisions made during the year	0	0	0	0	15
Amounts used during the year	0	(348)	0	(23)	(72)
Discount unwinding	0	0	(17)	0	0
Balance at 30 June 2013	0	657	2,577	81	46

Restructuring

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

Weathertightness claims

There are currently four claims lodged with the Weathertight Homes Resolutions Service (WHRS) and the Financial Assistance Package as at 30 June 2014 (2013: seven). 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 \$573,000 for actual and any potential future claims, which has been based on historical average claim levels and other information held.



Notes to the financial statements

for the year ended 30 June 2014

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 twenty years time. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 5.5%.

Refund of rates

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

25: Equity

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Accumulated Funds				
Balance at 1 July	853,903	853,102	854,373	853,102
Net surplus/(deficit)	(13,651)	(11,204)	(13,924)	(10,734)
Transfers from asset revaluation reserves on PPE disposal	1,784	0	1,784	0
Transfers from fair value equity reserve	405	0	265	0
Transfers from self funding reserve	(76,452)	11,762	(76,452)	11,762
Transfer from council created reserve	(25,092)	(42)	(25,092)	(42)
Transfer from restricted reserve	(253)	285	(253)	285
Balance at 30 June	740,644	853,903	740,701	854,373

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.

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



Notes to the financial statements

for the year ended 30 June 2014

Council and Group 2014	Opening balance 1 July 2013	Movement during year	Interest earned/ charged to 30 June 2014	Transfer to accumulated funds	Closing balance 30 June 2014
	\$000	\$000	\$000	\$000	\$000
Pensioner housing	888	296	0	0	1,184
Events centre	(5,073)	35	0	5,038	0
Airport	(65,340)	(2,237)	0	67,577	0
Wastewater	10,397	(1,229)	0	(9,168)	0
Eastern sewerage scheme	452	317	0	(769)	0
Rural waste water	(3,407)	(129)	0	3,536	0
Landfill	(7,855)	(1,759)	0	9,614	0
Water	(4,554)	(2,175)	0	6,729	0
Refuse collection	(721)	(999)	0	1,720	0
Electricity	804	141	0	0	945
Economic projects	88	0	0	(88)	0
Total self funding reserves	(74,322)	(7,739)	0	84,189	2,129

Council and Group 2013	Opening balance 1 July 2012	Movement during year	Interest earned/ charged to 30 June 2013	Transfer to accumulated funds	Closing balance 30 June 2013
	\$000	\$000	\$000	\$000	\$000
Pensioner housing	952	(63)	0	0	888
Events centre	(5,161)	88	0	0	(5,073)
Airport	(65,407)	3,839	(3,772)	0	(65,340)
Wastewater	15,225	(5,508)	678	0	10,397
Eastern sewerage scheme	2,998	(2,638)	91	0	452
Rural waste water	(754)	(2,543)	(110)	0	(3,407)
Landfill	(7,606)	161	(409)	0	(7,855)
Water	(3,149)	(1,200)	(204)	0	(4,554)
Refuse collection	(206)	(490)	(25)	0	(721)
Electricity	471	299	34	0	804
Economic projects	83	0	5	0	88
Total self funding reserves	(62,554)	(8,055)	(3,712)	0	(74,322)

Council created reserves

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

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



Notes to the financial statements

for the year ended 30 June 2014

Council and Group 2014	Opening balance 1 July 2013	Movement during year	Interest earned/ charged to 30 June 2014	Transfer to accumulated funds	Closing balance 30 June 2014
	\$000	\$000	\$000	\$000	\$000
Reporoa Domain	59	7	0	0	66
Waikite Domain	24	2	0	0	26
Development Contributions					
Roading	(902)	(408)	0	1,310	0
Public amenities	(7,888)	17	0	7,871	0
Land drainage and stormwater	(373)	(85)	0	458	0
Parks and reserves	(1,396)	(7)	0	1,403	0
Water	(5,690)	49	0	5,641	0
Waste water	(8,837)	(127)	0	8,964	0
Total Council created reserves	(25,000)	(552)	0	25,647	92

Council and Group 2013	Opening balance 1 July 2012	Movement during year	Interest earned/ charged to 30 June 2013	Transfer to accumulated funds	Closing balance 30 June 2013
	\$000	\$000	\$000	\$000	\$000
Reporoa Domain	48	8	3	0	59
Waikite Domain	21	2	1	0	24
Development Contributions					
Roading	568	(1,453)	(17)	0	(902)
Public amenities	(7,528)	48	(408)	0	(7,888)
Land drainage and stormwater	(165)	(193)	(15)	0	(373)
Parks and reserves	(1,362)	30	(64)	0	(1,396)
Water	(5,327)	(71)	(292)	0	(5,690)
Waste water	(11,300)	2,996	(533)	0	(8,837)
Total Council created reserves	(25,045)	1,367	(1,325)	0	(25,000)

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

Restricted reserves

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

Council and Group 2014	Opening balance 1 July 2013	Movement during year	Interest earned/ charged to 30 June 2014	Closing balance 30 June 2014
	\$000	\$000	\$000	\$000
Reserves development	1,212	259	0	1,471
Creative NZ Reserve	26	(6)	0	20
Total restricted reserves	1,238	253	0	1,491



Notes to the financial statements

for the year ended 30 June 2014

Council and Group 2013	Opening balance 1 July 2012	Movement during year	Interest earned/ charged to 30 June 2013	Closing balance 30 June 2013
	\$000	\$000	\$000	\$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

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	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Opening balance	(33)	(558)	(33)	(558)
Valuations gains / (losses) taken to equity	294	524	294	524
Closing balance	261	(33)	261	(33)

Fair value through equity reserve

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Opening balance	777	304	307	304
Transfers to accumulated funds	(405)	0	(265)	0
Valuations gains / (losses) taken to equity	(315)	473	(42)	3
Closing balance	57	777	0	307



Notes to the financial statements

for the year ended 30 June 2014

Asset revaluation reserves - Plant, Property, Equipment

Council and Group	2014 asset revaluation reserve for each asset class consist of							
	Opening balance 1 July 2013	Transfers relating to prior periods	Transfer to accumulated funds on disposal of property	Transfers between asset classes	Revaluation gains/ (losses) during year	Revaluation disposal gains/(losses) during year	Debit reserves transferred to SOCI	Closing balance 30 June 2014
2014	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Airport	1,878	0	0	34	2,413	0	0	4,325
Art collection	0	0	0	0	18,506	0	0	18,506
Building	5,457	393	(866)	0	9,530	0	200	14,714
Bridges	0	0	0	0	0	0	0	0
Land	0	0	0	(213)	(1,833)	0	2,046	0
Landfill	6,207	0	0	213	0	0	0	6,420
Library	274	0	0	0	0	0	60	334
Parks and reserves	5,266	(1,538)	(139)	0	0	0	31	3,620
Roading	102,298	(1,298)	0	(34)	0	0	0	100,966
Stormwater	51,989	0	(372)	0	(1,153)	0	0	50,464
Street items	605	(155)	0	0	0	0	0	450
Waste management	0	0	0	0	0	0	0	0
Wastewater reticulation	7,837	0	0	(294)	2,024	0	0	9,567
Wastewater plant	3,734	0	(151)	294	0	0	30	3,907
Waterworks	19,705	0	(256)	0	0	0	13	19,462
TOTAL	205,250	(2,598)	(1,784)	0	29,487	0	2,380	232,735

During 2013/14 a review of the fixed asset register occurred. From the review a number of duplicated assets were identified. These were created through previous revaluations. The 2014 revaluation reserve has been adjusted to remove these historical errors.

Council and Group	2014 asset revaluation reserve for each asset class consist of							
	Opening balance 1 July 2012	Transfers relating to prior periods	Transfer to accumulated funds on disposal of property	Transfers between asset classes	Revaluation gains/ (losses) during year	Revaluation disposal gains/(losses) during year	Debit reserves transferred to SOCI	Closing balance 30 June 2013
2013	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Airport	1,878	0	0	0	0	0	0	1,878
Building	5,458	0	0	0	0	(1)	0	5,457
Bridges	0	0	0	0	0	0	0	0
Land	0	0	0	0	0	0	0	0
Landfill	6,207	0	0	0	0	0	0	6,207
Library	274	0	0	0	0	0	0	274
Parks and reserves	5,266	0	0	0	0	0	0	5,266
Roading	5,092	0	0	0	101,146	(3,940)	0	102,298
Stormwater	51,989	0	0	0	0	0	0	51,989
Street items	636	0	0	0	(17)	(14)	0	605
Waste management	0	0	0	0	0	0	0	0
Wastewater reticulation	7,770	0	0	0	0	67	0	7,837
Wastewater plant	3,553	0	0	0	0	181	0	3,734
Waterworks	19,723	0	0	0	0	(18)	0	19,705
TOTAL	107,846	0	0	0	101,129	(3,725)	0	205,250



Notes to the financial statements

for the year ended 30 June 2014

Asset revaluation reserves - Intangibles

Council and Group 2014	Opening balance 1 July 2013 \$000	Revaluation gains/ (losses) during year \$000	Closing balance 30 June 2014 \$000
Carbon credits	0	128	128
TOTAL	0	128	128

Council and Group 2013	Opening balance 1 July 2012 \$000	Revaluation gains/ (losses) during year \$000	Closing balance 30 June 2013 \$000
Carbon credits	0	0	0
TOTAL	0	0	0

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

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Surplus/(deficit) after tax	(13,651)	(11,204)	(13,924)	(10,734)
Add/(less) non(cash items:				
Depreciation	26,390	29,145	26,559	29,346
Amortisation	1,041	958	1,063	958
Impairment of plant, property and equipment	1,980	0	1,980	0
Impairment intangible assets	117	0	117	0
Impairment of asset held for sale	400	0	400	0
Vested assets and assets recognised for first time	(1,338)	(74)	(1,338)	(74)
(Gains)/losses in fair value of forestry assets	135	(46)	135	(46)
Add/(less) items classified as investing or financing activities:				
(Gains)/losses on disposal of property, plant and equipment	2,828	5,301	2,828	5,284
(Gains)/losses on disposal of Intangibles	86	0	86	0
Movement in capital creditors	3,886	0	3,886	0
(Gains)/losses in fair value of derivatives	0	(224)	0	(224)
(Gains)/losses in fair value of investments	353	33	3	33
Add/(less) movements in working capital items:				
Debtors and other receivables	5,892	7,060	6,033	6,963
Inventories	29	(30)	29	(30)
Creditors and other payables	(7,920)	2,281	(8,359)	2,627
Provision for taxation	0	0	(6)	2
Provisions	357	(445)	357	(445)
Employee Benefits	247	232	248	254
Net cash inflow/(outflow) from operating activities	20,832	32,987	20,097	33,914



Notes to the financial statements

for the year ended 30 June 2014

27: Capital commitments and operating leases

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Capital commitments				
Recreation and community services	144	1,805	144	1,805
Works and engineering services	15,759	22,944	15,759	22,944
Support services	0	0	0	0
Airport	84	77	84	77
Total capital commitments	15,987	24,826	15,987	24,826

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

Operating leases as lessee

The Council and group leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 60 months. The future aggregate minimum lease payments payable under non cancellable operating leases are as follows:

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Not later than one year	478	469	538	469
Later than one year and not later than two years	287	357	347	357
Later than two years and not later than five years	774	722	954	722
Later than five years	1,066	1,220	1,216	1,220
Total non cancellable operating lease commitments as lessee	2,605	2,768	3,055	2,768
Total commitments	18,592	27,594	19,042	27,594

The total minimum future sublease payments expected to be received under non cancellable subleases at balance date is \$Nil (2013: \$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.



Notes to the financial statements

for the year ended 30 June 2014

Operating leases as lessor

The Council leases land, buildings, parks, reserve land and commercial premises under operating leases. The majority of these leases have a non cancellable term of 120 months. The future aggregate minimum lease payments to be collected under non cancellable operating leases are as follows:

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Not later than one year	1,581	1,385	1,121	1,385
Later than one year and not later than two years	1,365	1,057	905	1,057
Later than two years and not later than five years	3,187	2,256	1,809	2,256
Later than five years	6,044	5,443	4,433	5,443
Total non cancellable operating leases as lessor	12,177	10,141	8,268	10,141

No contingent rents have been recognised during the period.

28: Contingencies

Contingent liabilities

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Financial Guarantees				
Guarantees to community and sporting groups	123	143	123	143
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	902	732	902	732
LAPP				
Local Authority Protection Programme Disaster Fund	0	1,928	0	1,928
Total contingent liabilities	2,792	4,570	2,792	4,570

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



Notes to the financial statements

for the year ended 30 June 2014

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 five legal claims (2013: six). An estimate of council's share of exposure is \$902,000 (2013: \$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 24, a provision of \$573,000 (2013: \$657,000) has been recognised for weathertightness claims. Included in this amount is an estimate of \$300,000 (2013: \$375,000) 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 2012/2013, and no further call for additional contributions occurred during 2013/2014. RiskPool have advised that based on the Fund's present position there will be no need to make a call for the 2014/15 financial year. However it is possible that further calls could still be made beyond this date, 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 2014 the Scheme had a past service surplus of \$16.2 million (8.0% of the liabilities). (2013: 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, but otherwise the assumptions and methodology were consistent with the requirements of NZ IAS 19.

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

Local Government Funding Agency

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



Notes to the financial statements

for the year ended 30 June 2014

The Council is one of ten local authority borrowers and guarantors with the LGFA which now has 30 local authorities and the Crown as shareholders of the LGFA. At 30 June 2014, the LGFA had borrowings totalling \$3,695 million (2013: \$2,475 million).

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 meant that as at 30 June 2013 that Rotorua District Council may have had to contribute up to \$1,928,000 if there were two Christchurch type events in the next financial year. Rotorua District Council formally withdrew its membership from LAAP effective as at 30 June 2014.

Contingent assets

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Loan guarantees				
Rotorua Badminton Club Incorporated	41	46	41	46
Rotorua Hockey Trust & BOP Hockey Association	151	167	151	167
Total	192	213	192	213

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 2014 there are three facilities with a book value of \$192,303 (2013: \$213,362).

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Suspensory Loans				
Reporoa College	30	40	30	40
Western Heights High School	30	60	30	60
Rotorua Girls High School	0	30	0	30
Rotorua Rail Trust	0	1	0	1
Kaharoa Primary School	20	30	20	30
Lynmore Primary School	0	4	0	4
St Chads	17	30	17	30
John Paul College	115	135	115	135
Rotorua Kartsport Development	90	135	90	135
Total	302	465	302	465
Total contingent assets	494	678	494	678



Notes to the financial statements

for the year ended 30 June 2014

29: 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

	Council	
	2014	2013
	\$000	\$000
Rotorua Regional Airport		
Services provided by the council		
- Land and water rates	78	82
- Rent	43	87
- Development levy	413	482
Accounts payable to the council	68	79
Accounts receivable from the council	478	516

	Council	
	2014	2013
	\$000	\$000
Terax 2013 Ltd		
Accounts payable to the council	5	0
Accounts receivable from the council	6	0
Directors Fee reimbursement RDC	20	5

	Council	
	2014	2013
	\$000	\$000
Terax Limited Partnership		
RDC call on committed capital	150	0
Accounts payable to the council	0	0
Accounts receivable from the council	0	0

	Council	
	2014	2013
	\$000	\$000
Grow Rotorua Ltd		
Grant paid to Grow Rotorua Ltd	800	850
Services provided by the council		
- Management fee	0	10
Accounts payable to the council	3	3
Accounts receivable from the council	0	0



Notes to the financial statements

for the year ended 30 June 2014

	Council	
	2014	2013
Key management personnel compensation	\$000	\$000
Salaries and other short term employee benefits	1,094	1,059
Post-employment benefits	0	0
Other long-term benefits	33	43
Termination benefits	0	0
Share-based payments	0	0
Councillors Salaries	641	609
Total group key management remuneration	1,768	1,711

Transactions with key management personnel

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).

During the financial year the Council received, funded or made payments to entities in which Councillors had governance, shareholder or other interests. Councillors do not participate in decisions directly related to funding of their related entities.

Entity	Relationship	Payments to entity		Payments outstanding at 30 June (GST incl)		Receipts from entity		Receipts outstanding at 30 June (GST incl)	
		2014	2013	2014	2013	2014	2013	2014	2013
		\$	\$	\$	\$	\$	\$	\$	\$
Gardeners Landscape Supplies Ltd (1)	Councillor Peter Bentley and former Councillor Maggie Bentley are Directors	1,095	721	335	183	0	0	0	0
Clean Green City Maintenance Ltd (2)	Councillor Peter Bentley is a Director. Wife Maggie Bentley was a Councillor during 2013/14	1,050	1,416,503	0	1,207	0	0	0	0
Rotorua Christmas Parade Charitable Trust (3)	Former Councillor Maggie Bentley is a Trustee	7,568	7,500	0	0	0	0	0	0
Te Amorangi Trust Museum Inc (4)	Former Councillor Maggie Bentley was a Trustee	3,700	3,700	0	0	0	0	0	0
Rotorua Community Youth Centre Trust (5)	Major Steve Chadwick, Councillor Tania Tapsell, and former Councillor Julie Calnan are Trustees	67,652	60,710	0	6,900	3,152	0	0	872
The Home of Cycling Charitable Trust (6)	Councillor Dave Donaldson is a Trustee	500	0	0	0	0	0	0	0
Gould Photographics (7)	Councillor Mark Gould is a Director	165	303	0	0	0	0	0	0
Rotorua Lakeside Concert Charitable Trust (8)	Councillor Trevor Maxwell is a Trustee	46,774	24,696	0	0	15,179	2,565	0	0
Rotorua Energy Charitable Trust (9)	Councillor Trevor Maxwell is a Trustee	0	2,195	0	23,818	56,599	62,109	0	0
Te Arawa Kapa Charitable Trust (10)	Councillor Trevor Maxwell is a Trustee	0	0	0	0	75,182	0	0	0
Lakes District Health Board (11)	Councillors Merepeka Raukawa-Tait and Charles Sturt are board members	0	0	0	0	73,995	0	0	0
Rotorua Careers Expo Trust (12)	Councillor Merepeka Raukawa-Tait was a Trustee	0	0	0	0	11,907	14,043	770	0
St Chads Communication Centre (13)	Councillor Janet Wepa is a Trustee	3,282	2,019	1,500	0	0	0	0	0



Notes to the financial statements

for the year ended 30 June 2014

Reference

- (1) For Garden and landscape supplies
- (2) For Contractual services
- (3) For Council Community grants
- (4) For Council Community grants
- (5) Council Community grants
- (6) For Signage
- (7) For Photographic supplies
- (8) For Event sponsorship and hosting
- (9) For Council Community grants and event sponsorship
- (10) For Event Hire
- (11) For Share of 2013 election costs
- (12) For Event Hire
- (13) For Council Community grants

Geoff Williams, Chief Executive, is director for BOP LASS Limited to which Council paid \$294,864 (2013: \$275,778) for services provided. An outstanding equity amount payable at 30 June 2013 was \$16,634 and also services amount payable was \$3,272 (GST incl) (2013: \$20,163) and Council received \$410 (2013: \$3,125) during the year from BOP LASS Limited.

Geoff Williams, Chief Executive, is also a director for LASS Limited, to which Council paid \$96,283 (2013: \$Nil) towards contributions to projects and services provided. An outstanding credit balance was owed to Council of \$20,966 (GST incl) at 30 June (2013: \$Nil).

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 2014 \$Nil (2013: \$Nil).

30: Remuneration

Chief Executive's remuneration

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

The Chief Executive received the following remuneration:

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Salary	295,402	298,040	295,402	298,040
Vehicle (including FBT)	0	23,836	0	23,836
	295,402	321,876	295,402	321,876
<i>Other Benefits</i>				
Professional Association Fees	275	1,086	275	1,086
Superannuation	0	14,676	0	14,676
	275	15,762	275	15,762
Total normal remuneration	295,677	337,638	295,677	337,638
Plus: Severance payment	0	11,289	0	11,289
Payment for accrued leave on cessation	0	65,573	0	65,573
Total amount paid	295,677	414,500	295,677	414,500



Notes to the financial statements

for the year ended 30 June 2014

Elected representatives

Elected representatives received the following remuneration:

	Honoraria 2014 \$	Hearing fees 2014 \$000	Total 2014 \$000	Total 2013 \$000
Mayor				
Chadwick S (Mayor) *	80,789	0	80,789	0
Chadwick S (Mayor) – Mayor’s vehicle *	2,519	0	2,519	0
Winters K (former Mayor) **	36,559	0	36,559	111,841
Winters K (former Mayor) – Mayor’s vehicle **	1,453	0	1,453	4,735
Councillors				
Bentley M **	12,312	480	12,792	39,909
Bentley P *	28,024	0	28,024	0
Calnan J **	12,803	0	12,803	39,249
Donaldson D	46,275	0	46,275	39,249
Gould M	40,337	0	40,337	37,748
Hunt K	48,975	830	49,805	41,129
Kent R *	28,024	0	28,024	0
Maxwell T H	42,507	0	42,507	42,413
McVicker M	43,130	280	43,410	43,163
Raukawa-Tait M	44,428	0	44,428	37,748
Searancke G P	50,255	950	51,205	47,693
Sturt C W	41,700	0	41,700	38,029
Tapsell T *	28,024	0	28,024	0
Waaka M T R #	740	0	740	44,849
Wepa J G	52,983	760	53,743	46,283
Total Elected Members' remuneration	641,837	3,300	645,137	614,038

* commenced Term October 2013

** completed Term October 2013

deceased 1 July 2013

The monetary remuneration consists of honoraria (honorarium includes \$1,050 communication allowance) and meeting allowances, and is determined by the remuneration authority under the local government elected members determination 2013. Professional indemnity and trustee liability insurance is also provided to the councillors against any potential legal litigation which may occur while undertaking council business.



Notes to the financial statements

for the year ended 30 June 2014

Council employees

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

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

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 427 (2013: 462) full-time employees, with the balance of staff representing 72.35 (2013: 76.37) full-time equivalent employees. A full-time employee is determined on the basis of a 40 hour working week.

31: Severance payments

The council made one severance payment to an employee during the year totalling \$2,000 (2013: two - \$39,130.58).

The value of each of the severance payments was \$2,000 (2013: \$27,841.58 and \$11,289).

32: Agency relationships

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

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



Notes to the financial statements

for the year ended 30 June 2014

Petrol tax

The Bay of Plenty Local Authority Petrol Tax Distribution for the year ended 30 June 2014	2014 \$000	Percentage %	2013 \$000	Percentage %
Kawerau District Council	59	2.3	55	2.3
Opotiki District Council	60	2.4	58	2.5
Rotorua District Council	516	20.5	522	22.0
Taupo District Council	376	14.9	347	14.5
Tauranga City Council	866	34.3	820	33.2
Western BOP District Council	381	15.1	361	15.0
Whakatane District Council	265	10.5	254	10.5
Total tax distributable to councils	2,523	100	2,417	100

State Highways administration

	2014 \$000	2013 \$000
Expenditure on State Highways roading network (Reimbursed from Land Transport New Zealand and Whakatane District Council)	14,809	13,302

Regional Council rates

	2014 \$000	2013 \$000
Rates were collected on behalf of the following Regional Authorities:		
Bay of Plenty Regional Council	7,327	7,066
	7,327	7,066



Notes to the financial statements

for the year ended 30 June 2014

33: Financial instruments

33A: Financial instrument categories

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
FINANCIAL ASSETS				
Loans and receivables				
Total cash and cash equivalents (including short term deposits 3 months or less)	5,329	663	5,998	2,258
Debtors and other receivables (including community loans)	7,084	11,068	7,248	11,379
Borrower Notes	880	320	880	320
<i>Total loans and receivables</i>	13,293	12,051	14,126	13,957
Fair value through other comprehensive income				
Unlisted shares	2,125	2,627	305	332
Derivatives that are hedge accounted				
Derivative financial instrument assets	276	0	276	0
<i>Total financial assets</i>	15,694	14,678	14,707	14,289
FINANCIAL LIABILITIES				
Financial liabilities				
Creditors and other payables	16,742	24,628	16,731	25,096
Borrowings:				
Registered debenture stock	90,000	95,000	90,000	95,000
Registered security stock	23,675	43,350	23,675	43,350
LGFA borrowings	55,000	20,000	55,000	20,000
Derivatives that are hedge accounted				
Derivative financial instrument liabilities	16	33	16	33
Total financial liabilities at amortised cost	185,433	183,011	185,422	183,439

33B: Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.



Notes to the financial statements

for the year ended 30 June 2014

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

	Total	Quoted market price	Valuation technique observable inputs	Significant non- observable inputs
	\$000	\$000	\$000	\$000
30 June 2014 Council				
Financial assets				
Borrower Notes	880	0	880	0
Shares	2,125	0	0	2,125
Derivatives	276	0	276	0
Financial liabilities				
Registered debenture stock	90,000	0	90,000	0
Registered security stock	23,675	0	23,675	0
LGFA borrowings	55,000	0	55,000	0
Derivatives	16	0	16	0
30 June 2014 Group				
Financial assets				
Borrower Notes	880	0	880	0
Shares	305	0	0	305
Derivatives	276	0	276	0
Financial liabilities				
Registered debenture stock	90,000	0	90,000	0
Registered security stock	23,675	0	23,675	0
LGFA borrowings	55,000	0	55,000	0
Derivatives	16	0	16	0
30 June 2013 Council				
Financial assets				
Borrower notes	320	0	320	0
Shares	2,627	0	0	2,627
Derivatives	0	0	0	0
Financial liabilities				
Registered debenture stock	95,000	0	95,000	0
Registered security stock	43,350	0	43,350	0
LGFA borrowings	19,900	0	19,900	0
Derivatives	33	0	33	0
30 June 2013 Group				
Financial assets				
Borrower notes	320	0	320	0
Shares	332	0	0	332
Derivatives	0	0	0	0
Financial liabilities				
Registered debenture stock	95,000	0	95,000	0
Registered security stock	43,350	0	43,350	0
LGFA borrowings	19,900	0	19,900	0
Derivatives	33	0	33	0

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



Notes to the financial statements

for the year ended 30 June 2014

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	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Balances 1 July	2,627	2,147	332	363
Gains and losses recognised in other comprehensive income	(502)	480	(27)	(31)
Balance at 30 June	2,125	2,627	305	332

Any hedging must be approved by council.

33C: Financial instrument risks

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

Market risk

Price risk

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

Currency risk

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

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

Interest rate risk

The interest rate risk comprises:

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

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



Notes to the financial statements

for the year ended 30 June 2014

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

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

At year end the Council has 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	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Cash at Bank and term deposits	5,329	663	5,998	2,258
Debtors and other receivables (including community loans)	7,084	11,057	7,248	11,368
Borrower Notes	880	320	880	320
Unlisted shares	2,125	2,627	305	332
Derivative financial instrument assets	276	0	276	276
Total	15,694	14,667	14,707	14,554



Notes to the financial statements

for the year ended 30 June 2014

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	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Counterparties with credit ratings				
Cash at bank and term deposits	5,329	663	5,998	2,258
Total cash at bank and term deposits	5,329	663	5,998	2,258
Borrower notes	880	320	880	320
Total Borrower notes	880	320	880	320
Derivative financial instrument assets	276	0	276	0
Total derivative financial instrument assets	276	0	276	0
Counterparties without credit ratings				
Unlisted shares	2,125	2,627	305	332
Total unlisted shares	2,125	2,627	305	332
Community and related party loans				
Existing counterparty with no defaults in the past	11	11	11	11
Total community and related party loans	11	11	11	11

Debtors and other receivables mainly arise from Council's statutory function. Therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The Council has no significant concentrations of credit risk with respect to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Liquidity risk

Management of liquidity risk

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

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

Council has a maximum amount that can be drawn down against its bank facilities of \$60 million (2013: \$55 million). There are no restrictions on the use of this facility.



Notes to the financial statements

for the year ended 30 June 2014

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 2014						
Creditors and payables	16,742	16,742	16,742	0	0	0
Registered debenture stock	90,000	103,060	19,682	28,534	44,331	10,513
Registered security stock	23,675	23,899	23,888	11	0	0
LGFA borrowings	55,000	70,325	3,000	3,000	48,537	15,788
Derivatives	16	16	16	0	0	0
Total	185,433	214,042	63,328	31,545	92,868	26,301
Group 2014						
Creditors and payables	16,731	16,731	16,731	0	0	0
Registered debenture stock	90,000	103,060	19,682	28,534	44,331	10,513
Registered security stock	23,675	23,899	23,888	11	0	0
LGFA borrowings	55,000	70,325	3,000	3,000	48,537	15,788
Derivatives	16	16	16	0	0	0
Total	185,422	214,031	63,317	31,545	92,868	26,301
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	25,056	25,056	25,056	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	183,439	203,439	89,419	19,939	63,245	30,836



Notes to the financial statements

for the year ended 30 June 2014

Contractual maturity analysis of financial assets

The table below analyses the council's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying amount \$000	Contractual cashflows \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
Council 2014						
Cash and cash equivalents (including short term deposits 3 months or less)	5,329	5,329	5,329	0	0	0
Debtors and other receivables	7,084	7,084	7,084	0	0	0
Derivatives	276	302	(6)	62	246	0
Other financial assets						
Borrower notes	880	638	0	0	389	249
Unlisted shares	2,125	2,125	2,125	0	0	0
Total	15,694	15,478	14,532	62	635	249
Group 2014						
Cash and cash equivalents (including short term deposits 3 months or less)	5,998	5,998	5,998	0	0	0
Debtors and other receivables	7,248	7,248	7,248	0	0	0
Derivatives	276	302	(6)	62	246	0
Other financial assets						
Borrower notes	880	638	0	0	389	249
Unlisted shares	2,125	2,125	2,125	0	0	0
Total	16,527	16,311	15,365	62	635	249
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
Derivatives	0	0	0	0	0	0
Other financial assets						
Borrower notes	320	796	398	0	0	398
Unlisted shares	2,627	2,627	2,627	0	0	0
Total	14,667	15,143	14,745	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	11,368	11,368	11,368	0	0	0
Derivatives	0	0	0	0	0	0
Other financial assets						
Borrower notes	320	398	0	0	0	398
Unlisted shares	332	332	332	0	0	0
Total	14,278	14,356	13,958	0	0	398



Notes to the financial statements

for the year ended 30 June 2014

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	2014 \$000				2013 \$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	(53)	0	53	0	(7)	0	7	0
Derivatives (hedge accounted)	0	(385)	0	367	0	0	0	0
Financial liabilities								
Derivatives (hedge accounted)	0	(12)	0	12	0	(547)	0	519
Borrowings:								
- Debenture Stock	(150)	0	150	0	150	0	(150)	0
- Security Stock	(237)	0	237	0	434	0	(434)	0
Total sensitivity	(440)	(397)	440	379	577	(547)	(577)	519

Group	2014 \$000				2013 \$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	(60)	0	60	0	(7)	0	7	0
Derivatives (hedge accounted)	0	(385)	0	367	0	0	0	0
Financial liabilities								
Derivatives (hedge accounted)	0	(12)	0	12	0	(547)	0	519
Borrowings:								
- Debenture Stock	(150)	0	150	0	150	0	(150)	0
- Security Stock	(237)	0	237	0	434	0	(434)	0
Total sensitivity	(447)	(397)	447	379	577	(547)	(577)	519

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 (2013: -100bps/+100bps) provided by Bancorp Treasury.



Notes to the financial statements

for the year ended 30 June 2014

Explanation of other price risk sensitivity

The sensitivity for listed shares has been calculated based on a -10%/+10% (2013: -10%/+10%) movement in the quoted bid share price at year end for the listed shares.

34: Capital management

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

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

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

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

The council has the following Council-created reserves:

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

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

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

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

35: Additional explanation of major variances against budget

Statement of comprehensive income

Rotorua District Council recorded a deficit of \$13.65 million compared with a budgeted deficit of \$4.63 million. The major reasons for the negative variance between actual and budgeted result of \$9.02 million are included below.

Income

Overall actual income is \$103.9 million against budget of \$113.6 million. Major factors contributing to this unfavourable variance of \$9.7 million are:



Notes to the financial statements

for the year ended 30 June 2014

- Rates (\$2.1 million) - unfavourable due to the budget not including rates on council owned properties.
- Subsidies and grants (\$1.5 million) - unfavourable due to delays in consultation on the Rotoiti/Rotoma sewerage scheme delaying start of project and contributions anticipated toward these schemes.
- Other revenue (\$5.8 million) – unfavourable due to ambitious revenue targets which have been further affected by reduced economic and regional growth impacting Fees and Charges during the year.

Expenditure

Overall operating expenditure is \$117.6 million against budget of 118.2 million. Major factors contributing to this favourable variance of \$0.6 million are:

- Personnel costs (\$1.4 million) unfavourable variance - majority of is due to reorganisation restructure costs initiated during the year, (\$1.5 million), and finalising at year end, offset by small savings in overall staff costs.
- Depreciation and amortisation (\$1.1 million) unfavourable variance - resulting from councils update of its fixed asset information, and changes in certain depreciable lives against initial assumptions of asset data at time of budget.
- Finance costs \$0.7 million favourable - resulting from favourable interest rates against borrowing assumptions.
- Other expenses \$2.4 million favourable - due to council's savings initiatives instigated from December 2014 mainly within contractors and physical works.

Other comprehensive income

The items represented in this area were not included in council's budget which was operational focused, and represent the impact on council's reserves resulting from year end revaluation of plant, property, and equipment \$29.2 million, and Intangibles \$0.13 million, adjustments to financial swap derivatives \$0.29 million and the movement of council's overall value of its interests in other entities (\$0.3 million) (see note 25).

Statement of financial position

Total Current Assets \$9.8 million lower than budget - mainly due to reduction of debtors against budget of \$10.1 million, resulting from lower fees and charges and due to improved focus on earlier recovery of outstanding debt, and less cash than budgeted by \$0.57 million. This is offset by the introduction of held for sale assets \$0.878 million arising from council's decision to market and sell properties considered surplus to requirement.

Total Non-current Assets \$117.4 million higher than budget - mainly due to the impact of the 2013 roading revaluation of \$100.1 million not included in the budget assumptions (as at time of budget this revaluation was not final). Also due to non-budgeted 2014 revaluations of land, buildings, art, airport and infrastructure assets which totalled \$29.4 million. This has been offset by reduced capital expenditure against plan by \$8.8 million, balanced by non-budgeted forestry assets transferred to property, plant and equipment of \$2.5 million.

Total Current Liabilities are \$16.2 million lower than budget - mainly due to creditors and other payables being \$5.7 million lower arising from focus on reduction of expenditure and tidy up of payment lag of prior years. Current portion of debt is \$12.3 million lower against assumed budget mix of current and long term debt. There are also additional non budgeted provisions of \$1.0 million for reorganisation restructure offsetting these favourable variances.

Total Non-Current Liabilities are \$10.8 million higher than budget arising from assumed mix of current and long term debt.

Total Equity is \$112.6 higher than budget - mainly resulting from previous non budgeted revaluation of assets from 2013 and 2014.



Notes to the financial statements

for the year ended 30 June 2014

36: Joint Ventures

1. Terax 2013 Ltd

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

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

	Council and Group	
	2014 \$000	2013 \$000
Current assets	63	51
Non-current assets	0	0
Current liabilities	65	53
Non-current liabilities	0	0
Income	220	38
Expenses	220	41
Group's interest	50%	50%
Council's capital commitments in relation to the joint venture	0	0
Share of joint venture's commitments	0	0
Council's contingent liabilities in relation to the joint venture	0	0
Share of joint venture's contingent liabilities	0	0
Other ventures' contingent liabilities the Council is liable for	0	0

2. Terax Limited Partnership

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

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

	Council and Group	
	2014 \$000	2013 \$000
Current assets	156	97
Non-current assets	1	0
Current liabilities	10	51
Non-current liabilities	0	0
Income	1	0
Expenses	199	34
Group's interest	50%	50%
Council's capital commitments in relation to the joint venture	0	0
Share of joint venture's commitments	0	0
Council's contingent liabilities in relation to the joint venture	0	0
Share of joint venture's contingent liabilities	0	0
Other ventures' contingent liabilities the Council is liable for	0	0



Notes to the financial statements

for the year ended 30 June 2014

37: Insurance

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

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

Material Damage \$627,200,583

The Councils Material Damage programme is split into two policies, one including Fire losses and one excluding Fire Losses. The Excluding Fire loss policy is based on a full replacement basis and the policy limit is the replacement value of your assets as declared. The Fire Policy has a policy limit of \$100,000,000 which is shared across the member councils.

Fine Arts \$38,899,175

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

Commercial Motor Vehicles \$6,044,733

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

Infrastructure \$580,737,547

Council was a member of the NZ Local Authority Protection Programme Disaster Fund until 30 June 2014, which was a fund set up by local authorities to provide insurance cover for underground assets in the event of a natural disaster.

From the 1 July 2014 council moved from the LAPP Fund to an alternative arrangement in the open insurance market. This policy provides cover for 40% of the loss, and 60% of the loss is funded by Central Government. This policy has an overall limit for the group of \$130 million with Rotorua having a limit of \$90 million.

Business Interruption \$3,867,000

\$3.9 million of cover provided for loss of rents revenue and receivable. A shared \$8 million Additional Increased Cost of Working limit with the Regional collective and provides cover for consequential loss through the physical damage to any property used by Council.

Self-insured Assets

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



Notes to the financial statements

for the year ended 30 June 2014

38: Reclassification and restatement

From a review of the 2012/13 annual accounts, a number of classification errors have been identified in the Statement of Cashflows (both Council and Group) and the Group consolidation of the Statement of comprehensive income, Statement of financial position, and Statement of changes in equity. These errors have been corrected and have been restated for comparative purposes. Their relevant accompanying notes have also been restated.

Statement of comprehensive income

Group	Actual 2013		
	Before reclassification	Reclassification	After reclassification
	\$000	\$000	\$000
Income			
Other revenue	24,989	(27)	24,962
Total income	109,785	(27)	109,758
Expenses			
Other expenses	49,150	(1,444)	47,706
Total operating expenditure	121,931	(1,444)	120,487
Surplus/(deficit) before tax	(12,146)	1,417	(10,729)
Income tax expense	0	5	5
Surplus/(deficit) after tax	(12,146)	1,412	(10,734)
Other comprehensive income			
Net change in fair value of investment	473	(470)	3
Total other comprehensive income	98,401	(470)	97,931
Total comprehensive income	86,255	942	87,197

Statement of changes in equity

Group	Actual 2013		
	Before reclassification	Reclassification	After reclassification
	\$000	\$000	\$000
Surplus/(Deficit) for the year	(12,146)	1,412	(10,734)
Other comprehensive income	99,324	(1,393)	97,931
Balance as 30 June	961,794	19	961,813



Notes to the financial statements

for the year ended 30 June 2014

Statement of financial position

Group	Before reclassification \$000	Actual 2013	After reclassification \$000
		Reclassification \$000	
Assets			
Current Assets			
Debtors and other receivables	14,541	(3)	14,538
Provision for taxation	45	1	46
Total current assets	18,171	(2)	18,169
Total non-current assets	1,136,643	1	1,136,644
Total assets	1,154,814	(1)	1,154,813
Net assets	961,794	19	961,813
Liabilities			
Current liabilities			
Creditors and other payables	25,091	(35)	25,056
Employee benefit liabilities	5,709	15	5,724
Total current liabilities	69,973	(20)	69,953
Total liabilities	193,020	(20)	193,000
Equity			
Accumulated funds	853,882	491	854,373
Fair value through equity	777	(470)	307
Total equity	961,794	19	961,813

39: Events after balance date

During October 2014, the Council is progressing a proposal regarding the sale of airport assets from Rotorua District Council to Rotorua Regional Airport Limited (a 100% owned subsidiary of Rotorua District Council). This would see the operation and asset ownership of the Airport consolidated into a single entity (Rotorua Regional Airport Limited). The airport assets are strategic assets and the sale of these strategic assets were not included in the Long-Term Plan (LTP). Since balance date, implementation has begun and will require an amendment of the LTP, which would need to follow a special consultative procedure, with the community and others with an interest in the proposed sale. The airport assets have a current valuation of \$46.5m.

40: Adoption after statute date

Section 98(3) of the Local Government Act 2002 requires council to complete and adopt its Annual Report within four months of the end of the financial year. Council formally adopted the Audited Annual Report on 5 November 2014. The Audit opinion was issued on 5 November 2014. This was five days later than the date specified in the Act.



Other legislative disclosures

Funding Impact Statement for whole of Council

	2012/13 Annual Plan \$000	2012/13 Annual Report \$000	2013/14 Annual Plan \$000	2013/14 actual \$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	45,054	44,340	48,255	44,537
Targeted rates (other than a targeted rate for water supply)	20,659	21,834	22,499	23,691
Subsidies and grants for operating purposes	3,382	3,577	485	3,237
Fees, charges and targeted rates for water supply	7,138	6,916	5,530	6,950
Interest and dividends from Investment	36	48	0	76
Local authorities fuel tax, fines, infringement fees and other receipts	23,368	19,140	25,186	18,377
Total operating funding (A)	99,637	95,855	101,955	96,868
Applications of operating funding				
Payments to staff and suppliers	75,109	75,546	82,906	74,935
Finance costs	9,178	8,180	8,924	8,789
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	84,287	83,726	91,830	83,724
Surplus (deficit) of operating funding (A - B)	15,350	12,129	10,125	13,144
Sources of capital funding				
Subsidies and grants for capital expenditure	21,302	9,146	9,677	5,454
Development and financial contributions	1,300	805	753	311
Increase(decrease) in debt	5,035	2,946	11,887	10,325
Gross proceeds from sale of assets	500	(536)	0	1,504
Lump sum contributions	1,293	1,905	1,113	0
Total sources of capital funding (C)	29,430	14,266	23,430	17,594
Applications of capital funding				
Capital expenditure				
- to meet additional demand	16,598	7,518	1,067	2,272
- to improve the level of service	15,417	14,895	13,924	8,723
- to replace existing assets	16,568	17,889	16,506	12,128
Increase (decrease) in reserves	(3,803)	(13,907)	2,059	6,889
Increase (decrease) in investments	0	0	0	726
Total applications of capital funding (D)	44,780	26,395	33,556	30,738
Surplus (deficit) of capital funding (C - D)	(15,350)	(12,129)	(10,125)	(13,144)
Funding balance ((A - B) + (C - D))	0	0	0	0



Audit

	Page
Auditor's report.....	197



Independent Auditor's Report

To the readers of Rotorua District Council and group's annual report for the year ended 30 June 2014

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 2014 on page 128;
 - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2014 on pages 126 to 129;
 - the funding impact statement of the District Council on page 195;
 - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 22 to 102; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 130 to 195;
- the statement of service performance of the District Council on pages 20 to 102 and the funding impact statements in relation to each group of activities of the District Council on pages 22 to 102; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 104 to 111.

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 122;
 - reserve funds on pages 165 to 170;
 - each group of activities carried out by the District Council on pages 20 to 102;
 - remuneration paid to the elected members and certain employees of the District Council on pages 177 to 178;
 - employee staffing levels and remuneration on page 179;
 - severance payments on page 179;



- rating base units on page 144; and
- insurance of assets on page 192;
- 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 13 to 15; and
- a statement of compliance signed by the mayor of the Council, and by the District Council and group's chief executive on page 125.

Opinion

Audited information

In our opinion:

- the financial statements of the District Council and group on pages 126 to 195:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council and group's financial position as at 30 June 2014; 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 195, 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 22 to 102, 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 20 to 102:
 - 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 2014, 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 22 to 102, 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; and

- the disclosures on pages 104 to 111 represent a complete list of required disclosures and accurately reflects the information drawn from District Council's audited information.

Compliance with the other requirements of schedule 10

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 5 November 2014. 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 provision. 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 the statement of service provision 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 the statement of service provision 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; and
 - 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;
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council 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



Auditor's report

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.

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



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



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