

TATAU
TATAU
TATAU



ANNUAL REPORT 2018

**ROTORUA
NAMED BY**

The New York Times

AS ONE OF THE
TOP PLACES TO SEE IN

2018



BECAME A

**MEDIUM
GROWTH
AREA**



LOOKED INTO
HOUSING CHALLENGES
IN ROTORUA
- PENSIONER HOUSING



**CIVIL DEFENCE
STATE OF EMERGENCY**

DECLARED IN APRIL 2018 DUE TO FLOODING



TE MANAWA

OPENED IN NOVEMBER TO FURTHER REVITALISE THE CBD

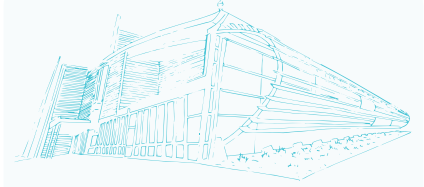


**FURTHER PROGRESSED OUR
'BIG MOVE' PROJECTS
TO PROGRESS TOWARDS VISION 2030**



ESTABLISHED

NEW ARTS AND CULTURE BUSINESS UNIT



406

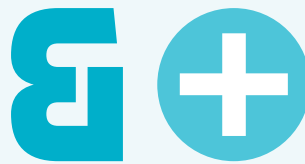
COMMUNITY HIRE DAYS
ACROSS OUR
THREE MAJOR COUNCIL VENUES

143,033

VISITOR NIGHTS RESULTING FROM
MULTI-DAY BUSINESS EVENTS
& MAJOR EVENTS



TE AKA MAURI LIBRARY



CHILDREN'S HEALTH HUB

OPENED


DEVELOPED & CONSULTED ON THE

DRAFT SPATIAL PLAN



ROTORUA LAKES COUNCIL

Te kaunihera o ngā roto o Rotorua



17,389

ATTENDED EDUCATION PROGRAMMES,
OUTSIDE THE WALLS TOURS
& MUSEUM EVENTS



4,988

TONNES OF
RECYCLED
MATERIAL RECOVERED

AA

RETAINED OUR

FITCH RATING



Social, economic and environmental factors combine to enhance our community's quality of life and the opportunities available to the district. Our activity groups show the ways we are taking a holistic, interconnected and strategic approach to creating the district our community has told us they want to call home. Some of the year's highlights are shown below:

COMMUNITY INFRASTRUCTURE**PAGE 82**

- Opened Te Aka Mauri – Our new Library and Children's Health Hub
- Decided on Aquatic Centre management options
- Further work on re-opening our iconic Rotorua Museum
- Began work to re-open the Sir Howard Morrison Performing Arts Centre
- Review of Pensioner Housing

COMMUNITY SAFETY**PAGE 90**

- Responded to unexpected weather events
- Kept our community safe with regulatory activity
- Enabled better enforcement of noise levels

DISTRICT DEVELOPMENT**PAGE 96**

- Rotorua named one of the top places to see in 2018 by New York Times
- Developed a draft Spatial Plan to help us plan how the district will grow, develop and change over time
- Studied the economic impact of mountain biking
- Looked into establishing a Development Company CCO
- Building, Consenting and Development in Rotorua

GOVERNANCE AND COMMUNITY ENGAGEMENT**PAGE 104**

- Maintained our AA- credit rating
- Adopted our Long-term Plan for the next 10 years
- Carbon accounting at council
- UN Global Compact Cities programme
- Community Funding Investment policy
- Continued engaging with the community

INNER CITY SERVICES**PAGE 112**

- Opened Te Manawa in the heart of the CBD
- Worked with our partners to address Homelessness in the CBD
- Contracted Parking Services to i-Park

OPEN SPACES AND RECREATION**PAGE 116**

- Lakeside reserve and access improvements
- Sports facilities upgrades
- Open Space and Recreation improvements
- Whakarewarewa Forest entrance improvements
- Continued work on masterplan for Lakefront

Whakataka te hau ki te uru,
whakamata te hau ki te tonga,
kia mākinakina ki uta,
kia mātaratara ki tai,
kia hī ake ana te atākura.
He tio,
he huka,
he hau hū...
tihe mauri ora!

Cease the winds from the west,
cease the winds from the south,
let the breeze blow over the land,
let the breeze blow over the ocean,
let the red-tipped dawn come with a sharpened air.
A touch of frost,
a promise of a glorious day...
it is life!

TE NGAKO O TĒNEI PŪRONGO

ABOUT THIS REPORT

ABOUT THIS REPORT

The theme of this year's Annual Report 'Reflecting on our Journey' is a response to our year spent working closely with our community to meet – and wherever possible exceed – their expectations.

We report to our community and stakeholders in a number of ways. This Annual Report focuses on the financial and operational performance of Rotorua Lakes Council from 1 July 2017 to 30 June 2018, documenting our performance against the Annual Plan, and our progress against our Rotorua Vision 2030.

The report includes a snapshot of our performance (both highlights and challenges) and an overview of our outlook for the future, including our plans to ensure the sustainability of our organisation, our district and the community we serve.

AUDIENCE FOR THIS REPORT

This report is intended to provide important information to a broad range of stakeholders including, Rotorua Lakes Council's residents and ratepayers, local businesses, non-government organisations, our partners and other government departments and agencies.

It also provides our staff with information on how well we have performed over the year, how their efforts have contributed to achieving our vision and what to expect in the coming year.

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ROTORUA

89,239 LOCAL JOBS



106,500
PEOPLE HOSTED AT
COMMUNITY EVENTS



800 HECTARES
OF PARKS, GARDENS & RESERVES
FREE FOR PUBLIC USE



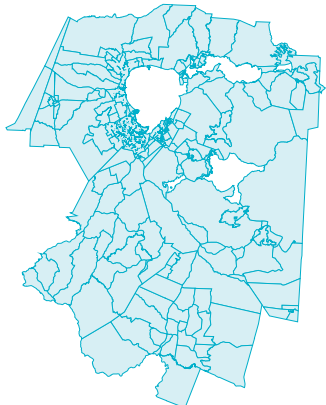
7 GEOTHERMAL
FIELDS
WITH HOT POOLS & SPECTACULAR ERUPTIONS



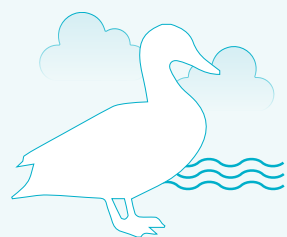
18 LAKES
3 MAJOR RIVERS



261,906
HECTARES



120
WETLANDS



ROTORUA
LAKES COUNCIL
Te kaunihera o ngā roto o Rotorua

HUNDREDS
OF KILOMETRES
OF WALKING, CYCLING AND
MOUNTAIN BIKING TRACKS



2017-2018



**NEW ZEALAND'S
FIRST BI-LINGUAL CITY**




**28,755
HOMES**

71,100
RESIDENTS



100,000 HECTARES OF NATIVE AND EXOTIC FORESTS
WITH THE LARGEST COMMERCIAL PLANTATION FOREST IN THE SOUTHERN HEMISPHERE

1  **NEW** PUBLIC LIBRARY AND CHILDREN'S HEALTH HUB

1  **POLYTECHNIC**

24  **PRIMARY SCHOOLS**

14,085
SCHOOL STUDENTS



HE KUPU NĀ TE MANUKURA MAYOR'S MESSAGE

The 2017/18 Annual Report reflects significant progress made by Rotorua Lakes Council and our district during the last 12 months, a continuation and advancement of the district's Vision 2030 journey.

Council has continued to collaborate with the community and other key stakeholders and together we have undertaken several important pieces of work that have set the platform for ongoing progress.

Adoption of the 2030 refresh, The Rotorua Way, in July 2017 was the cornerstone for setting the 2017/18 year. The refresh provided the direction for the development of a spatial plan, to ensure ongoing growth is planned and sustainable. It also identified key transformational projects that have been further progressed in developing the 2018-28 Long-term Plan, providing our direction for the next 10 years.

We have completed our revamped library building, Te Aka Mauri, in partnership with our local district health board to create a vibrant new central community space, completed the reconfiguration and modernisation of our central city space, Te Manawa, progressed key projects such as the East Rotoiti/Rotomā sewerage scheme and city wastewater solutions, collaborated with communities around neighbourhood developments and worked with New Zealand Transport Agency to future-proof key roading corridors.

In delivering our services we have faced a number of challenges, not least the need to respond to ongoing extreme weather events including the April 2018 flooding which saw local residents displaced and the damage of key roading infrastructure.

Despite the challenges, we have remained focused on the direction provided by a strong framework of key strategic plans which work together to see us continue, as a district, towards achieving the goals of the Rotorua 2030 vision. We have remained committed to that direction to continue to build a better future for the people who live, work and visit our growing district.

Engaging with our community is at the heart of what we do and at the heart of the successes and progress the district is enjoying. We will continue to work to meet the aspirations of our residents and to ensure that our leadership culture remains focused on achieving the district's shared goals.

As this report discusses, Council remains committed to delivering high-quality services for its diverse and vibrant community. We live in an enviable location. As Mayor, I want to promote inclusiveness and access to sporting and public facilities, parks and walkways, while at the same time help to ensure we have a thriving city centre and great neighbourhoods.

**'ENGAGING
WITH OUR
COMMUNITY
IS AT THE
HEART OF
WHAT WE DO'**

I would like to acknowledge our Chief Executive Geoff Williams, all staff and my fellow elected members – councillors, community board members and Te Tatau o Te Arawa members – for their ongoing support, commitment and dedication to Rotorua's ongoing advancement and success.

Thank you also to everyone in the community who engaged with Council during the past year, who had their say on the things that matter to them and who worked alongside Council to help us achieve shared aspirations.

Please take the time to read the Annual Report to share in what has been achieved.

Mā te mahi tahi, kia tutuki ai ngā moemoeā.

Tatau Tatau – we together.



**HON STEVE CHADWICK JP
ROTORUA MAYOR**



mokoia

mokoia

mokoia

mokoia

mokoia

mokoia

MAI I TE TOIHAUTŪ CE'S REVIEW

Ngā mihi manahau, I am pleased to present you with this year's Annual Report themed 'Reflecting on our Journey', which highlights the Council's performance for the 2017/2018 year.

Staff have continued to work collaboratively with our community over the past 12-months to fine-tune Council's direction for the following 10-years and to breathe life into the organisation's Vision 2030 aspirations of creating a prosperous and vibrant growing district.

During the past year we have worked tirelessly on two big pieces of work:

- Draft Spatial Plan
- 2018-2028 Long-term Plan

I want to acknowledge our community for its tremendous response on these pieces of work, which has enabled our elected members to make informed decisions on behalf of our residents and ratepayers.

This annual report illustrates our commitment to enhance across a multitude of works including:

- Infrastructure such as water services, roading, footpaths, cycleways, sustainable waste services
- Open spaces such as natural spaces, upgrading sports fields, parks, playgrounds, new netball courts and lighting improvements, as well as promoting our bilingual commitment and Te Arawa history
- Supporting local business through the Council-Controlled-Organisation, Rotorua Economic Development

Internally, we are driven by innovation, sustainability and leading edge local government practices to respond to the aspirations of our community

The work undertaken over the past 12-months reflects our commitment to serve the community:

- Engaging with our community remained a focus through the year, and we saw an increase with higher numbers through our online engagement platform Let's Talk/ Kōrero mai
- We also adopted Café style community engagement workshops to enhance the submission process

**'THE WORK
UNDERTAKEN
OVER THE PAST
12-MONTHS
REFLECTS OUR
COMMITMENT
TO SERVE THE
COMMUNITY'**

TE AKA MAURI

As a result of community feedback, Rotorua Library is open seven days a week and continues to be a community hub hosting a variety of activity such as children's events, technology classes, Justice of the Peace services, author's talks and musical events. Just over 4500 children and parents attended pre-school story or activity programmes, while 818 tamariki and parents took part in the Makerspace area.

HOUSING

This financial year has seen substantial growth in the number of new dwellings issued. A total of 153 dwellings had been approved compared to just 92 the previous year. The total value of building consents has also increased for our district for 2017/18 with \$129.5 million approved. That's a 19 per cent increase on the year before. This growth reminds us of our goal towards Vision 2030 to support housing development as we know that housing affordability is becoming increasingly challenging.

OUR FINANCES

We have again shown stable financial management this past year with our retention of an AA- credit rating from Fitch. However, as this report shows, we have a deficit of \$1.6 million, which is a decrease of \$5.2 million from last year.

We earned more than \$120.4 million in income in 2017/18 including \$14.5 million in subsidies and grants, and spent \$51.3 million on capital projects that renewed our assets, increased their level of service or expanded them due to growth of our district. This was \$4.3 million higher than our planned budget of \$47 million and was largely driven by additional spend on Community Facilities; this was partially offset by savings as certain projects were phased over a longer time period.

OUR ORGANISATION

As part of our ongoing commitment to internal improvement, we are continuing to strengthen our capacity to:

- Strive to improve resident/ customer engagement by better understanding their expectations and needs
- Staff development
- Continue upholding Work Health and Safety (WHS) guidelines now we have achieved gold status accreditation
- Focus on accountability for service delivery

It has been a busy and productive year and I would like to council staff for their continued effort. My special thanks to Her Worship Mayor Chadwick and the elected members who have worked tirelessly to represent the views of their community.

I look forward to new challenges that await us in 2018/19, in which we will remain focused on working with our community and partners to ensure that the Rotorua's vision is achieved.



GEOFF WILLIAMS
CHIEF EXECUTIVE

HUNGA WHAKAHIRAHIRA

OUR STAKEHOLDERS

OUR PARTNERSHIPS

As our population increases and Rotorua Lakes Council is called upon to provide both core infrastructure and adequate community services, we must not only have the vision to take the community forward, we must also constantly forge new relationships and strengthen existing partnerships to make these visions a reality.

We are committed to working in partnership with the community and other key stakeholders to provide quality, cost-effective services that are of real community value.

Leading the way nationally has been the development of a partnership with Te Arawa and the creation of Te Tatau o Te Arawa board.

The partnership is unique in that it focuses on establishing an operating model of partnership with Iwi/Tāngata Whenua.

See highlights from the partnership detailed in page 46.



ERE MAI

HAE

ERE MAI

ERE MAI

ERE MAI

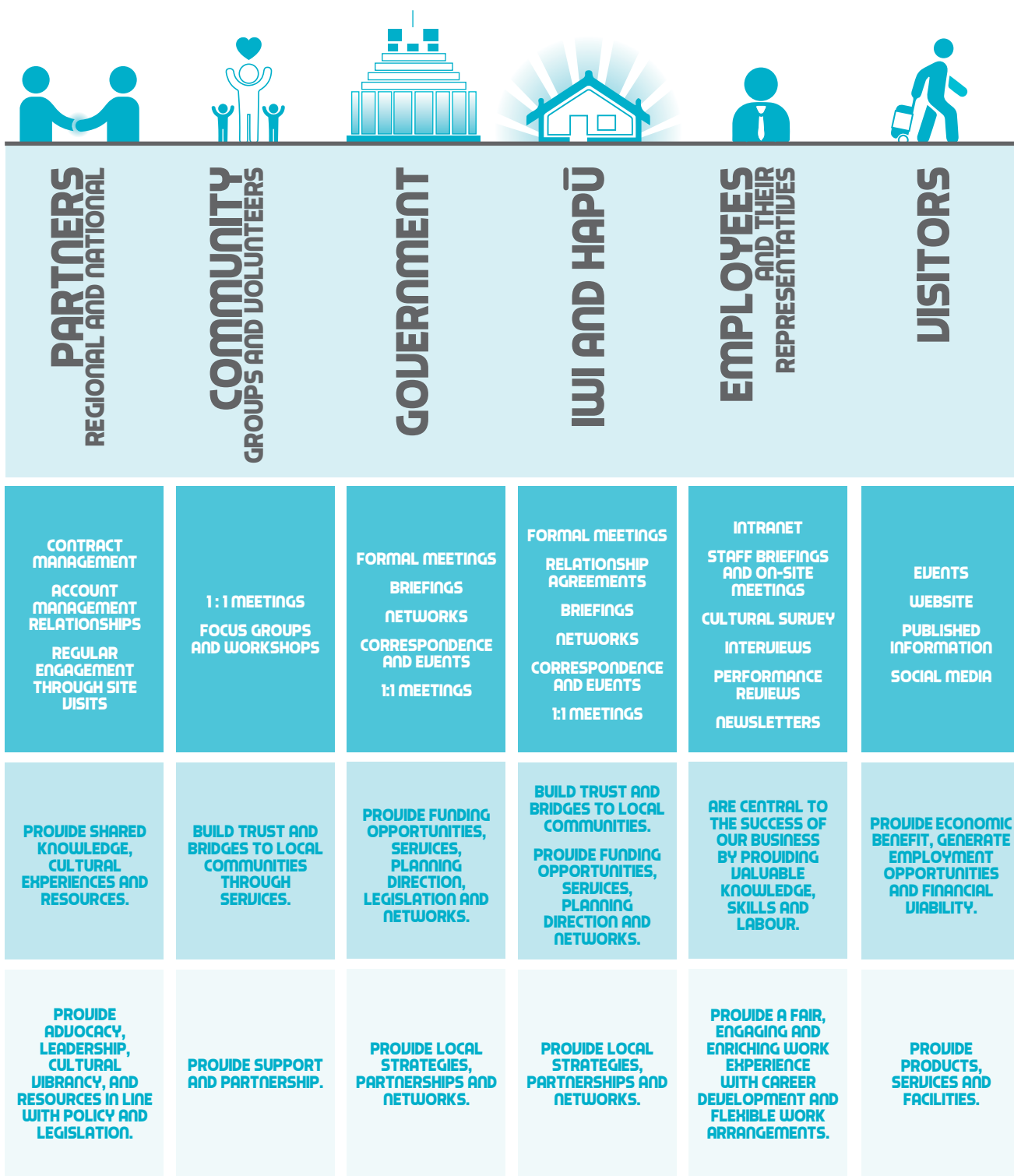
ERE MAI

During 2017/18 we engaged with our stakeholders to understand their expectations on the issues most important to them, notably in relation to the newly adopted 2018-2028 Long-term Plan as well as other locally significant issues.

Community and stakeholder engagement is now an integral part of our project management system so that our community of stakeholders are now kept informed of all aspects of project delivery.

We engage with our stakeholders in three primary ways:

- Responding to specific requests for information and services
- Participating in multi-stakeholder relationships
- Conducting our own engagement activities.



See page 107 in the Governance and Community Engagement Activity section for further discussion about some of our community engagement initiatives.

At Rotorua Lakes Council we have identified the following stakeholder groups and their diverse nature:

HOW...
Ways of engaging with our stakeholders.

THEY...
Why are our stakeholders important to us?

WE...
Why are we important to our stakeholders?



SUPPLIERS

MEDIA

BUSINESS

RESIDENTS

RATEPAYERS

CUSTOMERS

<p>CONTRACT MANAGEMENT</p> <p>ACCOUNT MANAGEMENT RELATIONSHIPS</p> <p>REGULAR ENGAGEMENT THROUGH SITE VISITS</p>	<p>PRESS RELEASES</p> <p>BRIEFINGS</p> <p>INTERVIEWS</p> <p>SOCIAL MEDIA</p>	<p>1:1 MEETINGS</p> <p>FOCUS GROUPS AND WORKSHOPS</p> <p>WEBSITE</p> <p>SOCIAL MEDIA</p>	<p>PUBLIC MEETINGS</p> <p>PUBLICATIONS</p> <p>WEBSITE</p> <p>SOCIAL MEDIA</p> <p>ANNUAL REPORT</p>	<p>RATES NOTICES</p> <p>COMMUNITY MEETINGS</p> <p>PUBLICATIONS</p> <p>WEBSITE</p> <p>ANNUAL REPORT</p>	<p>CUSTOMER EXPERIENCE AND SATISFACTION MEASUREMENTS</p> <p>CUSTOMER CARE AND SERVICE</p> <p>WEBSITE</p> <p>PUBLICATIONS</p> <p>FACT SHEETS</p>
<p>PROVIDE GOOD VALUE AND QUALITY PRODUCTS AND SERVICES.</p>	<p>BUILD AND PROTECT REPUTATION AND RAISE AWARENESS OF OUR SERVICES AND FACILITIES.</p>	<p>BUILD CAPACITY AND DRIVE THE ECONOMY IN OUR COMMUNITY.</p>	<p>PROVIDE GUIDANCE, VALUES, ENGAGEMENT AND FEEDBACK.</p>	<p>PROVIDE GUIDANCE, VALUES, ENGAGEMENT AND FEEDBACK.</p>	<p>PROVIDE US WITH FEEDBACK AND UTILISE THE SERVICES AND PRODUCTS.</p>
<p>PROVIDE FAIR ACCESS TO BUSINESS OPPORTUNITIES IN LINE WITH POLICY AND LEGISLATION.</p>	<p>PROVIDE TREND DATA AS WELL AS SOCIAL, ENVIRONMENTAL, ECONOMIC AND GOVERNANCE INFORMATION.</p>	<p>PROVIDE AND PROMOTE BUSINESS.</p>	<p>PROVIDE CIVIC LEADERSHIP REPRESENTATION, SERVICES AND FACILITIES.</p>	<p>GENERATE SUSTAINABLE GROWTH AND RETURN TO THE COMMUNITY.</p>	<p>PROVIDE PRODUCTS AND SERVICES AT GOOD VALUE AND QUALITY.</p>





TE TAU
KUA HIPA

YEAR
in
REVIEW

NGĀ MAHERE ME NGĀ PŪRONGO

COUNCIL PLANNING & REPORTING CYCLE

REPORTING ON OUR PROGRESS

Every year Council produces an Annual Report.

The Annual Report provides the community, Councillors and staff with a summary of the work completed by Rotorua Lakes Council during the year.

The report aims to provide a transparent insight into our operations and decision making processes.

This Annual Report covers the period 1 July 2017 to 30 June 2018, which is the third year of our current Long-term Plan.

In between Annual Reports, we produce regular reports to our Operations and Monitoring committee to regularly track our progress against targets and budgets.

WHAT IS A LONG TERM PLAN?

Every three years Council develops a Long-term Plan (LTP). This sets our direction, budgets and work plans for the following ten years. The current LTP covers the period 2015-2025, and was finalised in June 2015 following substantial input from our community. The LTP is our lead document and provides detail on all our activities.

It sets out Council's financial strategy, provides the rationale for delivery of our activities, and details our performance measures. This should be the first port of call if you require additional information.

WHAT IS AN ANNUAL PLAN?

In the two years between adopting an LTP, we develop Annual Plans. The Annual Plans give you an update on what we agreed in the LTP, highlighting the changes to our budgets and work plans for the coming year. If any significant or material changes are proposed in the Annual Plan, we consult with the community before making any decisions. This process allows us to make sure that our budgets and work plans are flexible enough to respond to the needs of our community and the demands of growth.

Variations to the LTP are made through the Annual Plan process. More significant changes require an 'amendment to the LTP', which is an extensive process that includes additional consultation and an audit of the amendment.

2 0 1 8 - 2 0 2 8

LONG-TERM PLAN



ROTORUA
LAKES COUNCIL

LONG-TERM PLAN

OUR PERFORMANCE SNAPSHOT



\$3.9 m

INVESTED ON IMPROVING THE LEVEL OF SERVICE AND REPLACING EXISTING ASSETS IN OPEN SPACE AND RECREATION



\$5.5 m

SPENT ON IMPROVING THE LEVEL OF SERVICE FOR OUR ROADS & FOOTPATHS

\$14.5 m

WE EARNED \$14.5 m IN SUBSIDIES AND GRANTS

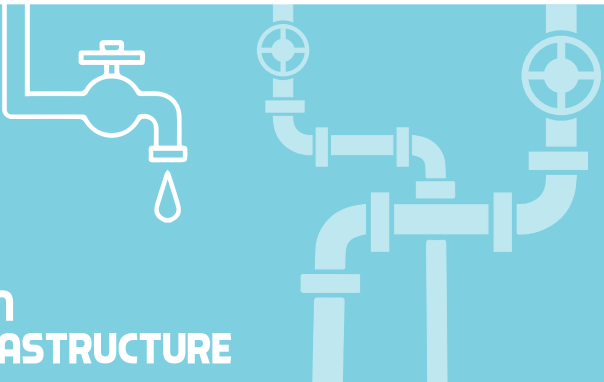


\$2.8 m

WE INVESTED \$2.8 MILLION ON IMPROVING THE LEVEL OF SERVICE OF OUR INNER-CITY (INCLUDING TE MANAWA OUR NEW HEART OF THE CITY)

\$1.2B

WE MANAGED 1.2 BILLION WORTH OF ASSETS INFRASTRUCTURE



\$486.5 m

WE APPROVED A \$486.5 MILLION
CAPITAL EXPENDITURE PROGRAMME
OVER THE NEXT 10 YEARS



\$129.5 m

WE PROCESSED \$129.5 MILLION
OF BUILDING CONSENTS

\$120.4 m

WE EARNED \$120.4 m REVENUE FROM RATES,
SUBSIDIES AND GRANTS AND OTHER REVENUE



\$8.4 m

INVESTED ON IMPROVING THE
LEVEL OF SERVICE OF OUR
COMMUNITY INFRASTRUCTURE

(INCLUDING OUR NEW LIBRARY AND CHILDREN'S HEALTH HUB)



\$8.8 m



INVESTED IMPROVING THE LEVEL OF SERVICE
OF OUR SEWERAGE INFRASTRUCTURE INCLUDING
WORKS ON THE ROTOITI & ROTOMĀ SEWERAGE SCHEME

TE WHAKAHAERE PŪTEA MANAGING THE MONEY

Rotorua Lakes Council has spent over \$122 million this year to provide direct services to the community, internal services to support and run Council and additional services that provide benefit to the community. In addition, over \$51.3 million has been spent on Capital works across 11 Activity Groups, including, roads, footpaths, community infrastructure, open space, sports and recreation, and three waters infrastructure.

We manage \$1.2 billion worth of assets infrastructure including roads, bridges, halls, land, recreation and leisure facilities, drains, water and waste water infrastructure, libraries and parks.

Money comes in from rates on property, government grants, user charges and fees, and sometimes from Council's own businesses.

Money goes out for construction, maintenance, wages, grants to community groups and many other services to the community like library, aquatic centre, emergency management and planning and regulatory programs.

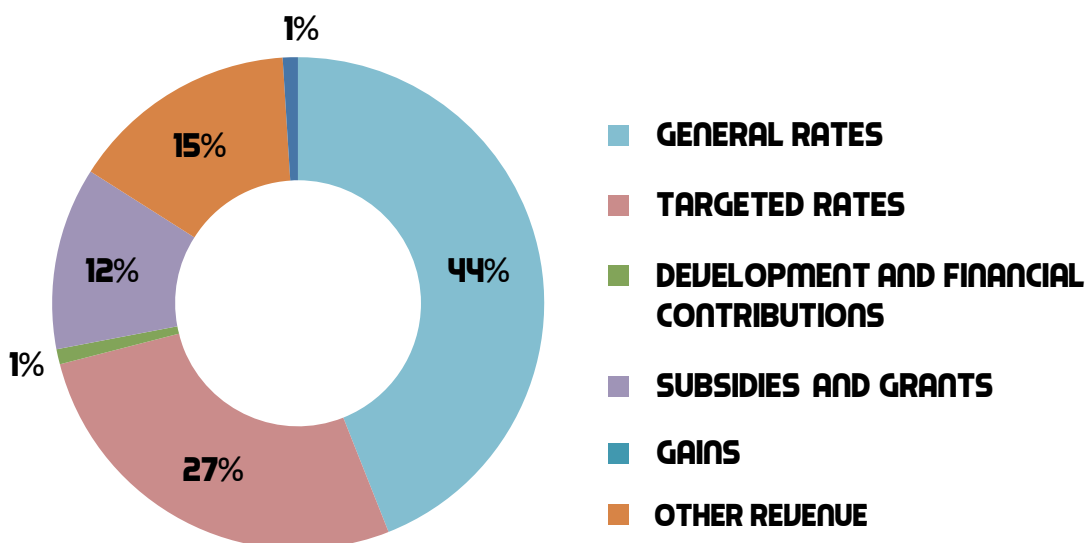
The following information aims to provide a brief summary of our 2017/18 financial statements in a form that is easily understood by our community, customers, employees and other stakeholders.

Full details of Council's Financial Statements are available from page 150.

WHERE DID OUR MONEY COME FROM?

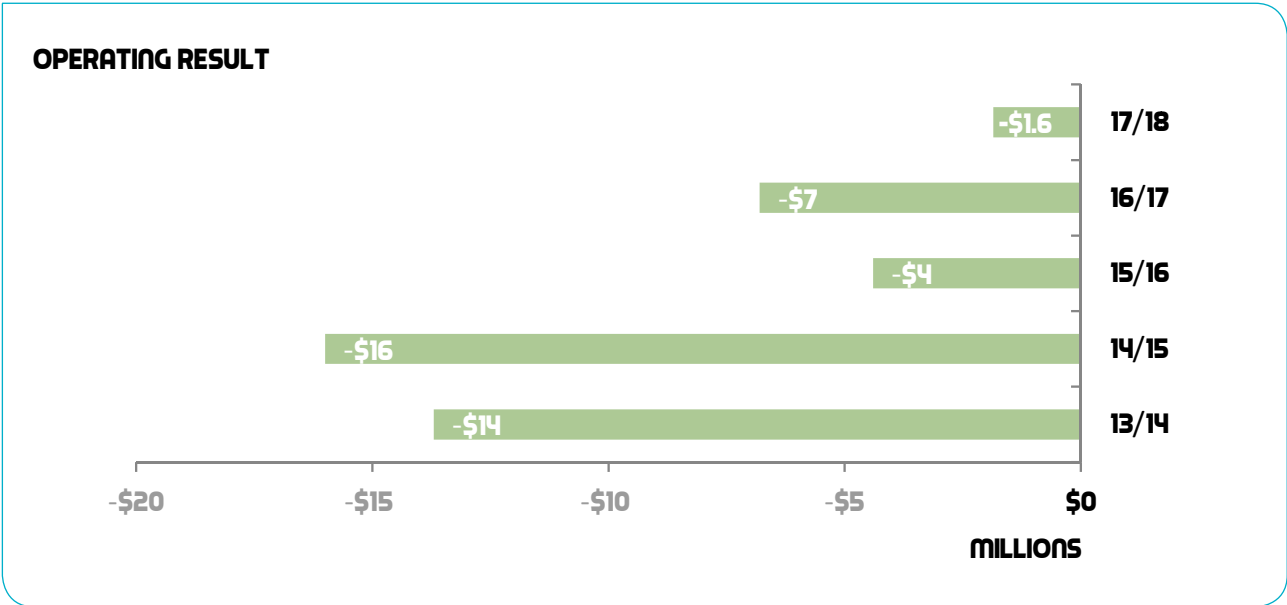
This year, our main source of income, other than rates, was from other revenue (mainly made up of fees and charges) \$17.6 million or 15 percent (2016/17 \$17.4 million or 15 percent). Income from rates (from both General and Targeted) contributed \$86 million or 71 percent (2016/17 \$82.2 million or 74 percent). Central Government grants and subsidies assist us to provide facilities and services in the community. User charges and fees (such as at the Rotorua Aquatic Centre, Arts and Culture venues and regulatory/statutory fees) are also an important source of income.

2017-18 TOTAL REVENUE \$120.4 MILLION



HOW DOES OUR PERFORMANCE COMPARE WITH PREVIOUS YEARS?

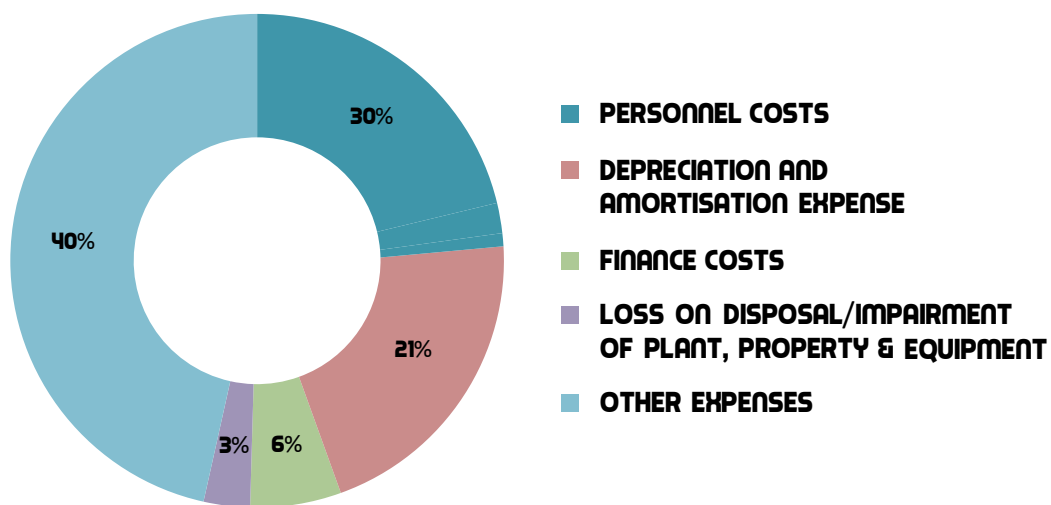
We have generated a net deficit of \$1.6 million in 2017/18. The Underlying deficit is the reported revenue (\$120.4 million) less reported expenses (\$122 million) including depreciation.



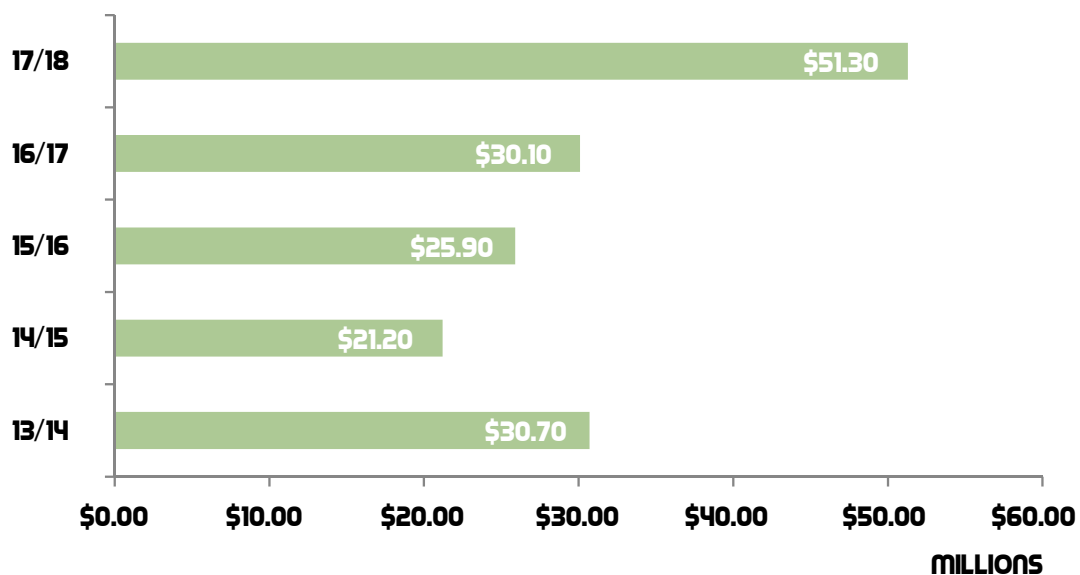
TE WHAKAHAERE PŪTEA MANAGING THE MONEY

WHERE WAS THE MONEY SPENT?

2017-18 TOTAL EXPENSES \$122 MILLION



CAPITAL EXPENDITURE



Overall we spent \$51.9 million on projects that renewed our assets, increased their level of service or expanded them due to growth of our district. This was \$4.8 million higher than our planned budget of \$47 million and was largely driven by additional spend on Community Facilities; this was partially offset by savings as certain projects were phased over a longer time period.

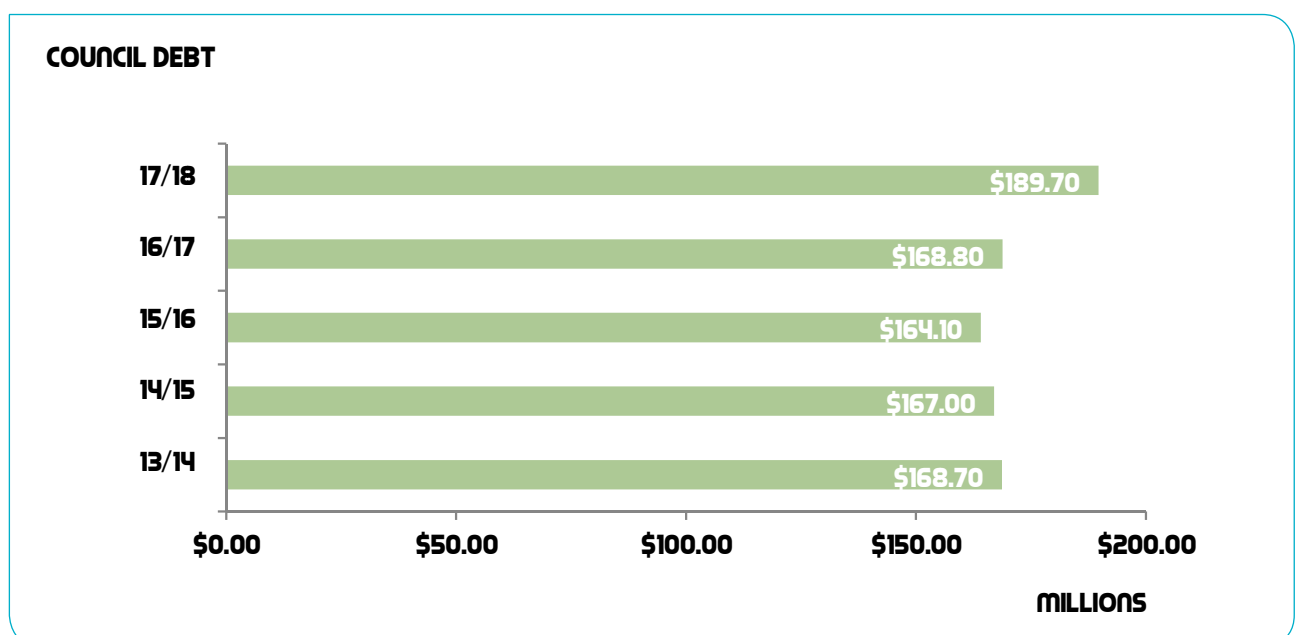
CAPITAL PRESSURES

The council is committed to collaborative partnerships with the community, suppliers and stakeholders. Given the need to ensure projects are fit for purpose as circumstances and requirements change the timing of these projects needs therefore to be flexible. The April floods resulted in additional unforeseen expenditure which resulted in underspend in certain projects due to phasing adjustments.

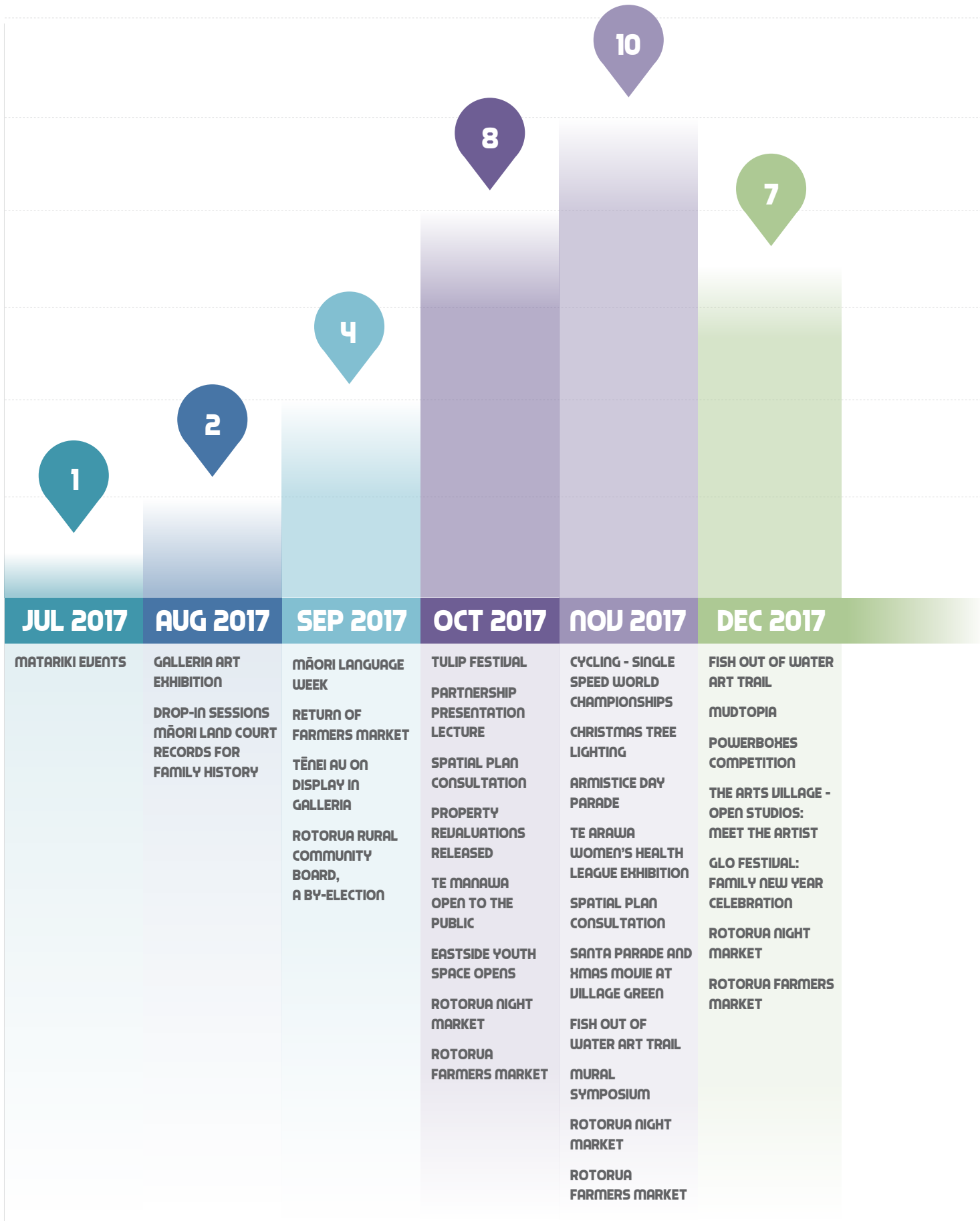
PROJECT	\$	COMMENT
Civic Centre Refurbishment	1.7 million	Additional costs driven by full replacement of water mains following discovery of extensive corrosion of the metal infrastructure as well as additional CCTV security enhancements required.
Library Upgrade	2.1 million	Timing issue for this project. Overall project was completed within budget.
CBD Refresh	1.7 million	Part of the Te Manawa inner city project refurbishments where the decision was made to further develop Jean Batten Park, Haupapa Street and associated Carparks not originally in scope.
Waipā Carpark Bypass	1.1 million	Additional unscheduled road enhancement required.
Sportsdrome	\$905,000	Relating to relocation of the Infrastructure Group to the Sportsdrome building.
Energy Events Centre	\$358,000	Unbudgeted expenditure for refurbishment of EEC entranceway, signage and bathrooms.
Rotoiti/Rotomā Sewerage	(3.0) million	Underspend driven by delay in project start from December'17 to April '18 following ongoing land agreement negotiations.

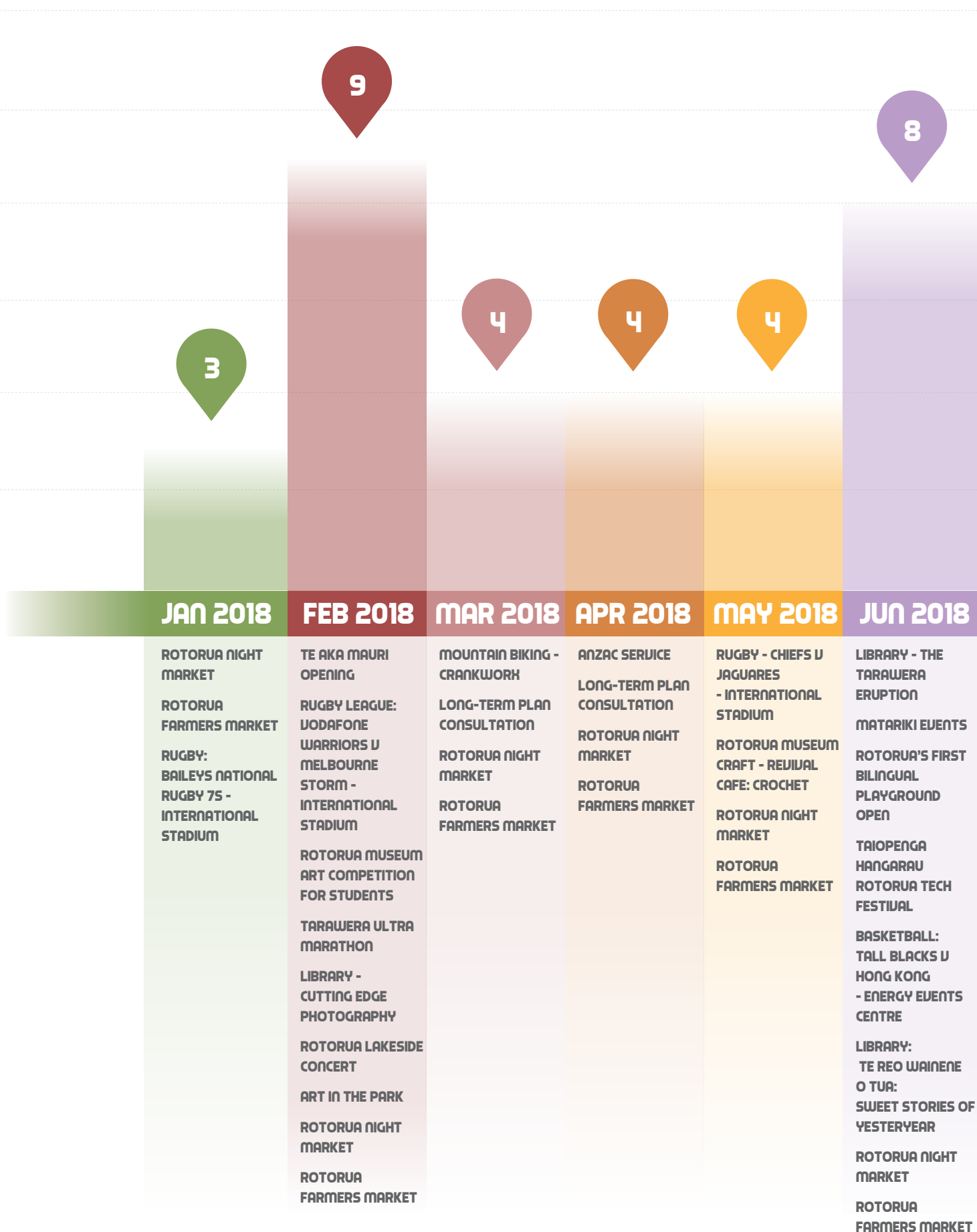
COUNCIL DEBT

Debt increased by \$21 million from prior year to \$189.7 million. Borrowing is used by Council so that costs of new facilities or infrastructure and any associated improvements can be spread over the multiple generations that are expected to benefit from the improvement rather than loading all the costs to one generation. Despite the increase in debt Council still manages to maintain on average above 80% equity in our asset base.



HE WĀTAKA CALENDAR OF EVENTS





JAN 2018

ROTORUA NIGHT MARKET
 ROTORUA FARMERS MARKET
 RUGBY: BAILEYS NATIONAL RUGBY 7S - INTERNATIONAL STADIUM

FEB 2018

TE AKA MAURI OPENING
 RUGBY LEAGUE: UODAFONE WARRIORS U MELBOURNE STORM - INTERNATIONAL STADIUM
 ROTORUA MUSEUM ART COMPETITION FOR STUDENTS
 TARAWERA ULTRA MARATHON
 LIBRARY - CUTTING EDGE PHOTOGRAPHY
 ROTORUA LAKESIDE CONCERT
 ART IN THE PARK
 ROTORUA NIGHT MARKET
 ROTORUA FARMERS MARKET

MAR 2018

MOUNTAIN BIKING - CRANKWORK
 LONG-TERM PLAN CONSULTATION
 ROTORUA NIGHT MARKET
 ROTORUA FARMERS MARKET

APR 2018

ANZAC SERVICE
 LONG-TERM PLAN CONSULTATION
 ROTORUA NIGHT MARKET
 ROTORUA FARMERS MARKET

MAY 2018

RUGBY - CHIEFS U JAGUARES - INTERNATIONAL STADIUM
 ROTORUA MUSEUM CRAFT - REVIVAL CAFE: CROCHET
 ROTORUA NIGHT MARKET
 ROTORUA FARMERS MARKET

JUN 2018

LIBRARY - THE TARAWERA ERUPTION
 MATARIKI EVENTS
 ROTORUA'S FIRST BILINGUAL PLAYGROUND OPEN
 TAIOPENGA HANGARAU ROTORUA TECH FESTIVAL
 BASKETBALL: TALL BLACKS U HONG KONG - ENERGY EVENTS CENTRE
 LIBRARY: TE REO WAINENE O TUA: SWEET STORIES OF YESTERYEAR
 ROTORUA NIGHT MARKET
 ROTORUA FARMERS MARKET

KUA PŪKEKOTIA AWARDS AND RECOGNITION

We received the following awards and commendations during 2017/18:

AWARD	ASSOCIATION	RECEIVED FOR
Winner - Events & Venues Excellence in Event Hospitality 2018	Rotorua Hospitality Awards	Rotorua Night Markets
Martin Jenkins Judges' Choice Award for Performance Excellence and Community Outcomes (Joint winner with Palmerston North City Council)	Local Government New Zealand EXCELLENCE Awards	Overall Judges Choice Award for portfolio
Best Practice Contribution to Local Economic Development	Local Government New Zealand EXCELLENCE Awards	Inner City Revitalisation
Service Delivery and Asset Management	Local Government New Zealand EXCELLENCE Awards	Te Aka Mauri – Library and Children's Health Hub
Outstanding Contribution to Local Government	Local Government New Zealand EXCELLENCE Awards	Awarded to Councillor Trevor Maxwell

COMMUNITY AWARDS

We awarded the following prizes to members of our community in 2017/18.

ROTORUA MUSEUM'S THE ART OF REMEMBERING - TE PŪ O MAHARA COMPETITION

Rotorua Museum is giving Rotorua high school students the chance to win a \$10,000 scholarship prize by creating visual art based on the story of a Rotorua person who served in the Great War.

The winner was awarded a scholarship for further study to the value of \$10,000 as well as a day trip with their art teacher to Wellington to visit The Scale of Our War exhibition at Te Papa and a tour of Weta Workshop.

Excellence in Art Awards of \$1,000 scholarships towards further study and participating high schools will each receive \$1,000 voucher from National Art Supplies.

- Supreme Winner – Leroy Nurkka and his artwork about Christabel McFarlane
- Excellence in Art - Jared Lewis' artwork about Cecil Goodson
- Excellence in Art - Animata Te Runa Tukiwaho's artwork about Eric Cobledick
- Excellence in Art - Martine Rose Anne Ocangas' artwork about Eric Cobledick

2017 ROTORUA UNISON POWER BOX DESIGN AWARDS

Twenty-eight Unison Network power boxes were decorated in November and December 2017 by 14 local artists. Designs were based on the theme 'The Rotorua Experience' and covered a wide range of Rotorua activities, cultural diversity, natural environment and much more.

- Winner received \$1000 prize money and the runner up \$500
- Winner - Paul Walsh
- Runner up - Chris Newman

EXCELLENCE

EXCELLENCE



EXCELLENCE

EXCELLENCE

EXCELLENCE



TE WHIRI MĀTĀRAE



CIVIC LEADERSHIP

NGA MANU MĀTĀRAE CIVIC LEADERSHIP



Rotorua is represented by a Mayor and 10 Councillors who are elected for a 3 year term.

All Councillors represent the entire local area as the city is not divided into wards.

Local Authority elections are held throughout New Zealand on the second Saturday in October every three years, the next being Saturday 12 October 2019. The last election was in October 2016. Registered voters in the Rotorua district vote by postal vote using the First Past the Post (FPP) electoral system.

The local authority elections are conducted under the provisions of the Local Electoral Act 2001, the Local Electoral Regulations 2001 and the Local Government Act 2002.

HON STEVE CHADWICK JP - MAYOR

Private Bag 3029, Rotorua Mail Centre, Rotorua 3046

T 021 472 069

E Steve.Chadwick@rotorualc.nz

Mayor Chadwick was first elected to Council in 1996 and was a councillor until being elected to Central Government as the member for Rotorua from 1999 until 2011. She was then elected Mayor of Rotorua in October 2013.

In addition to chairing full council meetings of Rotorua Lakes Council, Mayor Chadwick currently chairs the Ngāti Whakaue Gifted Reserves Committee, the Ngāti Rangiteaorere/Ngāti Rangiwewehi/ Tapuika/ Waoku/ Tūhourangi Iwi Protocol Committees, the Kauae Cemetery Trust Board and the Rotorua District WW100 Commemorations Committee. She is the Co-Chair of the Te Arawa Iwi Trust, the Rotorua Lakes Council Co-Governance Committee and the Responsible Camping Working Group, and Deputy Chair of the Rotorua Lakes Strategy Group. Mayor Chadwick is also a trustee of the Pukaki Trust and sits on the Regional Transport Committee and the Civil Defence Emergency Management Committee.

COUNCILLORS



CLR DAVE DONALDSON QSM - DEPUTY MAYOR

Private Bag 3029, Rotorua Mail Centre, Rotorua 3046
 T 021 824 682
 E Dave.Donaldson@rotorualc.nz

Clr Donaldson was first elected to Rotorua District Council in 2007 and appointed to the Rotorua Lakes Community Board for the 2007 and 2010 trienniums. Clr Donaldson is a retired Police Officer and keen mountain biker.

In 2017/18 Clr Donaldson was Deputy mayor, Economic Development Portfolio Lead, Chairman of Mountain Bike Events Ltd, Trustee on Kauae Cemetery Trust and sat on Operations and Monitoring Committee, Strategy Policy & Finance Committee, Audit and Risk Committee, the Ngāti Rangiteaorere/ Ngāti Rangiwewehi/ Tapuika/ Iwi Protocol Committees, TARIT Joint Committee and the Rotoiti/ Rotomā and Rotorua [Out of the Forest] Sewerage Steering Committees. At times Clr Donaldson serves as the Mayor’s alternate on the Civil Defence Emergency Management Group and the Regional Transport Committee.

CLR PETER BENTLEY

Private Bag 3029, Rotorua Mail Centre, Rotorua 3046
 T 027 493 0435
 E Peter.Bentley@rotorualc.nz

Clr Bentley was first elected to Council in 2013. He is a retired business owner of several contracting and retail operations.

Clr Bentley currently sits on Operations and Monitoring and Strategy Policy & Finance Committees, and is also a qualified RMA Commissioner.

NGA MANU MĀTĀRAE CIVIC LEADERSHIP



CLR MARK GOULD JP

Private Bag 3029, Rotorua Mail Centre, Rotorua 3046
T 021 0864 5870
E Mark.Gould@rotorualc.nz

Clr Gould was first elected to Council in 2004; he missed being elected in 2007 but was then reelected in 2010 and has served as a Councillor since then. He has 36 years previous experience as a retailer and bank officer.

Clr Gould currently sits on Operations and Monitoring and Strategy Policy & Finance Committees, Serves as Council's representative on the newly formed Rural Community Board, is also a qualified RMA Commissioner and is a Deputy Chair Liquor Advisory Committee.

CLR KAREN HUNT

Private Bag 3029, Rotorua Mail Centre, Rotorua 3046
T 027 495 7547
E Karen.Hunt@rotorualc.nz

Clr Hunt was first elected to Council in 2007. A registered nurse with a background in sales and marketing.

Clr Hunt is currently the deputy chair of the Strategy, Policy and Finance committee. She is also lead for the Inner-City Revitalisation Portfolio. In addition to this she sits on Operations and Monitoring Committee, and is also a qualified RMA Commissioner.

Clr Hunt's also has the following roles: Chair Resource Management Act Policy Committee; Chair Rotorua District Licensing Committee; Co-Chair National District Licensing Reference Group; Te Arawa Lakes Strategy Group, Tūhourangi Protocol Committee, Rotorua Museum Exhibition Advisory Group.



CLR ROB KENT

Private Bag 3029, Rotorua Mail Centre, Rotorua 3046
T 021 471 727
E Rob.Kent@rotorualc.nz

Clr Kent was first elected to Council in 2013. He is a director of four companies operations in industries of retailing; farming; building construction and computer software development.

Clr Kent currently sits on Operations and Monitoring, Strategy Policy & Finance and RMA Policy and Hearings Committees and is also a qualified RMA Commissioner.

CLR RAJ KUMAR

Private Bag 3029, Rotorua Mail Centre, Rotorua 3046
T 021 821 869
E Raj.Kumar@rotorualc.nz

Clr Kumar was first elected to Council in 2016, he is co-lead for the Sports and Recreation portfolio.

Clr Kumar currently sits on Operations and Monitoring and Strategy Policy & Finance Committees.

NGA MANU MĀTĀRAE CIVIC LEADERSHIP



CLR TREVOR MAXWELL MNZM

Private Bag 3029, Rotorua Mail Centre, Rotorua 3046
T 027 244 9842
E Trevor.Maxwell@rotorualc.nz

Clr Maxwell was first elected to Council in 1977. He was Deputy Mayor from 2002-2013.

Clr Maxwell currently sits on Operations and Monitoring and Strategy Policy & Finance Committees.

Clr Maxwell is Rotorua Lakes Council's Cultural Ambassador and currently serves on six iwi protocol committees, Kaumātua Committee te Pūkenga Koeke o Te Whare Taonga o Rotorua, is the Council's representative on the Creative Communities Rotorua Assessment Committee and often hosts overseas delegations to Rotorua.

CLR MEREPEKA RAUKAWA-TAIT

Private Bag 3029, Rotorua Mail Centre, Rotorua 3046
T 027 247 7576
E Merepeka.Raukawa-Tait@rotorualc.nz

Clr Raukawa-Tait was first elected to Council in 2010, and is currently the chair of the Strategy, Policy and Finance Committee and sits on the Operations and Monitoring Committee.

She is also lead for the People portfolio and the Te Arawa Partnership.



CLR CHARLES STURT

Private Bag 3029, Rotorua Mail Centre, Rotorua 3046
T 027 483 6306
E Charles.Sturt@rotorualc.nz

Clr Sturt was first elected to Council in 1989, and is currently the chair of the Operations and Monitoring Committee and sits on the Strategy, Policy and Finance Committee.

He is also lead for the Sport and Recreation portfolio.

CLR TANIA TAPSELL

Private Bag 3029, Rotorua Mail Centre, Rotorua 3046
T 022 164 8939
E Tania.Tapsell@rotorualc.nz

Clr Tapsell was first elected to Council in 2013, and is currently the deputy chair of the Operations and Monitoring Committee and sits on the Strategy, Policy and Finance Committee.

She is also lead for the Sustainability portfolio.

Currently she is also a member of the NZ Community Boards Executive Committee, and the Māori Innovation Reference Group advising the Ministry of Social Development.

NGĀ RĀNGAI HAPORI COMMUNITY BOARDS

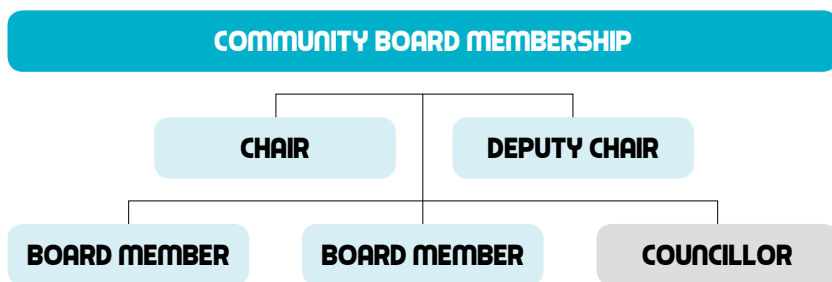
WHAT ARE COMMUNITY BOARDS?

Community boards were established in 1989 following the reform of local government. They are designed to bring government closer to communities as a form of grassroots democracy.

There are currently 110 community boards located throughout New Zealand. They can vary from large, such as the community boards in Christchurch, to small, such as the community boards in Southland.

Their functions also vary although all boards are concerned with what happens in their communities and ensuring that councils and other public agencies address community issues.

Boards are elected every three years along with all other elected members. Board members serve three-year terms and then must stand again for election.



The purpose of a community board is to:

- Promote residents' issues and initiatives to the Board and Council;
- Make decisions delegated about activities delegated to the Community Board by Council;
- Monitor the provision of Council services and advocates changes as necessary;
- Engage in community development activities in conjunction with council officers;
- Take a proactive stance anticipating strategies and policies that may be needed;
- Represent the community to other agencies;
- Promote the role of the community board in the wider community;
- Work co-operatively with the Council.

WHAKAREWAREWA

WHAKAREWAREWA

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RĀNGAI KŌROTO MOANA LAKES COMMUNITY BOARD



PHILL THOMASS - CHAIR

Private Bag 3029, Rotorua Mail Centre, Rotorua 3046

T 027 547 4455

E Phill.Thomass@rotorualc.nz

Phill Thomass was elected to the board in 2013.

Phill sits on the Strategy, Policy and Finance and People Portfolio Committee's and was elected Chair of the Lakes Community Board in 2016.

JIM STANTON - DEPUTY CHAIR

Private Bag 3029, Rotorua Mail Centre, Rotorua 3046

T 027 218 4097

E Jim.Stanton@rotorualc.nz

Jim Stanton was elected to the board in 2016.

Jim sits on Operations and Monitoring Committee.

Jim has a background in military and retail management.



CLR TANIA TAPSELL

Private Bag 3029, Rotorua Mail Centre, Rotorua 3046

T 022 164 8939

E Tania.Tapsell@rotorualc.nz



NICK CHATER

Private Bag 3029, Rotorua Mail Centre, Rotorua 3046
T 027 206 6993
E Nick.Chater@rotorualc.nz

Nick Chater was elected to the board in 2016.

Nick has a background in the adventure tourism industry, business ownership and outdoor education.

FRED STEVENS

Private Bag 3029, Rotorua Mail Centre, Rotorua 3046
T 027 406 0406
E Fred.Stevens@rotorualc.nz

Fred Stevens was elected to the board in 2016.

Established in 2007, the Rotorua Lakes Community Board has four elected members and one Council-appointed councillor. The board advocates on behalf of residents of the lakes areas.

RĀNGAI TAIWHENUA RURAL COMMUNITY BOARD



SHIRLEY TRUMPER - CHAIR

Private Bag 3029, Rotorua Mail Centre, Rotorua 3046
T 021 277 1040
E Shirley.Trumper@rotorualc.nz

Shirley Trumper was elected to the board in 2016.

Shirley sits on the Strategy, Policy and Finance and People Portfolio Committee's and was elected Chair of the Rural Community Board in 2016.

CHRIS SUTTON - DEPUTY CHAIR

Private Bag 3029, Rotorua Mail Centre, Rotorua 3046
T 027 600 6255
E Chris.Sutton@rotorualc.nz

Chris Sutton was elected to the board in 2016.



CLR MARK GOULD

Private Bag 3029, Rotorua Mail Centre, Rotorua 3046
T 021 0864 5870
E Mark.Gould@rotorualc.nz



BRYCE HEARD

Private Bag 3029, Rotorua Mail Centre, Rotorua 3046
T 021 926 812

E bryce.heard@rotorualc.nz

Bryce Heard was elected as the only nominee, unopposed to the Rural Community Board in 2017. He filled the vacancy left by the resignation of Euan McLachlan due to work commitments.

BOB MARTIN

Private Bag 3029, Rotorua Mail Centre, Rotorua 3046
T 07 348 9864

E Bob.Martin@rotorualc.nz

Bob Martin was elected to the board in 2016.

Bob sits on Operations and Monitoring Committee.

Established in 2016, the Rotorua Rural Community Board has four elected members and one appointed councilor. The board advocates on behalf of residents of the rural areas in the Rotorua district.

TE TATAU O TE ARAWA TE ARAWA PARTNERSHIP BOARD

TE TATAU O TE ARAWA BOARD



TE TARU WHITE
CHAIR



NGAROMA (MALA) GRANT
DEPUTY CHAIR



EUGENE BERRYMAN-KAMP



POTAUA BIRSINY-TULE



KINGI BIDDLE



NGAHUIA HONA-PAKU
RANGATAHI



DR KEN KENNEDY
TE PŪKENGA KŌEKE
REPRESENTATIVE



ERAIRA KIEL



RAINA MEHA-RANGITAUIRA



GINA MOHI



ANA MORRISON



GEOFFREY ROLLESTON



TE MAURI TAIT KINGI
RANGATAHI



DAVID (CAWIRI) WARU



JUDE PANI
EXECUTIVE OFFICER

TE IWI MĀORI ME TE ARA WHAKARITE MĀORI CONTRIBUTION TO DECISION MAKING

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

TE TATAU O TE ARAWA

Te Tatau o Te Arawa is the board which represents the collective interests of Te Arawa under the Te Arawa partnership agreement with Rotorua Lakes Council.

The board of trustees comprises 14 members, representative of a cross section of Te Arawa stakeholders including koeke (elders), Ngāti Whakaue, Te Arawa iwi and hapū, land trusts and incorporations, pan-Te Arawa entities and rangatahi (youth).

Te Tatau o Te Arawa was established in 2015, following an 18-month process. Te Arawa (voting age members registered on the Te Arawa Lakes Trust register at the time) elected a board of 14 to represent Te Arawa's collective interests and guide the partnership.

The partnership agreement embodies the intention of Te Arawa and Rotorua Lakes Council to establish an enduring relationship which creates a future that benefits the community as a whole.

Other mechanisms providing Māori input into council decision-making include Te Pukenga Koeke o te Whare Taonga o Te Arawa, a group of Te Arawa kaumatua supporting Rotorua Museum decisions; Ngāti Whakaue Gifted Reserves Protocol which provides input into decisions or changes to the status of gifted reserves; and the Kauae Cemetery Committee which advises on operations, policies and procedures for the Kauae Cemetery.

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

The council has a number of individually tailored memoranda of understanding in place with various hapū of the district.

Te Arawa and Council committed to the following goals:

- provide a framework to work together towards improving Rotorua;
- provide mechanisms and resources that help Te Arawa to participate in Council policy, planning and other decision-making processes;
- facilitate the sharing of information to build better understanding that enhances collaboration and strategic thinking about Rotorua's future;
- Assist Te Tatau to:
 - Achieve a Te Arawa 2030 Vision,
 - support the council to grow its capacity and capability to effectively and meaningfully engage with Te Arawa hapū and iwi,
 - Realise opportunities (that arise from time to time) that both parties agree are mutually beneficial,
 - Assist Council with its decision-making and other processes, exercise of functions, and exercise of powers by meeting five objectives:
 - help Council meet its Rotorua 2030 commitment to effectively partner with Te Arawa;
 - improve the delivery of Council's legal and statutory obligations to Māori;
 - strengthen Te Arawa's participation in Council decision-making;
 - identify strategic opportunities to work closely together for the betterment of the Rotorua district;
 - build iwi capacity and capability to partner with local government.

TE TIROHANGA WHAKAMUA OUR VISION

Created in 2013, the district's long-term vision created an enduring pathway for the Rotorua district driving everything we do as we work with our community to achieve a positive future.

It followed a call for change to ensure the growth and development of the district and established long term goals as well as setting the direction for council work, services and planning.

A refresh following the 2016 elections, The Rotorua Way, reflected the need to continue to develop the Rotorua district in a way that responds to growth but at the same time retains and works to enhance the unique character of our place that is special to us all.

A focus on what makes Rotorua special – the district's active environment, our strong Te Arawa culture and manaakitanga, the fantastic lifestyle we can enjoy and the diverse economic opportunities that exist here have highlighted areas for opportunities and transformational change that point us towards achieving the goals of the vision.

This is our home, we are its people.

We're the heart of Te Arawa and a centre for Māori culture and expression.

We're innovative and we share what we learn.

We're driving opportunity, enterprise and diversity.

We're supporting a legacy of sustainability for our environment.

Rotorua is a place for everyone...

Tatau tatau - We together.

Koinei tō tātau kāinga. Ko tātau ōna tāngata.

Nā tātau tonu i ora ai te ahurea

Māori me ōna āhuratanga katoa.

He iwi auaha tātau e tuku nei i tā tātau e ako nei.

E kokiri nei tātau i te angitu,

i te hihiri me ngā rerekētanga maha.

E kaha tautoko nei tātau i whakapūmautanga o te taiao.

Mō te katoa a Rotorua...Tatau tatau

PEOPLE CULTURE PLACE

TATAU TATAU

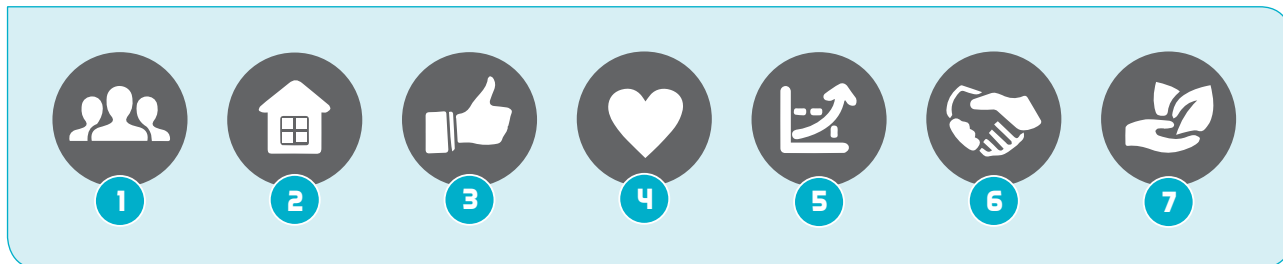
TATAU TATAU

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TATAU TATAU



TE TIROHANGA WHAKAMUA OUR VISION



COMMUNITY OUTCOMES

Our community outcomes are our vision 2030 goals.

1. **A RESILIENT COMMUNITY** He hapori 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, kāinga haumarū...quality, affordable homes that are safe, warm, and available
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 pakihi ...we boast a diverse and sustainable economy energised by our natural resources and innovative people
6. **EMPLOYMENT CHOICES** He huarahi hou...we are a prosperous connected community; growing our education, training and employment opportunities
7. **ENHANCED ENVIRONMENT** Tiakina tō taiao... we are known globally for our clean, natural environment, air quality and healthy lakes

We have previously reported Vision 2030 via the quarterly 2030 progress report. We are leaving this behind as the method proved to not be fit for the purpose of understanding the current state and progress of community outcomes. Measuring our community outcomes should be in a way that tells us about the current state of our community with respect to where we would like to be.

We are developing a new approach. The purpose is to provide a common understanding of the 'state of the community' and in working with all citizens, community groups, sectors of government, business etc, create collaboration, leadership, ownership, and alignment to core areas where the district needs improvement in our community wellbeing.

It is envisaged that a first report will be produced in April 2019. The key parts to the new approach are that it is vision led, aspirational yet achievable, intergenerational and future focused.

Guiding the development of this framework in this way is the result of the new direction and expectations being set by central government. This includes the reinstatement of the four well-beings, Treasury introducing the Living Standards Framework, the Reserve Bank expanding its mandate to include employment outcomes, and the commitment by government to embed wellbeing and living standards (for children in particular).

Local government is best placed to develop community wellbeing frameworks for use by all.

PLACE

PEOPLE CULTURE PLACE

PEOPLE CULTURE PLACE

PEOPLE

CULTURE

TE MANA KAUNIHERA

HOW WE GOVERN

THE ROLE OF COUNCIL

Rotorua Lakes Council is representative democracy. Our role is to determine the public interest and decide on areas of priority for the good of the district and its people. Under the Local Government Act 2002 our statutory roles are:

- to enable democratic local decision-making and action by, and on behalf of, communities;
- to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is cost-effective for households and businesses.

While the Council's Chief Executive is responsible for administration of the Council.

We deliver our statutory roles, functions and objectives through a corporate and civic governance structure that comprises:

- Council
- Chief Executive, and
- Executive Team.

The elected Council weighs up the issues facing our growing district and ensures that ratepayers' money is allocated to priority areas and spent in the most effective way. This means balancing the needs of the community against the needs of individuals and taking into account the long- and short-term implications of decisions.

Together, the Councillors, as 'Council', form the governing body of the Rotorua District, a public statutory body constituted under the *New Zealand Local Government Act 2002*. Day-to-day operations are delegated to the Chief Executive; corporate performance is monitored through reports to Council and the community and this Annual Report.

COUNCIL DECISIONS

The Council is recognised as a single entity and Councillors only have the authority to make decisions as a group, when they are acting as 'Council'. At Committee meetings, reports from Council officers are submitted, with a recommendation for the consideration of the Committee members.

Depending on the nature of the issue, the Committee may have delegated authority (in accordance with Council's Standing Orders and in accordance with the *Local Government Act 2002*) to make resolutions that will be implemented by Council officers.

If the Committee does not have the appropriate delegated authority, the Committee will either refer or make a recommendation to Council for determination.

COUNCIL MEETINGS

Regular Council and Committee meetings are held at the Rotorua Lakes Council Civic Centre and since July 2016 Council and committee meetings are also live streamed through our website and Youtube. Meetings are open to the public, and residents and businesses are actively encouraged to attend and participate in the decision-making process. Council may consider a smaller number of matters, due to their nature and the need to maintain confidentiality, in closed session. All Council and Committee meetings are carried out in accordance with Council's Standing Orders. Refer to pages 51 and 52 for details of Councillor involvement in various committees.

Council's meeting schedule, agendas and minutes, are available on the Rotorua Lakes Council website.

The Mayor's role, as chair of Council meetings and the leader of Council, is crucial in managing effective relationships with the Chief Executive and upholding good governance. One of the key roles involves presiding at and being responsible for the orderly conduct of Council meetings.

CODE OF CONDUCT

Councillors and staff are bound by a Code of Conduct, which sets high standards for their ethical behaviour and decision-making. The Code states Councillors' roles and responsibilities and outlines the steps to be followed when making and investigating allegations of breaches of the Code.

During 2017/18 there were no Code of Conduct complaints made against Councillors.

HAVING YOUR SAY

There are many ways you can have your say on the governing of the Rotorua Lakes Council. You can:

- Vote for Councillors every three years through the Local Government election for Rotorua Lakes Council
- Write to or telephone elected members of the Council
- Get social and connect with us on our social media channels, including Facebook, Twitter, Instagram, and Youtube;
- Make submissions on other major plans and projects or notified consents that are consulted or advertised throughout the year.

Our Significance and Engagement Policy recognises that community information sharing, consultation and participation are vital for effective decision-making. Rotorua Lakes Council is committed to engaging its residents, stakeholders and Council staff in the development of policies, plans and the delivery of services for the community. More information on our community engagement activities is available on our website engagement platform Let's Talk/ Kōrero mai and on page 104.

COUNCILORS' FEES AND EXPENSES

Under schedule 7 of the Local Government Act 2002, the Remuneration Authority sets the remuneration for all elected members of local authorities including community boards. It also sets allowances and expenses.

In undertaking its duties, the Authority is obliged to have regard to the need to minimise potential for behaviour distortion, maintain fair relativity with other levels of remuneration elsewhere, be fair to both elected members and ratepayers, and attract and retain competent persons.

Information relating to these expenses in 2017/18 can be found in Note 30 of the Financial Section on page 220.

TE MANA KAUNIHERA

HOW WE GOVERN

DELEGATING DECISION-MAKING

The purpose of the Council is to make decisions on all matters that cannot be delegated, that it has not delegated or that it has had referred to it by staff or a committee.

Council exercises the following delegations:

- the power to make a rate
- the power to make a bylaw
- the power to borrow money, or purchase or dispose of assets, other than in accordance with the long-term plan
- the power to adopt a long-term plan, annual plan, or annual report
- the power to appoint a chief executive
- the power to adopt policies required to be adopted and consulted on under the LGA 2002 in association with the long-term plan, or developed for the purpose of the local governance statement; and
- the power to adopt a remuneration and employment policy
- the power to set and support strategies in measures related
- all the powers, duties and discretions under the Civil Defence Act for the proper operation and administration of the approved Civil Defence Plan; such delegation to be executed solely within the defined policy guidelines as determined from time to time by the Council and subject to the Financial limits imposed by the approved Council estimates.

Thirteen Council meetings were held from 1 July 2017 to 30 June 2018. The table below lists only meetings and Strategy Policy and Finance and Operations and Monitoring Committee meetings attended in the past financial year.

Councillor attendance at meetings for the period 1 July September 2017 to 30 June 2018 is detailed below.

Meetings attended:	Council Meetings		Committee Meetings	
	No#	%	No#	%
Hon Steve Chadwick - Mayor	*12/13	92	*24/29	83
Clr Dave Donaldson Deputy Mayor	13/13	100	**25/29	86
Clr Peter Bently	12/13	92	27/29	93
Clr Mark Gould	12/13	92	29/29	100
Clr Karen Hunt	12/13	92	27/29	93
Clr Rob Kent	12/13	92	***23/29	79
Clr Raj Kumar	13/13	100	29/29	100
Clr Trevor Maxwell	13/13	100	26/29	90
Clr Merepeka Raukawa-Tait	8/13	62	27/29	93
Clr Charles Sturt	10/13	77	21/29	72
Clr Tania Tapsell	*11/13	85	****24/29	82

* Mayor Chadwick and Clr Tapsell were absent on Council Business during the March 2018 O&M and Council meetings; ** Clr Donaldson was on Council business for the SP&F meetings March, April and May 2018; *** Clr Kent had a conflict of interest for the SP&F speed review hearing in April 2018 and was on Council Business for May 2018, SP&F meeting; **** Clr Tapsell was on Council Business for May 2018, SP&F meeting

TE ĀHUA O TE KOMITI COMMITTEE SET UP

STRATEGY, POLICY AND FINANCE COMMITTEE

Chairperson:	Clr Raukawa-Tait	
Deputy Chairperson:	Clr Hunt	
Members:	The Mayor and all councillors	2 Te Tatau o Te Arawa members
	1 Lakes Community Board member	1 Rural Community Board member

The purpose of the Strategy, Policy and Finance Committee is to have oversight and make recommendations to the Council on the adoption and development of all Council's strategic, policy, planning and regulatory frameworks. The Committee's function is recommendatory only. The Committee does not have the delegated authority to make decisions for and on behalf of the Council. All matters requiring a decision of Council must be referred, by way of recommendation, to the Council for final consideration and determination. In the event that the Council resolves not to approve or adopt a Committee recommendation, the item shall be returned to the Committee via the Chief Executive for review and subsequent referral to the Council for further consideration and determination.

OPERATIONS AND MONITORING COMMITTEE

Chairperson:	Clr Sturt	
Deputy Chairperson:	Clr Tapsell	
Members:	The Mayor and all councillors	2 Te Tatau o Te Arawa members
	1 Lakes Community Board member	1 Rural Community Board member

The purpose of the Operations and Monitoring Committee is to assist the Council to ensure consolidated and complete reporting and monitoring of all financial and non-financial information and performance measures against the Annual Plan, Long-term Plan and strategic goals/priorities. The Committee's function is recommendatory only. The Committee does not have the delegated authority to make decisions for and on behalf of the Council. All matters requiring a decision of Council must be referred, by way of recommendation, to the Council for final consideration and determination. In the event that the Council resolves not to approve or adopt a Committee recommendation, the item shall be returned to the Committee via the Chief Executive for review and subsequent referral to the Council for further consideration and determination.

DISTRICT LICENCING COMMITTEE

Chairperson:	Clr Hunt	
Deputy Chairperson:	Clr Gould	
Members:	Mr Henry Weston	Mrs Juanita Conder
	Mr Alastair Gibson	Ms Jane Eynon-Richards
	Mr Trevor Owen	

The purpose of the District Licensing Committee is to:

- to consider and determine applications for licences and manager's certificates; and
- to consider and determine applications for renewal of licences and manager's certificates; and
- to consider and determine applications for temporary authority to carry on the sale and supply of alcohol in accordance with section 136; and
- to consider and determine applications for the variation, suspension, or cancellation of special licences; and
- to consider and determine applications for the variation of licences (other than special licences) unless the application is brought under section 280; and
- with the leave of the chairperson for the licensing authority, to refer applications to the licensing authority; and
- to conduct inquiries and to make reports as may be required of it by the licensing authority under section 175; and
- any other functions conferred on licensing committees by or under this Act or any other enactment.

TE ĀHUA O TE KOMITI COMMITTEE SET UP

RMA POLICY COMMITTEE

Chairperson: Clr Hunt
Members: Clr Kent Gina Mohi - Te Tatau o Te Arawa

The purpose of the RMA Policy Committee is to:

- conduct hearings and make decisions on proposals for the preparation, change, variation and review of Council's District Plan under Schedule 1 of the RMA; and
- assist Council to determine its policy, planning and strategic direction with regard to the preparation, change, review and variation of Council's proposed or operative district plans, in a manner which promotes the sustainable management of natural and physical resources in the Rotorua district.

Each member of the committee is required to hold a certificate of accreditation for the purpose of holding hearings under the RMA. The Chair of the Committee must also hold Chair certification. To complement the Ministry for the Environment's Making Good Decisions Programme, committee members will be required to meet such further RMA training requirements and hold such further accreditation as may be specified by Council from time to time.

AUDIT AND RISK COMMITTEE

Chairperson: Ms Brosnahan - external representative
Deputy Chairperson: Ms Stanway - external representative
Members: Mayor Deputy Mayor
 Clr Sturt Clr Raukawa-Tait

The purpose of the Audit and Risk Committee is to:

- monitor and report to the Council on:
 - The Council's external and internal audit process;
 - The performance of Council's legal responsibilities (within the ambit of the Committee's delegated authority);
 - The independence and effectiveness of Council's internal audit processes;
 - Existing corporate policies (including recommending new corporate policies to prohibit unethical, questionable or illegal activities);
- Provide a communication link between management, internal auditors/external auditors and Council;
- Support measures to improve management performance and internal controls;
- Support the professional independence, effectiveness and accountability of the Risk Management Framework.

CEO PERFORMANCE COMMITTEE

Chairperson: Mayor
Deputy Chairperson: Deputy Mayor
Members: Clr Raukawa-Tait Clr Sturt
 Mr White Mrs Trumper
 Mr Thomass

The purpose of this committee is to review the performance of the Chief Executive annually, and also undertake the legislative requirements in relation to the Chief Executive's performance. The Committee's role is recommendatory only. Its role is to review the Chief Executive's performance annually and establish performance targets for each year.



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TE ĀHUA O TE KAUNIHĒRA

OUR ORGANISATION

NGĀ UARATANGA OUR VALUES

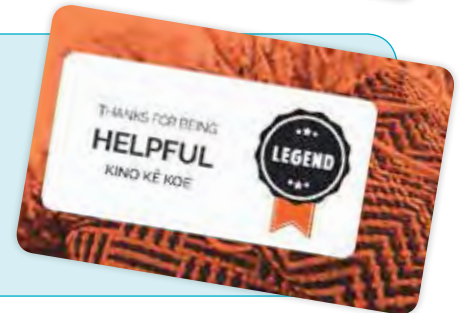
INSPIRING:

TAKING PRIDE IN WHAT WE DO AND HOW WE MAKE A POSITIVE DIFFERENCE IN OUR COMMUNITY



HELPFUL:

ALWAYS BEING APPROACHABLE AND SUPPORTIVE AND GO THE EXTRA MILE



INNOVATIVE:

BEING EMPOWERED TO BE SOLUTIONS FOCUSED AND ALWAYS LOOK FOR CONTINUOUS IMPROVEMENT



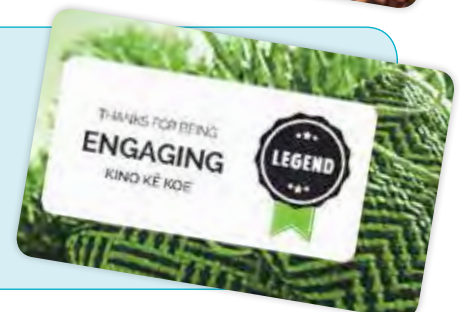
RESPECTFUL:

TREATING EVERY PERSON AS WE WOULD LIKE TO BE TREATED



ENGAGING:

COMMUNICATING AND WORKING TOGETHER TO ACHIEVE THE BEST OUTCOMES



CONTRIBUTION TO BICULTURALISM:

DEMONSTRATING A PERSONAL CONTRIBUTION TO THE ORGANISATIONS BICULTURAL CAPABILITY



OUR VALUES

OUR VALUES

VALUES

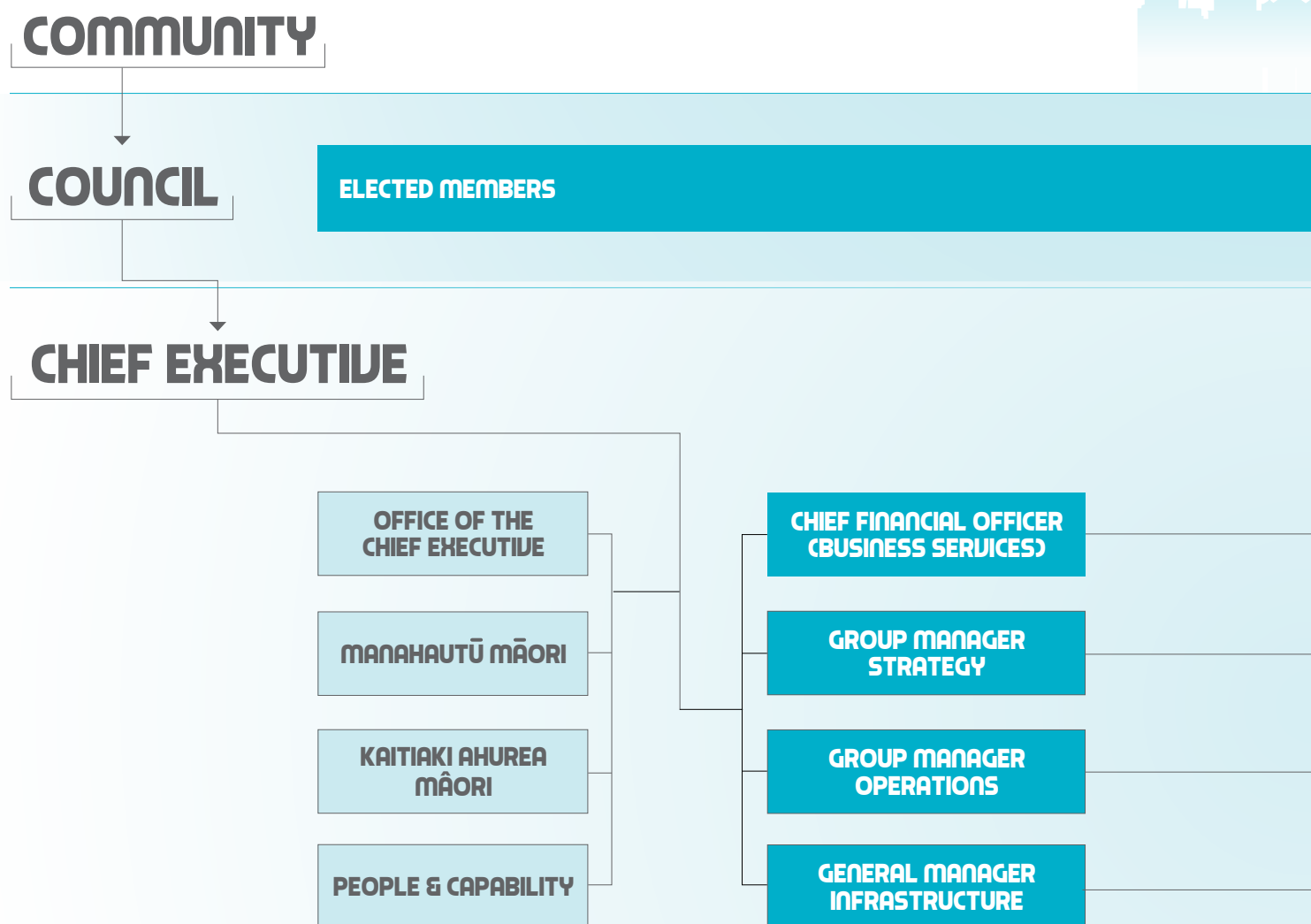
OUR VALUES

OUR VALUES

OUR VALUES



TE OHU MANAHAUTŪ ORGANISATIONAL LEADERSHIP

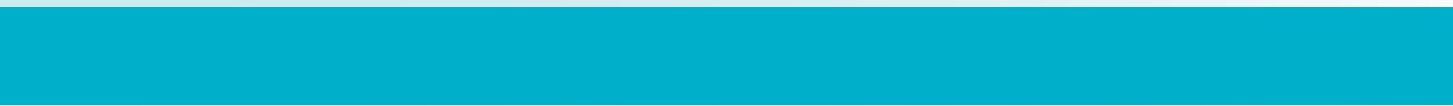


ORGANISATIONAL LEADERSHIP

The Rotorua Lakes Council Executive Team is led by the Chief Executive and comprises five Groups:

- Business Services
- Infrastructure
- Office of the Chief Executive
- Operations
- Strategy

Our organisation has many skilled and professional people who are passionate about our district, its future and delivering better value services. Within the five Groups there were 18 Business Units that delivered services and projects made up of 362 FTE (full time equivalent) employees.



EXECUTIVE TEAM

In 2017/18, the Executive Team consisted of the Chief Executive, Chief Financial Officer, three Group Managers, the Manager of Office of the Chief Executive and Kaiwhakahaere and Kaitiaki Māori.

Chief Executive
GEOFF WILLIAMS

Chief Financial Officer
THOMAS COLLÉ

General Manager Infrastructure
STAVROS MICHAEL

Group Manager Operations
HENRY WESTON

Group Manager Strategy
JEAN-PAUL GASTON

Kaitiaki Ahurea Māori
MONTY MORRISON

Manahautū Māori
GINA RANGI

Manager Office of the Chief Executive
CRAIG TIRIANA

PŪMANAWA TANGATA DEVELOPING OUR PEOPLE

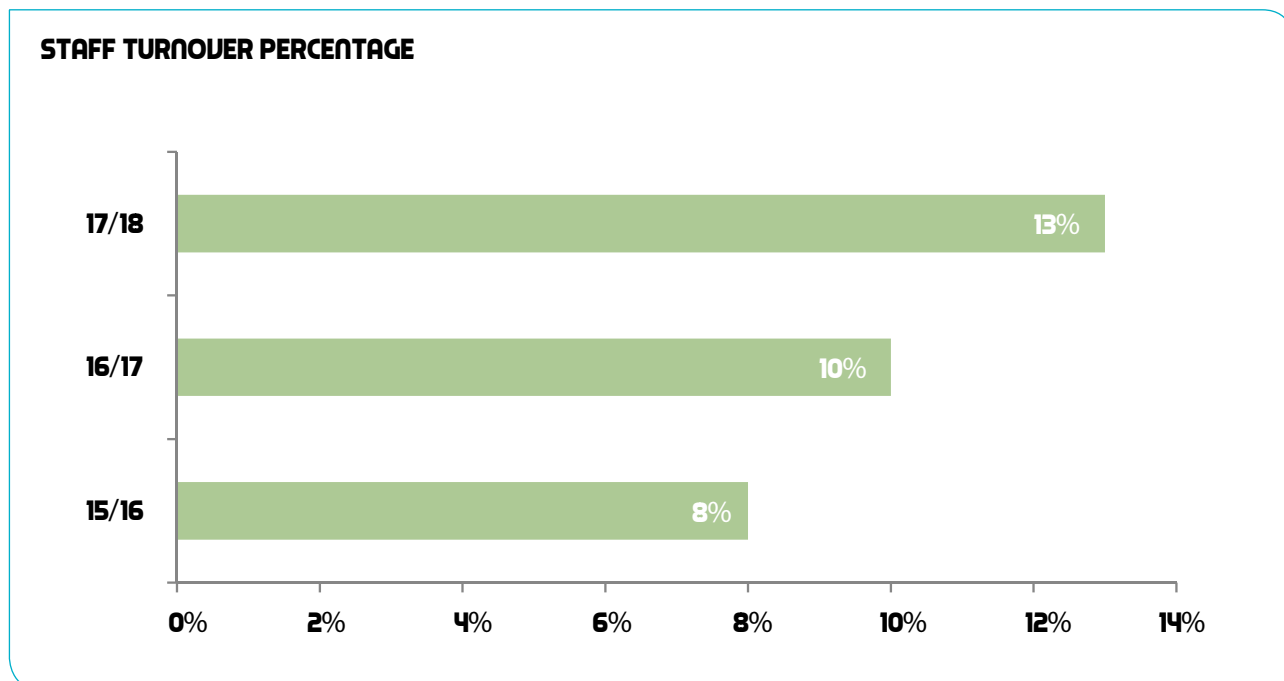
Our Workforce Plan outlines our organisation's commitment to delivering the best value services to our community and structuring our workforce in a way that ensures we are continuously reviewing work practices and organisation structures to identify and implement any possible efficiencies or gains.

We continue to face a number of challenges, including maintaining our workforce in critical service areas and the changing demographics of our District and broader New Zealand workforce; to increase the organisation's capability to be an effective with Te Arawa, our local iwi with whom we have a formal partnership agreement; and strengthen our ability to manage and deliver large projects. To meet these challenges we are working to:

- build the bicultural capability
- recognise and celebrate diversity
- build project management capability
- increase job satisfaction, motivation and morale for staff
- increase efficiencies and innovation in forming strategies and procedures
- increase capacity to adopt new technologies and methods
- increase the engagement of our staff; and
- enhance our image within the community

STAFF TURNOVER

Staff turnover at the end of June 2018 was 13 percent, an increase in turnover from the 2016/17 financial year. The continued increase in staff turnover was a result of the Capability 2030 realignment of the organisation structure during 2017 which lead to significant change to many positions and a number of redundancies. The realignment was to ensure the organisation was better positioned to deliver Rotorua's Vision 2030 priorities.



TE AKO ME TE WHANAKE

LEARNING AND DEVELOPMENT

Some highlights of our staff development programs for 2017/18 include:

Leadership training continues to be a focus with staff attending training on various topics including Coaching for Impact, Career Conversations and 17 Staff achieved the New Zealand Certificate in Business (First Line Management) (FLM4) (Level 4) over the last two years and staff also completed the Local Government Accelerated Leadership programme

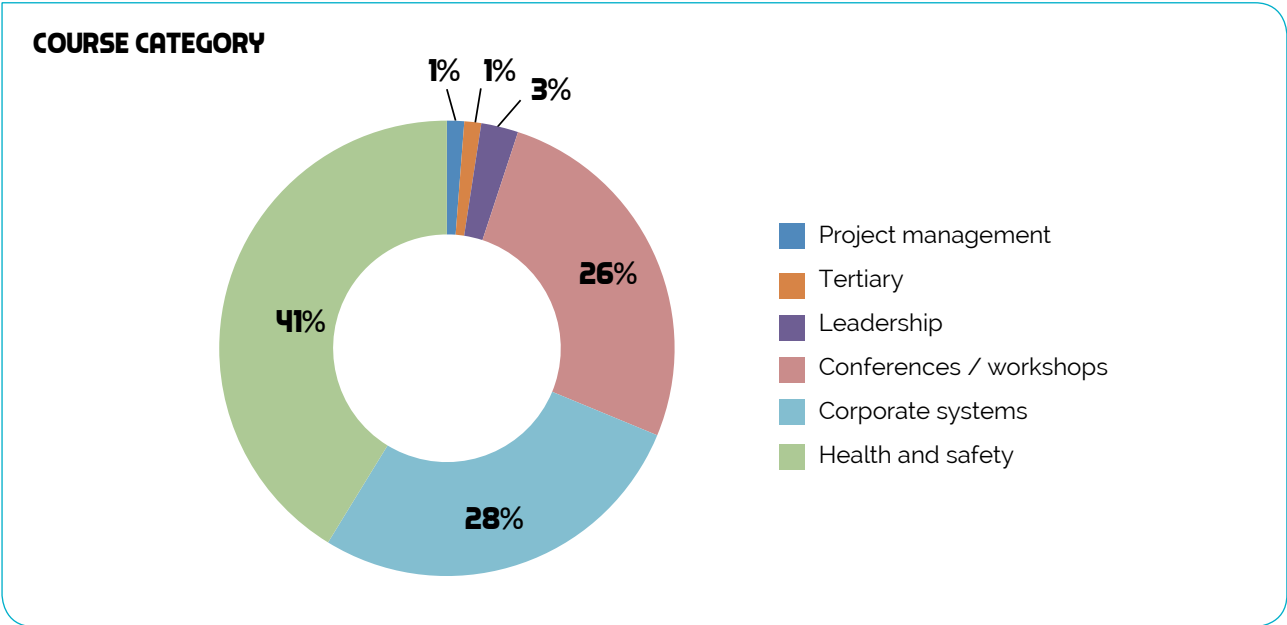
Staff attended Health and Safety and Workwell courses on a wide range of subjects including Duties of a Fire Warden, Health and Safety Representative training, vaccinations, health monitoring, health risks, first aid work-based and refresher training, mental health awareness, drug and alcohol policy refresher training.

Over 250 staff attended in-house training for our on-line Performance Management system, following the implementation of our Human Resource Information System (HRIS) system

Over 30 staff undertook training on Customer Services Excellence and Dealing with Difficult People and Situations

Webinars are now a very popular training delivery method and webinars on various topics including engagement, leadership and health and safety have been run in house – these are a time and cost effective way of delivering topical material to staff.

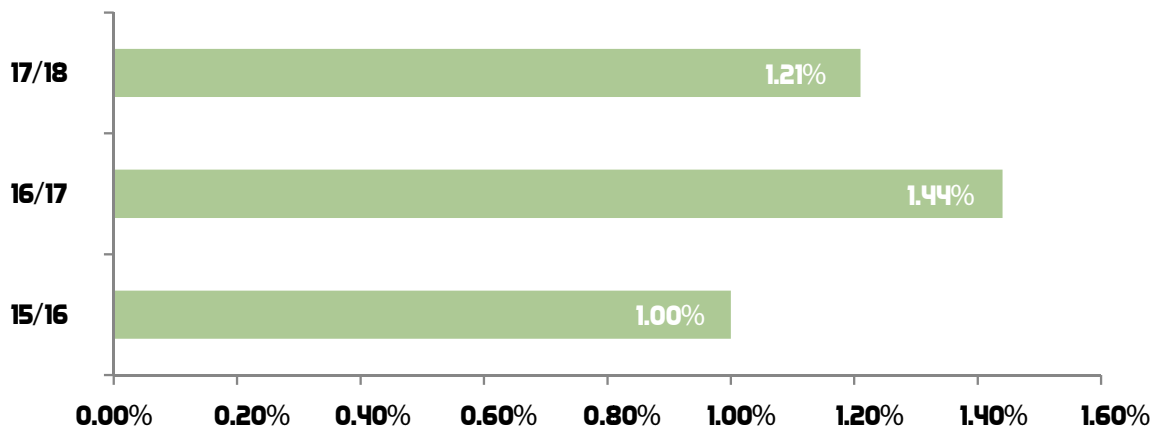
Training was undertaken across a wide range of areas - management and leadership programs, tertiary study, corporate systems training, mandatory Health and Safety and regulatory/governance training, as well as attendance at conferences and workshops. The following charts break down our investment in staff learning and development.



TE AKO ME TE WHANAKE

LEARNING AND DEVELOPMENT

PERCENTAGE OF TOTAL STAFF SALARY AND WAGES SPENT ON TRAINING AND DEVELOPMENT



MANAGEMENT AND LEADERSHIP DEVELOPMENT

We consistently work to build the capability of our managers and leaders through a range of programmes and experiences that included the Local Government Australasian Management Challenge, the SOLGM Accelerated Leadership Programme, CEB-Gartner Manager Success Programme and 360 programmes, and first line management training.

ORGANISATIONAL PERFORMANCE MANAGEMENT

We have taken a two pronged approach to strengthening organisational performance management. This has involved ensuring a consistent approach to business planning along with the strengthening of individual employee performance and development processes.

As part of the implementation of a Human Resources Information System (HRIS), we introduced a performance management module to further strengthen our approach to performance and development and talent management that involves managers and employees holding regular, future-focused performance and development conversations.

EMBRACING DIVERSITY AND EQUALITY OF OPPORTUNITY

We established a Diversity Forum and Diversity Strategy that involved us in a range of activities to embrace diversity and improve equality of opportunity. These included;

- Facilitating a range of activities to celebrate cultural diversity e.g. Diwali, Philippines Independence day
- Signing up to the United Nations Womens' Empowerment Principles (WEPS)
- Undertaking a pay equity assessment and plan
- Membership of Diversity Works

LEARNING AND DEVELOPMENT

LEARNING

LEARNING AND DEVELOPMENT

LEARNING



TIKANGA RUA

ENHANCING OUR BICULTURAL CAPABILITY

As well as strengthening our partnership with the Te Tatau o Te Arawa Board, and working in close partnership with iwi and hapū groups our Te Amorangi unit has coordinated a programme of work to lift bicultural understanding and capability among staff of the organisation.

Key highlights for 17/18:

- Creation of the Manahautū Māori role to focus on improving Council's capability and performance in developing partnership with iwi and responding to the needs of Māori. There are only two Councils in the country that have a kaupapa Māori - focussed role in their executive leadership (Tier Two).
- Rotorua became NZ's first Reo Rua city, committing to supporting the use and celebration of te reo Māori.
- Council has committed to the Te Arawa partnership and to biculturalism. In order to better deliver result across the organisation, in the year under report (17/18) we developed Te Haerenga (Bicultural Development) Framework. Using the Framework, Te Amorangi Unit will support all Council teams to review their bicultural performance and capability, and develop Action Plans to improve how we engage with Māori communities.
- Development with Te Arawa mātauranga Māori experts of a land contact process to restore the mauri of treated wastewater.
- Secured resource consents (with no appeals from iwi groups) to construct the East Rotoiti/Rotomā wastewater treatment plant.

REO RUA

Rotorua Lakes Council (RLC) acknowledges the high proportion of reo Māori speakers in the Rotorua district.

We recognise that by giving life to te reo Māori across Council RLC activities, we will better meet our statutory responsibility to encourage greater participation by Māori in decision making processes.

Together with Te Tatau o Te Arawa, RLC leads Rotorua Reo Rua. Activities in the previous financial year include:

- Upgrading the children's playground Taikākā (formerly known as Teletubbies) as a Reo Māori playground, where families can practice using te reo. We acknowledge Ngāti Whakaue Education Endowment Trust's support for this initiative
- Securing NZTA agreement to allow Reo Māori signage at the city entryways.
- Publishing a full translation of the Long Term Plan consultation document.
- Te Aka Mauri holds our te reo Māori collections, established a new reo Māori childrens' story time (He Aka Pikirangi) and provides whakapapa research support for community members.
- Supporting Toi Ohomai's free community reo Māori classes. There was great uptake of the classes, attracting 30 enrolments with a diverse group of beginner learners. RLC provided our committee room as the class venue.

BICULTURAL DEVELOPMENT FRAMEWORK

Council has committed to biculturalism and working in partnership with Te Arawa. We do this to ensure we are serving our whole community, to comply with our legal obligations and because it both manages risk and identifies opportunities for Council performance. To support staff performance and ability to engage, Council already carries out a range of initiatives including noho marae programme, Te Amorangi Unit advice and the partnership with Te Tatau o Te Arawa. To support that existing work, a Bicultural Development Framework has been prepared to:

- Provide a framework for each team within Council to assess its strengths and gaps in performing effectively in a bicultural environment.
- Support each team to develop an action plan with priorities to improve the team's performance.

Te Amorangi will assist each team to use the Framework including:

- Attending team meetings, clarifying any questions or concerns, assisting the team to identify their perceived strengths and gaps, and assisting the team to develop and confirm on their action plan.
- Prepare a report to Kaiwhakahaere Māori and the relevant executive member setting out the team's self-assessment and action plan, and identifying any Council-wide initiatives or emerging key themes to improve our performance.
- Support teams to track progress and ensure any practical issues are addressed. The draft Bicultural Framework has been presented to a staff focus group, Te Amorangi and to the governance group. The Framework is being adapted to respond to the feedback from those groups.

Once finalised, it is intended that the Framework will be:

- Presented at Operations and Monitoring Committee meeting for elected members' information.
- Presented at Te Tatau meeting for their information.
- June 2018: Initial rollout with two teams.
- July – December 2018: Full roll-out across Council.



KIA MATAARA

MANAGING RISK PROACTIVELY

In 2017/18 the previously vacant Risk Manager role was filled and a full review of the Risk management function was undertaken. This resulted in changes to the Audit & Risk Committee and the adoption and rollout of a revised RLC Risk Framework.

AUDIT AND RISK COMMITTEE

The purpose of the Audit and Risk Committee is to:

- Monitor the quality of Council's external and internal audit process
- Ensure Council fulfils its legal responsibilities
- Monitor compliance with statutory and regulatory matters relating to financial and corporate reporting
- Ensure the independence and effectiveness of Council's Internal Audit processes
- Monitor existing corporate policies and recommend new corporate policies to prohibit unethical, questionable or illegal activities;
- Provide a communication link between management, internal auditors/external auditors and Council
- Support measures to improve management performance and internal controls
- Supporting the professional independence, effectiveness and accountability of the Risk Management Framework.

Following a review of best practice guidance the committee composition was changed in August 2017. This included a reduction in committee members from eight to six members in total and recruitment of two new external members. The recruitment process was via a search run through the Institute of Directors targeting specific skill sets required (as identified as best practice by the Office of the Auditor General, LGNZ and the Institute of Directors) and with consideration of the environment and strategic direction of Rotorua Lakes Council.

Also in keeping with recommendations of the Office of the Auditor General and the Institute of Directors, the Committee Chair and Deputy Chair are now positions held by the external appointments.

The Committee Charter (held in the Committee Delegations) was also reviewed and amended with the following changes:

- extend the time period for review of external committee appointments following an election from two months post-election to four months
- add taking an active role in reviewing the most significant risks of the organisation to the delegations
- add an annual review of Delegations to ensure the Committee remains fit for purpose.

The Committee meets quarterly. The annual work-plan includes external audit, internal audit, risk management, health and safety, civil defence preparedness and other matters that arise.

RISK MANAGEMENT FRAMEWORK

In August 2017 a revised Risk Policy and Framework were adopted by the Audit & Risk Committee.

The objectives of the Risk Management Policy are:

1. The achievement of organisational goals and objectives
2. The on-going health and safety of all employees and contractors at the workplace
3. Ensuring public safety within Councils jurisdiction is not compromised
4. Limited loss or damage to property and other assets
5. Limited interruption to business continuity
6. Positive public perception of Council and the District.

RLC considers risk management to be an essential function in all areas of its business. The risks RLC faces are grouped into three areas which are each managed separately.

Corporate Risk – equals risk associated with day to day business as usual activity from strategy and planning through to service delivery.

Health & Safety at Work – the Risk Management Procedure is outlined in the document "Health and Safety Risk Management", published by the Organisational Development & Capability team.

Project Risk – RLC has implemented a Project Management Office (PMO) which has developed a framework for project management by project type (determined by complexity and impact). The risk management requirements for projects increase with project complexity. All projects are required to maintain active risk registers and complex projects are required to have a dedicated Project Steering Committee which reviews project risk. The PMO is working to continually increase project risk disciplines and visibility.

RLC manages risks continuously using a process involving the identification, analysis, evaluation, treatment, monitoring and review of risks. The framework is consistent with standard AS/NZS ISO 31000:2009.

The central activities of this process are done through the creation and updating of Department and/or Business Unit Risk Registers for Corporate Risk. These are stored in a central location and consolidated to provide for visibility, monitoring and review at Group and entity levels. The risk registers include a dashboard report which orders risks by score, shows mitigating actions planned, and provides the number of risks by level (low, medium, high, very high).

This can be used for communication and consultation with teams and managers. Creating awareness of and commitment to addressing risks is key to creating a proactive risk management culture.

The top risks are provided to the Executive Leadership Team and the Audit & Risk Committee quarterly. In addition deep dives into risk categories, types and/or business units risks are conducted and reported.

EXTERNAL AUDIT

Audit New Zealand is the Council's external auditor. In 2018 Audit New Zealand audited both the Long Term Plan (a process undertaken every three years) and the annual results.

The Long Term Plan received an unmodified audit opinion on 28 June 2018 meaning that the auditor was satisfied that the Council's LTP meets statutory processes.

The 2018 interim audit focused on internal control environment and systems for financial and non-financial information. This audit commended Council for the positive changes made to risk management processes and noted the high priority and visibility at the Audit & Risk Committee level.

The final audit of the year end results provides assurance that financial statements reflect our financial position at year end.

INTERNAL AUDIT

Internal audit at RLC is a combination of three types of audit:

1. self-initiated audits and benchmarking, usually conducted by external organisations for independence, by business units in order to test and improve their processes and outcomes
2. audits required from time to time by other external parties, for example the New Zealand Transport Authority (NZTA) conducts procedural and technical investment audits to ensure NZTA investment programmes are managed well and delivering value for money results
3. an internal audit programme approved by the Audit & Risk Committee into specific areas of risk.

In 2018 Council continued to undertake various self-initiated audits and audits by external agencies. Steps to develop an internal audit programme began and the programme for 2019 developed.

WHAKAMARU TANGATA HEALTH, SAFETY AND WELLBEING

COUNCIL COMMITMENT TO HEALTH, SAFETY AND WELLBEING

Rotorua Lakes Council is committed to managing our work environments to prevent harm to any person, and to promote wellbeing. Our commitment to safety and wellbeing is supported and driven by our leaders, elected members and active worker participation.

OUR HEALTH, SAFETY AND WELLBEING POLICY

WE CARE	WE WILL
We're committed to managing our work environments to prevent harm to any person and promote wellbeing	
KEEP PEOPLE SAFE	LEAD BY EXAMPLE
We will keep ourselves and others safe and well. We do this by identifying and controlling risks and by complying with legislation, regulations and codes of practice.	We will actively lead health, safety and wellbeing. Officers will ensure that safety is supported and resourced. Managers are responsible and accountable for health and safety management in their areas.
TRAIN AND SUPERVISE	INVESTIGATE AND LEARN
We will ensure that workers have the skills and supervision needed to do their jobs safely.	We will actively report, record and investigate all safety related events and use outcomes to learn.
WORKER PARTICIPATION	MONITOR AND IMPROVE
We will have active participation, worker representation and engagement programs.	We will continuously monitor and implement measures to improve our performance and culture.
KEEP PEOPLE HEALTHY	PROMOTE WELLBEING
We will monitor workers health if exposed to health risks. If workers are injured we will actively manage their return to work.	We will actively encourage wellbeing among our staff and the wider community, through initiatives that support positive and healthy lifestyles.
COLLABORATE	DRUGS AND ALCOHOL
We will actively engage with our peers and other leaders in forums where learning can be shared.	We will have a work environment where safety and productivity are not compromised by the impairment of drugs and alcohol.
Steve Chadwick, Mayor, April 2018	Geoff Williams, Chief Executive. Next review: April 2019

IN 2017 AND 2018 WE...

KEPT PEOPLE SAFE BY MANAGING RISKS

Workers continued to identify hazards and to assess the risks associated with those hazards. Controls are reviewed regularly to ensure they are effective in managing the risk. Our critical safety risks are:

- Dog bites
- Museum Bath-house (working in an earthquake-prone building)
- Flybar – Sir Howard Morrison Performing Arts Centre (currently not operational)
- Working in confined spaces
- Animal Control – risk of threat, assault
- Impairment by drugs or alcohol
- Bullying and harassment
- Site inspection/contaminated sites
- Public/Customers
- Working at Height
- Working on the road reserve
- After hours work
- Lone work
- Driving

ENGAGED WITH WORKERS

We actively involve workers in all aspects of health, safety and wellbeing. We have around 30 trained Health and Safety Representatives in all areas of the business, who engage with their teams, and contribute to the monthly Corporate Health, Safety and Wellbeing Committee. Five new Health and Safety representatives were trained this year. The Committee is a forum for sharing learnings, generating ideas and provides an opportunity for workers to raise any health, safety or wellbeing concerns.

Health and Safety continues to be on the agenda of operational meetings, providing workers with further opportunity to engage in health and safety. The Executive Health, Safety and Wellbeing Steering Committee meet monthly and a health and safety representative also attends, ensuring that any worker concerns are escalated to a senior level.



WHAKAMARU TANGATA

HEALTH, SAFETY AND WELLBEING

SUPPORTED WELLNESS

Our wellbeing programme, "WorkWell" (run in partnership with Toi Te Ora Public Health) continued, with initiatives provided to support our 7 priority wellness areas of:

1. Healthy eating
2. Physical activity
3. Smoke-free
4. Safe drinking and drug free
5. Sun safety
6. Infection control and immunisation
7. Mental wellbeing

This year Council achieved Gold accreditation – the highest category in the WorkWell accreditation process administered by Toi Te Ora. Rotorua Lakes Council was the first local authority to achieve gold accreditation.



PROVIDED HEALTH, SAFETY AND WELLBEING TRAINING

This year 259 staff participated in various health, safety and wellbeing training or seminars, an increase of 16% compared to last year. 541 training sessions were attended compared to 496 last year (a 9% increase).

UTILISED TECHNOLOGY

Our electronic health and safety reporting system – Vault, was fully utilised this year. Staff report events electronically via a portal (link) on our intranet, and we trialled "Vault Notify" with Health and Safety representatives which is an application (app) for phones/tablets to allow staff in the field to report events on the spot, including photos, geotags and videos. "Vault Check" has also been partially rolled out to staff. This is an application for monitoring to be carried out in the field (such as contractor monitoring, inspections of worksites). 206 checks were done using this app.

PARTICIPATED IN EXTERNAL LASS COMMITTEES

Council participated and collaborated with both the Waikato and Bay of Plenty Local Authority Shared Services Health and Safety groups. These groups include territorial authorities and regional council health and safety professionals. Information is shared and various projects and initiatives are worked on together.

PROVIDED ASSISTANCE TO EMPLOYEES

When workers experience work-related or personal challenges, we recognise that this may affect their quality of life, their wellbeing, as well as potentially impacting on their performance at work. Our confidential Employee Assistance Programme (EAP) is available for workers and their immediate families. 31 workers accessed the programme this year.

A new EAP provider was engaged during the year "Benestar" who offer multiple tools and resources for staff to self-help, along with accessing qualified "coaches" to assist.

There have been 31 employee contacts with our EAP provider over the year seeking help with a variety of personal and work related issues.

HEALTH MONITORING

As part of our risk management process, exposures are assessed and relevant health monitoring is undertaken. Waikato Occupational Health Consultancy was engaged this year to assist us in managing our health monitoring programmes and data. An Occupational Health Nurse visits monthly and provides various services such as workstation assessments, tool-box talks, health monitoring and vaccinations.

WORKER INDUCTIONS

105 workers participated in a health and safety induction this year. Health and Safety representatives provide an initial on-site induction, and workers also attend a Council health, safety and wellbeing induction.

INTERACTION WITH WORKSAFE (REGULATOR)

No events were required to be reported to WorkSafe this year. Council continues to maintain a good working relationship with WorkSafe.



WELLBEING

WELLBEING

WELLBEING

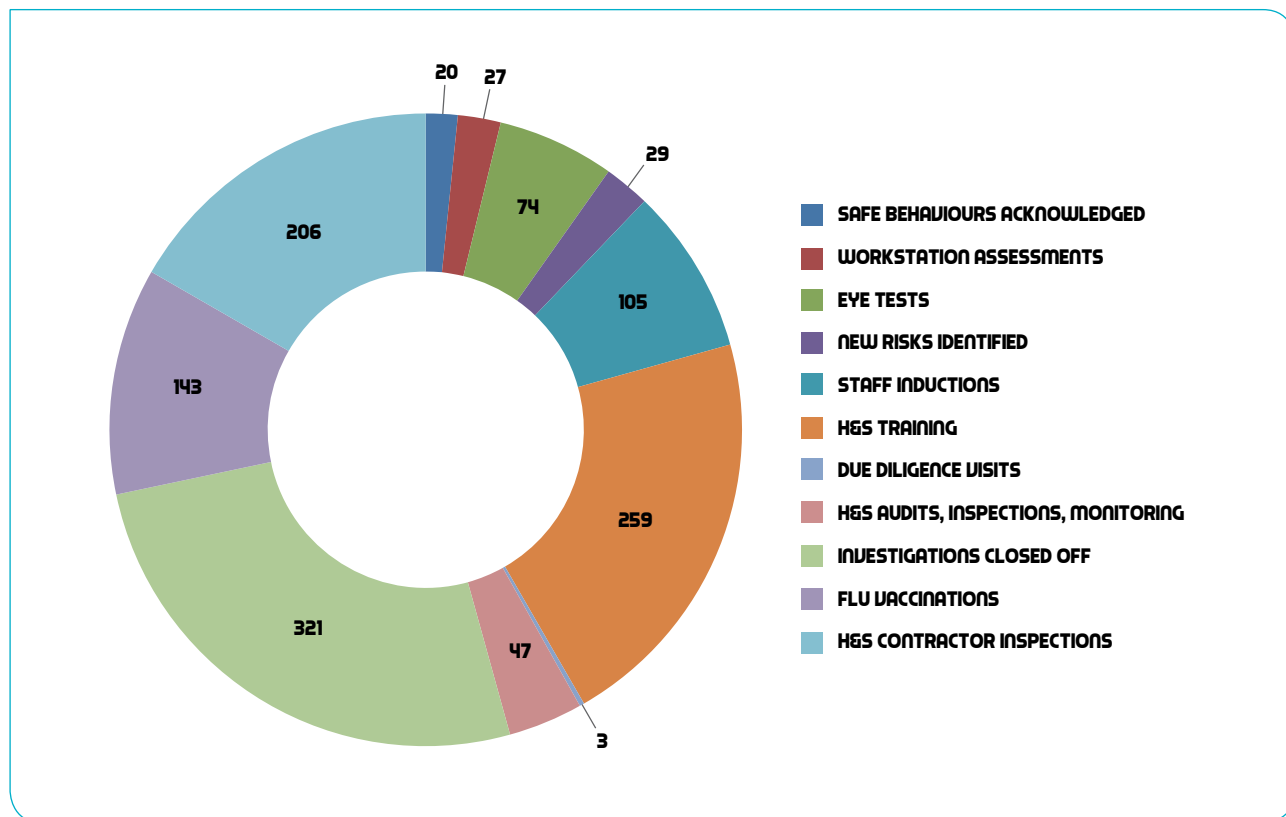
WELLBEING

WELLBEING

WHAKAMARU TANGATA HEALTH, SAFETY AND WELLBEING

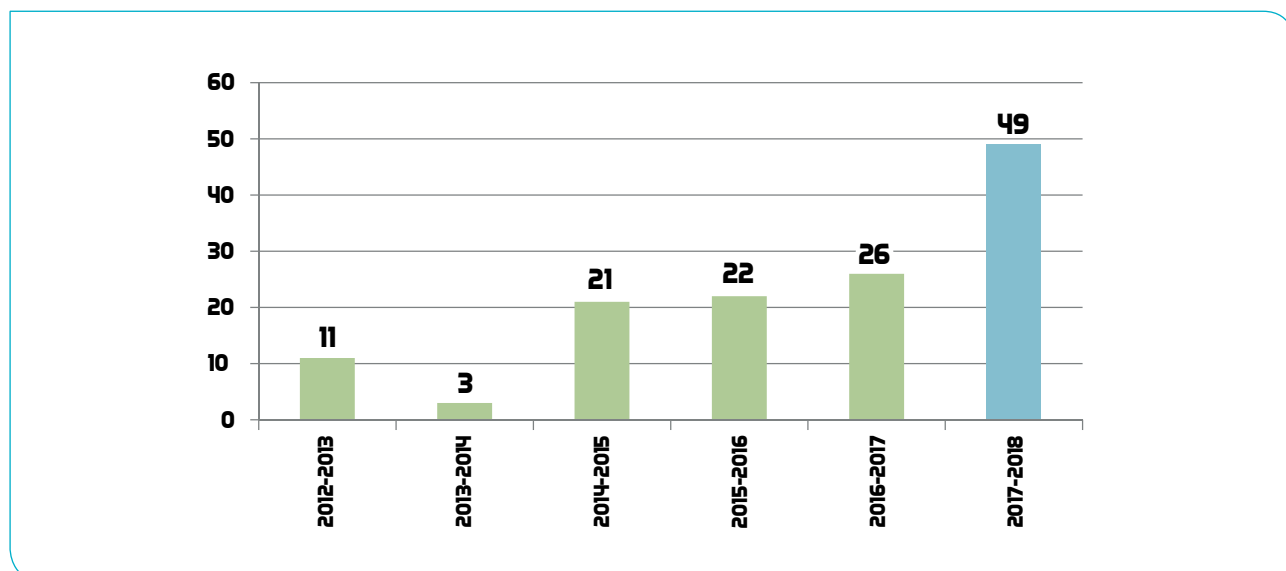
LEAD INDICATORS (PROACTIVE MEASURES)

A lead indicator is a proactive measure preceding a future event, used to drive and measure activities to prevent and control injury. These measures are forward-looking and help prevent injuries/incidents in future.



NEAR MISS REPORTS

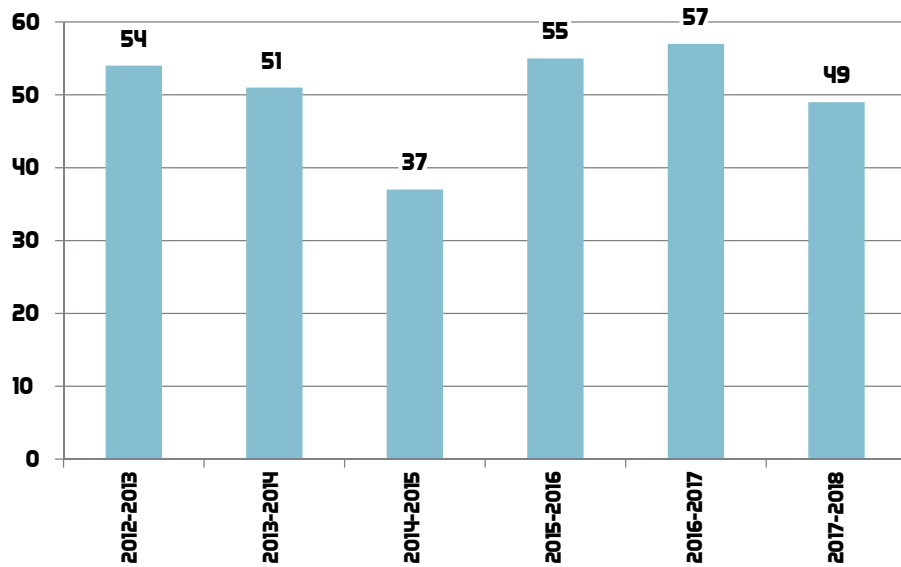
A near miss is an event that has the potential to cause an injury or accident, and provides us with an opportunity to put measures in place to prevent an actual injury or incident occurring. There has been a focus on near miss reporting this year, and as a result there has been an 88% increase in reports.



REPORTED WORK-RELATED INCIDENTS

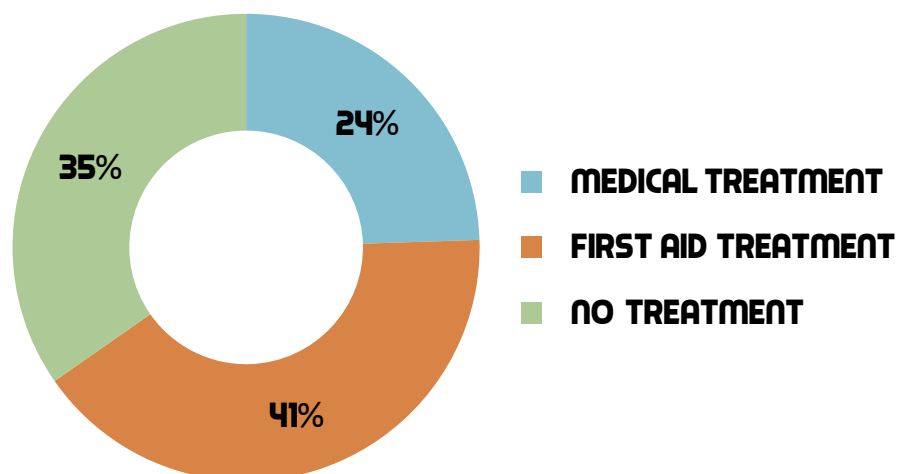
Work-related injuries

There has been a 14% decrease in work related injuries this year (employees only).



Injury Severity

The severity of our injuries is relatively low, with only 24% requiring medical treatment.

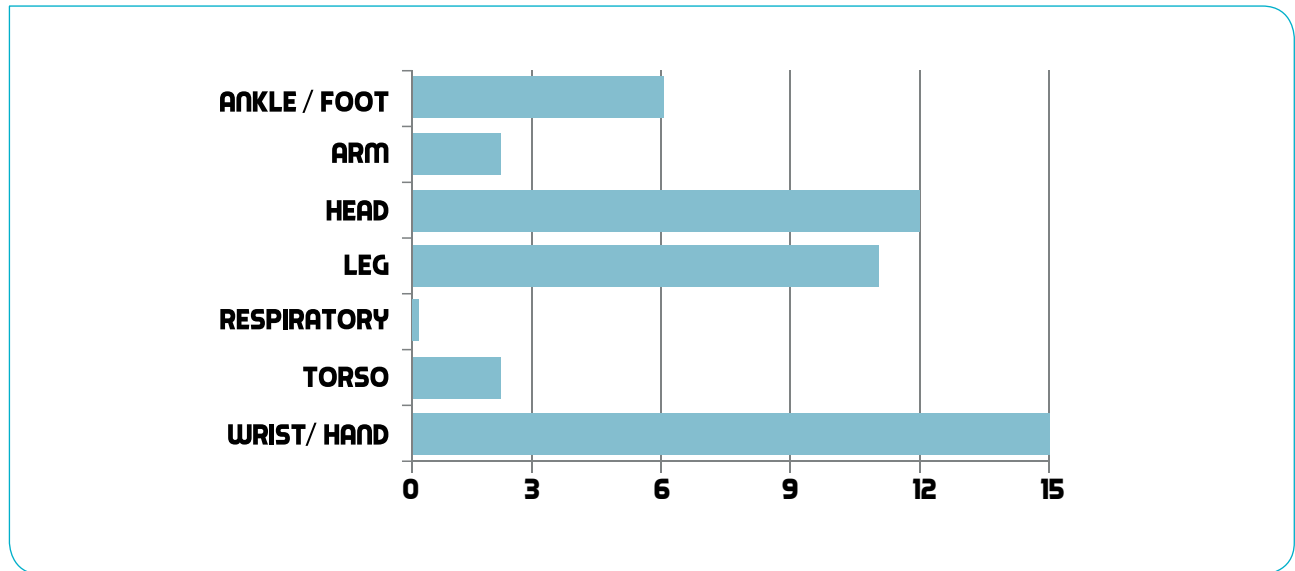


WHAKAMARU TANGATA

HEALTH, SAFETY AND WELLBEING

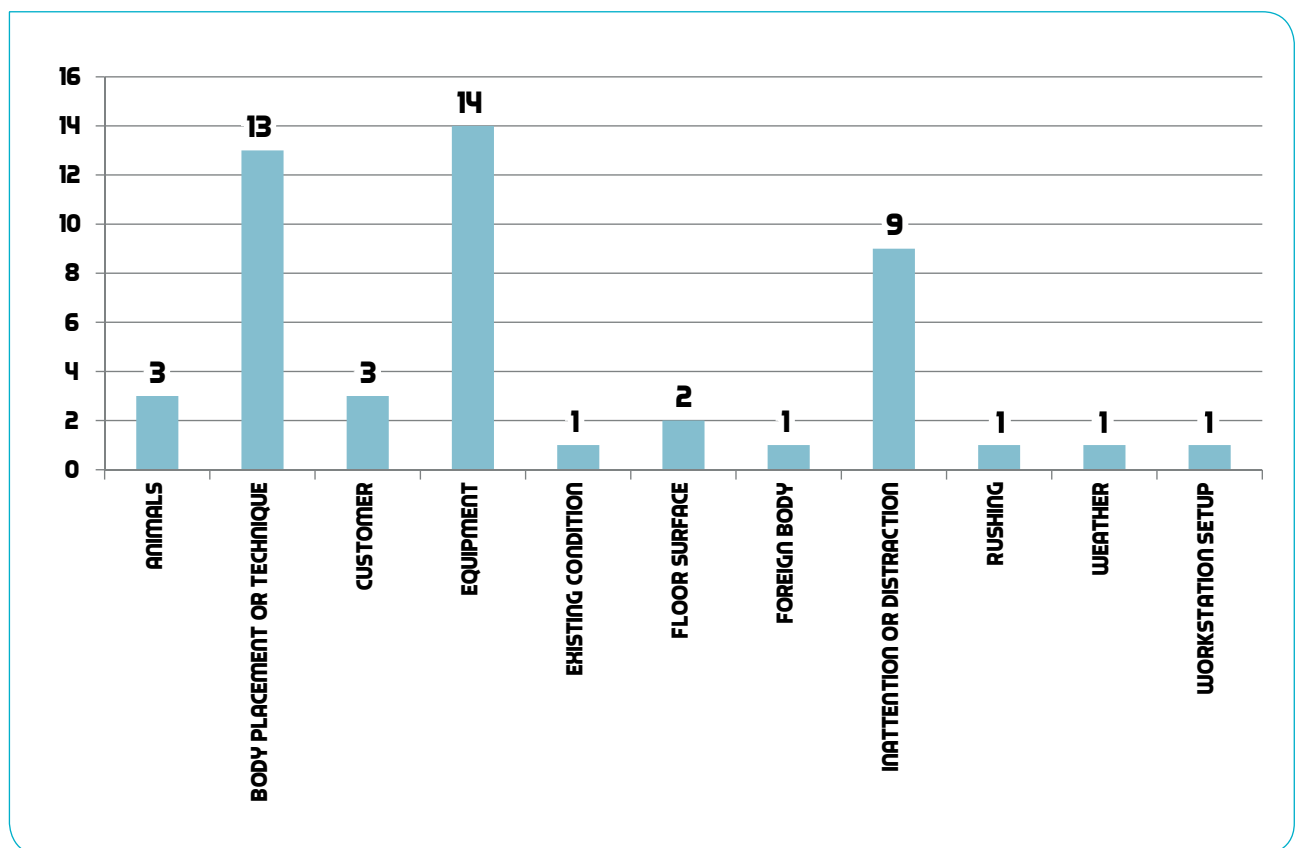
Injury to body part

31% of injuries this year are finger, hand and wrist injuries, which is similar to last year (40%). Injuries are typically cuts, bruising, contusions, strains. There were two dog bite injuries this year and 10 slips and trips.



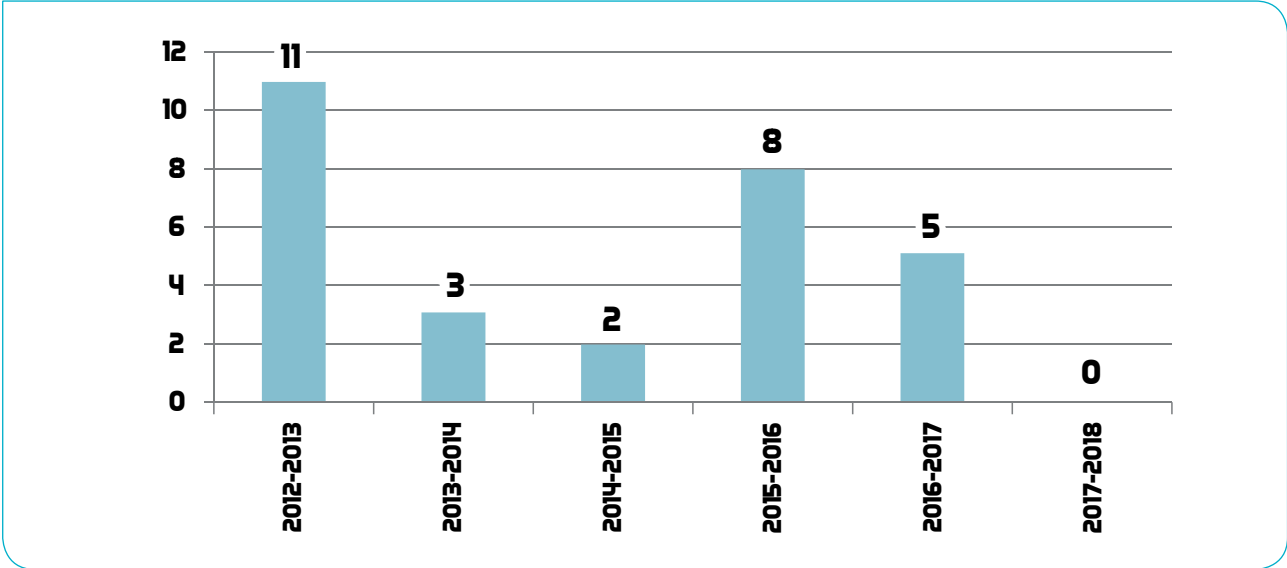
Cause of injuries

The majority of our injuries are caused by equipment, body placement/technique and inattention/distraction.



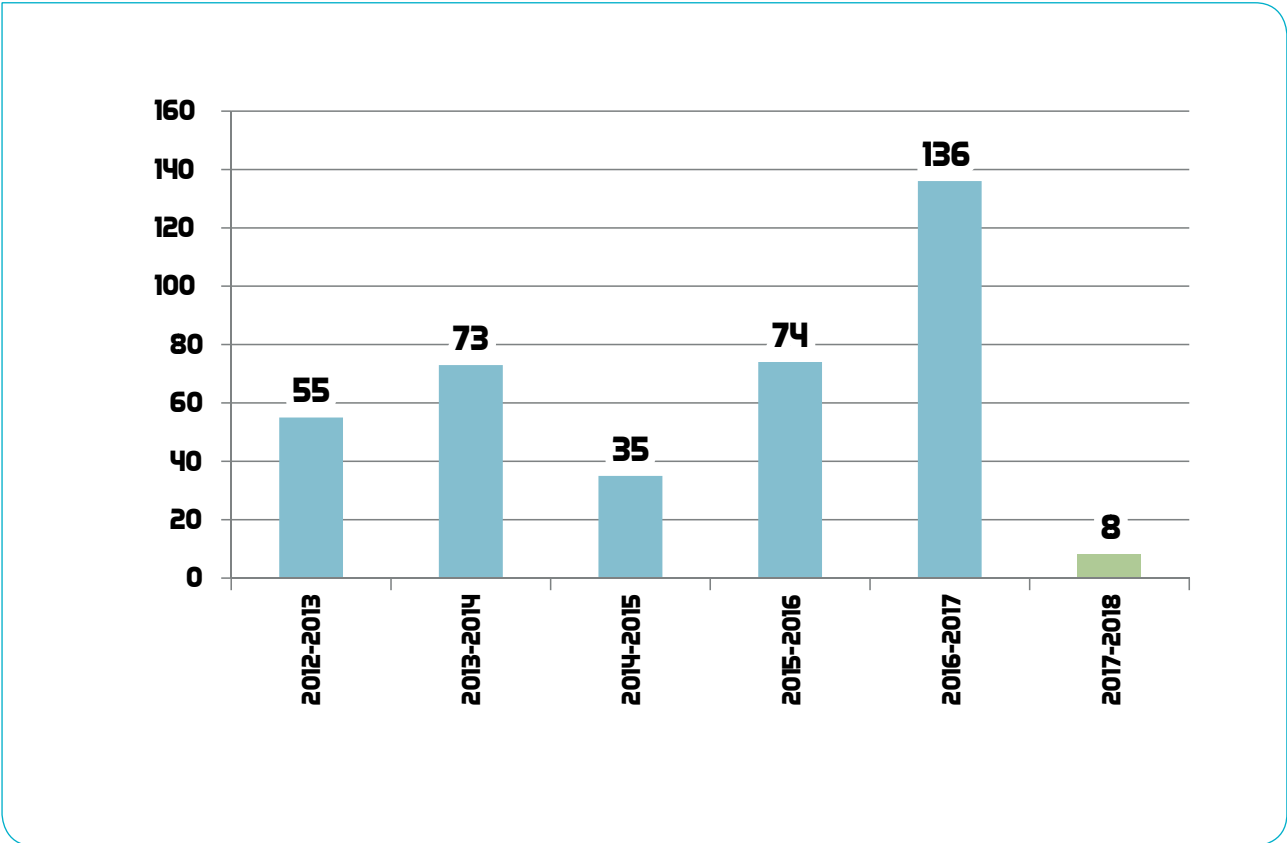
Lost-time injuries

There were no lost-time injuries sustained this year (i.e. No worker had time off work as a result of a work-related injury).



Lost-time hours

No time was lost due to injuries sustained in this financial year, however 8 days were lost due to an injury in the previous financial year.







**_TE ĀHUA O
NGĀ RATONGA**

**SERVICE
PERFORMANCE**

TĀ MĀTAU MAHI 2017/18

OUR PERFORMANCE

AGAINST THE LONG-TERM PLAN 2015-2025 (YEAR 3)

OUR OUTCOMES & GOALS FOR OUR DISTRICT

We understand the value of interconnected social, environmental and economic factors in building quality of life for a community.

Civic leadership and a supporting corporate strategy ensure that we deliver our community the lifestyle and opportunities they seek in an open and accountable way.

Our seven goals represent these interconnections and the importance of a whole community approach to what we do. The goals are key themes in the vision 2030 outlined in the Rotorua Way released in 2017 after the vision refresh project. See page 42 for more information on this.

HOW DID WE PERFORM IN 2017-18?

MEASURING OUR PROGRESS

Within a Long-term plan, the level of service that the council will deliver is agreed upon by the council in consultation with the public. The Local Government Act stipulates that local authorities are required to report on how well they are performing in delivering these levels of service to their communities as measured by the Key Performance Indicators (KPIs). In the 2015-25 long term plan there were 77 KPIs that were agreed upon, of which 23 are mandatory KPIs from section 261B of the Act. Because Grow Rotorua and Destination Rotorua are now part of Rotorua Economic Development, their two KPIs have been combined into one KPI for Rotorua Economic Development. For this financial year 76 KPIs have been reported on.

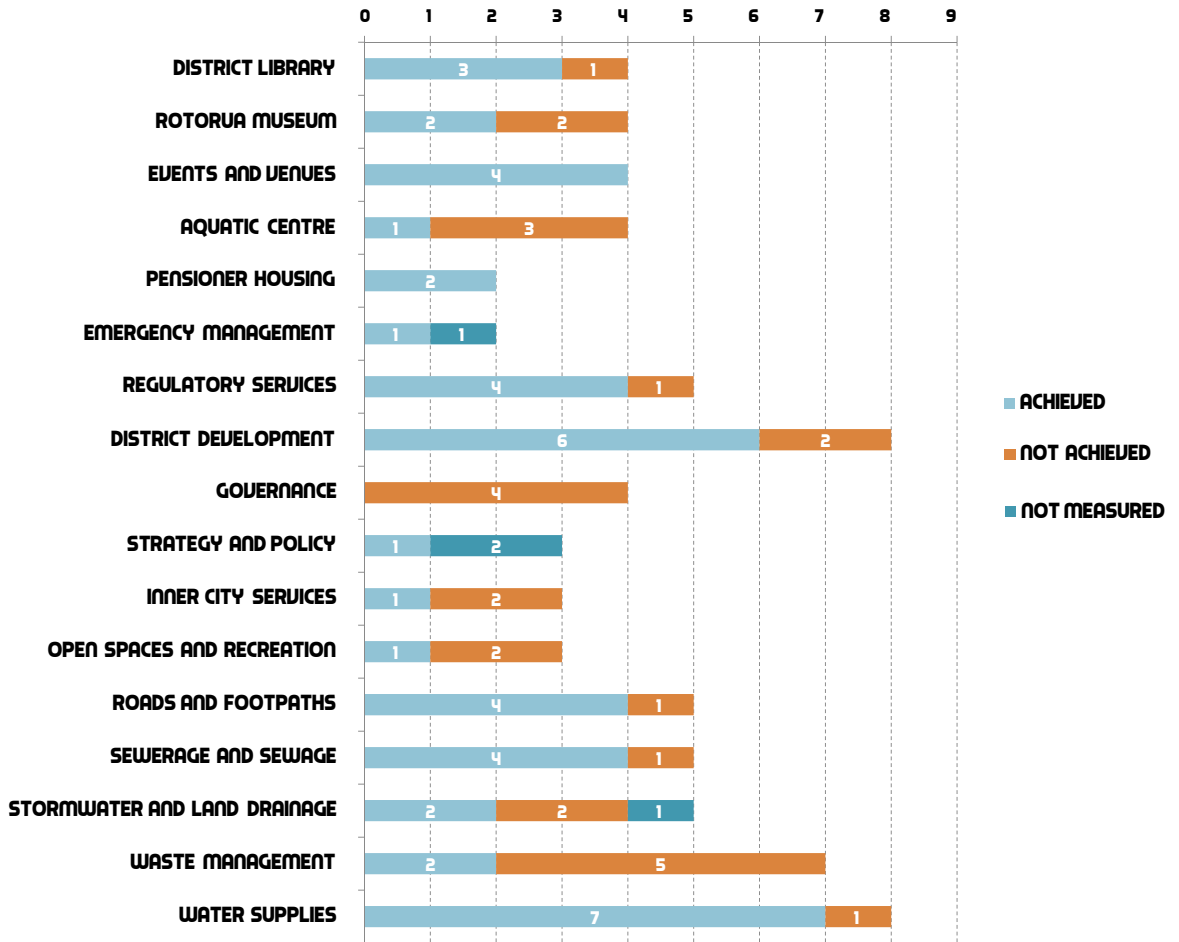
This report presents the audited position of how the council (and community) achieved the KPIs and ultimately the levels of service during the financial year. Of the 76 KPIs, 74 of them have been measured during the financial year.

The audited result for the full financial year is that a total of 45 KPIs measures have been achieved (59%) and 27 were not achieved (36%), with 4 KPIs not measured (5%). Overall this is comparable to last financial year's results with 67% of KPIs achieved and 30% not achieved.

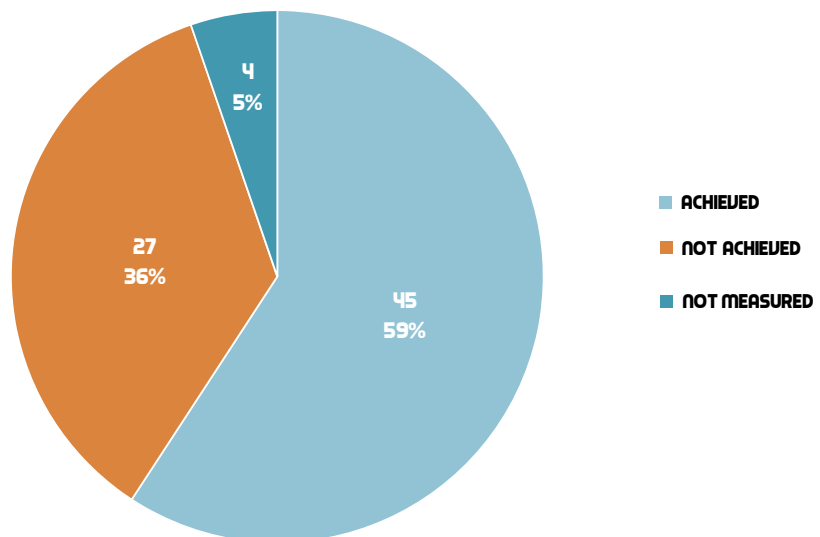
The following high level observations can be made for the activity areas:

- The closure of the museum is still heavily impacting the achievement of the satisfaction KPI.
- Despite being in two different buildings over the last financial year library patronage has increased by over 5000 visitors.
- Volume pressures within the consenting team have impacted on the timeliness of consents issued. But overall there have been good improvements made. Further work is continuing on streamlining the consenting process to increase the percentage of consents issued within 15 working days. However, the complexity & volume of consents is a significant factor on the time taken to process.
- Although the satisfaction from the NRB survey around the communication of information and the feeling of being able to participate in council decisions has did not achieve the target, it was promising that both indicators increased from last year's result. With our continuing focus on this and the increase in usage of our engagement tool "Let's Talk | Kōrero mai" it is expected that the satisfaction with these measures should increase further over time.
- The NRB survey also showed lower satisfaction for the Aquatic centre. The survey showed that customers have concerns with customer service, cleanliness and the quality of the facilities. The change process around operational management developed during the year was also cited as a reason for dissatisfaction.

KEY PERFORMANCE TARGETS BY ACTIVITY AREA



PERFORMANCE TARGETS SUMMARY



NGĀ MAHI MATUA 2017/18

BIG MOVES FOR 2017-18

Rotorua is a city that refuses to stand still as we pursue our vision of becoming an international city of excellence – one that the world knows, notices and visits, and one that people are proud to live in and call their home.

Our city is growing, our visitor numbers are growing and there is still much to be done. In 2018, we will be proactive and bold once again, this time via our Big Moves initiative, as we continue to push new frontiers in line with our Vision 2030 objectives, develop core infrastructure, and take Rotorua from good to great.

IN OUR 2017-18 ANNUAL PLAN WE IDENTIFIED OUR BIG MOVES CONTRIBUTING TO VISION 2030:

PLANNING FOR FUTURE GROWTH (A DISTRICT SPATIAL PLAN)

We need to ensure we are prepared for ongoing growth and the challenge is to ensure the way development happens will protect what makes our district special, while at the same time propelling Rotorua forward. Community input will help us develop a spatial plan. It will be the blueprint for how we want our district to look in future, setting out areas for future residential, commercial and industrial development and the intensity of that development. This will be one of several important building blocks that will fit together to help us achieve our 2030 vision.

Please see page 96 for how we progressed this in 2017/18.

AFFORDABLE HOUSING THAT MEETS NEEDS

We want to ensure housing in the district meets community needs and both Council and the community are concerned about current pressures on housing stock, housing affordability and how we can support people into emergency and subsidised rental housing in the district. Council is investigating the potential to establish, with local partners, a community housing provider that would then have access to Central Government funding. Management of Council's 152 pensioner houses might also be transferred to another provider. This project will also look at zoning within the spatial and district plans and may require plan changes.

Please see page 85 for how we progressed this in 2017/18.

DEVELOPMENT COMPANY

Unlocking land for development remains a focus for the district. Council will look at how to encourage development that supports the need for additional residential sections and commercial/industrial expansion on land Council owns and has identified as surplus. An independent company or council-controlled organisation (CCO) will be needed to ensure transparency and enable investment negotiations to be undertaken. Achieving this may require establishing a new CCO, one that could work more closely with iwi and commercial investors. This presents another important opportunity to support district growth and development.

In 2017/18 an independent advisory board has been established that will set the vision and direction for the project, guide design and engagement and communication. While this advisory group undertakes this work it has been decided not to go ahead with establishing a Development Company CCO.

EASTERN CORRIDOR DEVELOPMENT

A good roading network is vital to the growth of our district, helping us to unlock land for development and ensuring ease of movement across and in and out of our district. Traffic volumes have been increasing and there are pressures on our Eastern corridor in particular. Council is working closely with the New Zealand Transport Agency (NZTA) on plans and a set of actions needed to ensure the local roading network will meet the district's growing needs. In order to keep pace Council may need to consider some early investment (possibly the airport roundabout) to unlock additional land for commercial/industrial development.

Work with NZTA is ongoing with regards to this big move.

FOREST ENTRANCE IMPROVEMENTS

The Redwoods and Whakarewarewa Forest are important recreational areas for the Rotorua community, as well as being assets that attract events and tourism. Council is considering options for improving Long Mile Road and improvements at Waipā, the high-use entrances to these forest trail networks used by walkers, runners, bikers and horse riders. This will need to be considered in the context of a wider master plan for the forests including investment cases for development of accommodation, chair lift and other service options for forest users. These will be important investment propositions for iwi and have the potential to attract Central Government funding support for tourism infrastructure development.

Please see page 118 for how we progressed this in 2017/18.

LAKEFRONT REVITALISATION - CITY RING OF RESERVES

Council is proposing to undertake some detailed planning with stakeholders and the community on the key reserve areas around the city (Kuirau Park, lakefront, Government Gardens and the Sanatorium Reserve). This work will provide a vision for the reserves development but will also establish areas where private investment can be included to be able to leverage funds to enhance the reserve and provide ongoing revenue.

Please see page 118 for how we progressed this in 2017/18.

AQUATIC CENTRE INVESTMENT CASE

The community has asked for investment in our aquatic centre. Council included funding for an upgrade in its 2015-2025 Long-term Plan and a strong investment case will be developed to encourage private sector investment to significantly expand the facility. Reserve planning will be another important component. Council will need to make a decision to prioritise the work and will need to choose between a single partnership proposal (ie to agree, with a partner, to upgrade and build at the same time) or to take a two-stage approach (upgrade and then seek a partner for additional elements).

Council agreed in its 2018-2028 Long-term plan to fund the initial stage of the redevelopment of the Aquatic Centre to broaden its range of uses and meet the needs of Rotorua residents and visitors. Investment of \$7.5 million will be spread over the first three years of the plan to undertake the works.

TE TŪĀPAPA COMMUNITY INFRASTRUCTURE



THE ACTIVITIES IN THIS THEME CONTRIBUTE TO THESE VISION 2030 GOALS:

WHAT WE DO

• DISTRICT LIBRARY

The District Library takes care of and connects our people to information to encourage personal development and community participation. This includes:

- collections/lending services
- website
- a mobile library service
- provision of internet access to the public
- programmes, displays and exhibitions

• ROTORUA MUSEUM

The Rotorua Museum keeps the important stories of our place and its people alive in an up-to-date and relevant way. This is done through the delivery of permanent exhibitions. In addition, the museum delivers a dynamic and active programme of public lectures, films, tours, and children's activities, enabling people to explore the art and cultures of Rotorua, New Zealand and other countries.

• VENUES

A variety of venues provides for a range of uses including:

- Local amateur and professional performance
- Cultural activity performance
- Sports and recreation
- Conference and incentive activities
- Social functions
- Touring and visiting professional performances

The venues:

- International Stadium
- Energy Events Centre
- Te Rūnanga Tearooms
- Sir Howard Morrison Performing Arts Centre

• AQUATIC CENTRE

The Aquatic Centre caters for local, regional and national aquatic sports, and provides recreational, health, fitness and leisure programmes and services and learn-to-swim programmes for all ages, some in collaboration with swim clubs and schools. Sporting and physical activity opportunities include recreational programmes such as aqua jogging, water safety and school holiday programmes, access to swim squads and water sports such as water polo.

• COMMUNITY HALLS

Council takes care of nine community halls throughout the district, mainly in rural communities, which provide for local community meetings, functions and events.

HOW DOES THIS AFFECT YOU?

We're involved in arts and culture to enrich communities, treasure and display our unique cultural history, encourage exploration of new ideals and new worlds, and promote creative vibrancy within the district.

We also provide Pensioner Housing

Council provides 152 pensioner housing units in five locations around the city for people aged 55 and over with limited assets and income. These provide permanent, rather than emergency or social, housing and are in high demand although turnover is low.

OUR HIGHLIGHTS FOR 2017-2018

In 2017/2018 we undertook a number of projects and activities to enhance our community infrastructure. We:



ESTABLISHED NEW ARTS & CULTURE BUSINESS UNIT

As part of Council's response to Vision 2030, Internally, teams and business units reviewed and redefined their purpose and how they will continue to contribute to delivering on the 2030 goals and The Rotorua Way as part of a further realignment in 2017 (Capability 2030). This was led by third tier managers in collaboration with their teams and resulted in further strategic refinement of the organisation's structure.

The goal of the new business unit is to enrich communities, treasure and display our unique cultural history, encourage exploration of new ideals and new worlds and promote creative vibrancy within the district. The focus of the new unit is to:

- Work collaboratively to grow and enhance the Rotorua District the heart of Māori culture, understanding and expression in New Zealand.
- Nurture Rotorua as a destination known for its rich and vibrant arts and culture community.
- To support and grow a sense of belonging and identity.
- Helping people find their place within our society (Museum, Library) – connecting communities, places and people

OPENED TE AKA MAURI - OUR NEW LIBRARY AND CHILDREN'S HEALTH HUB

After an initial delay of one month the new Library building was officially opened on Saturday 3 February 2018.

The building, which has been gifted the name Te Aka Mauri, has received a complete makeover and is the new home to Rotorua Library and Lakes District Health Board outpatient child services. The adjoining Jean Batten Square has been extended and transformed into a new community space including a playground and a new raised crossing outside Te Aka Mauri provides a safe zone for crossing and drop-offs.

The library and children's health hub project is a partnership between Rotorua Lakes Council and the Lakes District Health Board and external funders have granted more than \$1m towards special features and equipment for the library and park.

The vision was to create a shared community facility in the centrally-located library building. The two organisations saw this as an opportunity to combine the two and create a unique, shared facility. The concept contributes to a number of the Rotorua 2030 goals including: Vibrant city heart, resilient communities, outstanding places to play, business innovation, enhanced environment and employment opportunities.

The four colours of Te Aka Mauri – te aka meaning a vine or interconnection and mauri meaning life force. The name reflects a shared vision to create a facility of excellence to advance the community wellbeing and understanding.

The ground floor of the new building, which is green, represents the earth and signifies health and wellbeing while the first floor – yellow – symbolises sulphur and represents the essence of manaakitanga (nurture/care for). The second floor – the red – represents our volcanic surroundings. This floor is named Ngā Mātā Waka signifying discovery and returning to our roots of Īhenga and our forebears." The third floor – the blue – the sky is named Te Heketanga a Rangī and focuses on toi ora – the utmost wellbeing.

DECIDED ON AQUATIC CENTRE MANAGEMENT OPTIONS

At the May Council meeting elected members voted to progress outsourcing management of the Rotorua Aquatic Centre, with some conditions. The decision followed an independent panel review of management options, including a staff proposal and development opportunities for the facility.

Councillors voted in favour of outsourcing management of the facility with the following conditions:

- that an exit provision at Council's discretion to cancel its contract; and
- include stronger engagement with community groups, sports clubs, stakeholders, iwi and a stronger bicultural approach to management

Earlier, elected members made the decision in November last year to contract CLM to manage the Aquatic Centre on Council's behalf.

FURTHER WORK ON RE-OPENING OUR ICONIC ROTORUA MUSEUM

Rotorua Museum had to be closed to the public in 18 November 2016 following a Rapid Seismic Risk Assessment (RSRA) of the building after the Kaikoura earthquake.

Council has decided on a preferred option to strengthen and repair the Museum building following extensive structural and geotechnical assessment. The option will seismically strengthen the building and reinstate the impacted heritage features so it can be re-opened.

Options for earthquake strengthening and restoration of Rotorua Museum are progressing.

The complexities of the museum building have meant it has been a slow process but much has already been done and progress is being made.

Work was now moving to concept design and estimated costs would become clearer once that work was completed.

Areas that needed strengthening had been identified and the difficult part now was working out the methodology for doing that work in order to ensure the heritage features of the building were not compromised.

The museum is essentially three independent buildings (the central heritage section dating back to 1908, the extension completed in 2008 and the second extension completed in 2011). The three needed to "work together" in order to minimise future risk.

In the June Council meeting the Rotorua Museum Centennial Trust presented \$200,000 to Rotorua Lakes Council towards the seismic strengthening of Rotorua Museum.

Further work will continue in 2018/19 with an overall budget of \$15 million included in the recently adopted 2018-2028 Long-term plan. Reopening of the museum estimated early in year four of the plan.

WORK TO RE-OPEN THE SIR HOWARD MORRISON PERFORMING ARTS CENTRE

November 2017 saw the closure of the Sir Howard Morrison Performing Arts Centre due to the need for earthquake strengthening provided an opportunity to look at the future offering of the facility. Longer term use of the building has been discussed since 2014 when community engagement considered improvements to revitalise and increase use of the facility.

During development of the 2017/18 Annual Plan it became clear to Council that the true value of the project was not well understood. In order to better understand what the community needs and expects from a performing arts centre \$1 million was provided to complete the value proposition (business case) and depending on Council's decision, to progress to detailed design.

In presenting the business case to Council it was signalled that a number of external funders had indicated a desire to partner with Council to bring the vision for the performing arts to life.

Following that, the Council agreed to continue with completing detailed design and to undertake the earthquake strengthening part of the project.

Council has signalled in its capital works programme a project value of \$15 million. Within this Council's role and responsibility will be the earthquake strengthening, of up to \$4.5 million, required to re-open the facility. Contributions from external investors will transform the facility from just a building to a facility capable of offering the range of services, shows and experiences expected from a performing arts centre.

The project has to date attracted confirmed financial support from Sir Owen Glenn and the Rotorua Energy Charitable Trust. Sir Owen Glenn will donate \$3 million to the proposed project while the Rotorua Energy Charitable Trust has agreed in principle to contribute \$1.5 million. Ongoing work continues to secure additional funding.

HOUSING CHALLENGES IN ROTORUA - PENSIONER HOUSING

Like many parts of the country, Rotorua is facing issues with housing availability and affordability. Although not unique, our challenges are serious in terms of looking towards the future and the needs of our communities.

Among the challenges is the increase in demand for social housing for older people. Council currently owns 152 pensioner units located across five Rotorua sites. Under the current model of delivery Council cannot offer tenants the additional social services and advice they may need.

Other organisations, for example social housing providers, can provide additional social services as they have access to government funds and expert service delivery. The government has also enabled approved social housing providers to access new government funding and income related rent subsidies. This means the providers can play a greater role in providing social housing to those that need it. Councils do not have access to this funding. Another challenge is the age and condition of many of the properties and what that means financially for the Council.

During 2017 Council undertook a review of its pensioner housing to ensure tenants are receiving the best possible service to meet their needs.

The review identified issues with the Council's current pensioner housing, including the likelihood that substantial ratepayer investment would be required to cater for increased demand over the next two decades and changing expectations for modern housing quality. Reform of the social housing sector by government has resulted in local government not being eligible to access central government funding to improve or increase these facilities.

Since then Council has been considering the options available to them around providing for services that best meet the social housing demands within our district. Council considered selling the pensioner housing to a social housing provider to best ensure that:

- Provision could be made for a much more financially viable and sustainable service could be identified
- Provide support services for vulnerable tenants;
- Optimise central government funding;
- Attract investment to improve the current assets;
- Grow the social housing asset for the benefit of the Rotorua community.



In negotiating with social housing providers it became clear that the market value of the current stock could not be achieved. This is due to the level of additional investment that has been signalled by the housing providers required to raise the standards of the housing stock.




Council have reconsidered their initial proposal to sell the pensioner housing stock and to look at other models. Alternative models will need to increase the level of service to the tenants as per the objectives being sought and provide opportunities that will allow for growth of the housing stock in a pensioner housing capacity.

Work is already underway on alternative models which may include the partial sale of the assets to a community housing provider or other partnership options.

MEASURING OUR PERFORMANCE

● ACHIEVED ● NOT ACHIEVED ● NOT MEASURED

LEVEL OF SERVICE	PERFORMANCE MEASURES	2015-16 RESULT	2016-17 RESULT	2017-18 TARGETS	2017-18 RESULT	COMMENT AT 30 JUN 2018	
COMMUNITY INFRASTRUCTURE - DISTRICT LIBRARY							
	Library readily accessible to residents and visitors for the purpose of information gathering, education and recreation.	Total number of people making use of the physical library facilities both permanent and mobile.	352,188	336,907	≥305,000	342,656	The target has been exceeded for the year. The new library building has been attracting additional patrons and attendees in the various programmes. The mobile library was off the road for the first three months of this year and though numbers using the service are climbing they are still 50% behind the previous year.
		Percentage of residents very/ fairly satisfied with the overall services offered by the library.	73%	71%	≥75%	65%	Result reflects that people are still getting used to the library changes; the layout, signage and parking.
	Provide a range of programmes that contribute to the education of those attending.	Number of attendees completing reading or computer literacy modules per annum.	516	690	≥380	3,007	In addition to the numbers attending reading or computer literacy programmes, 4559 children and parents attended pre-school programmes which are a mixture of stories and activities. A further 4,542 attended other programmes in the library including 818 in the Makerspace.
		Satisfaction with quality and relevance of programmes run by the library.	100%	96%	≥85%	100%	No negative feedback received about activities.
COMMUNITY INFRASTRUCTURE - ROTORUA MUSEUM							
	Position the Museum as a "must see" attraction to visitors to the district, both international and domestic.	Total number of visitors per year.	137,573	62,906	≥104,000	17,389	Includes education programmes, outside the walls tours and Museum events. This measure is influenced by the Bath House closure and the re-focusing on community events and engagement rather than an exhibition programme.
		80% of local residents very/ fairly satisfied with the museum and its services.	82%	59%	≥80%	28%	The Museum has continued to deliver educational services and events in other venues. Work is continuing on Earthquake strengthening and redevelopment of the facility which will reopen in 2021.
	Provide events and programmes that are relevant to the community.	Percentage of exhibitions that have relevance to the Rotorua community.	95%	85%	≥80%	100%	Based on two exhibitions YTD. Future exhibition development is focused on renewals in preparation for Museum reopening.
		Participant satisfaction with events and programmes run by the museum.	92%	98%	≥80%	95%	From the 52 different events and programmes run during the financial year, 189 of the 199 survey respondents were satisfied.

LEVEL OF SERVICE	PERFORMANCE MEASURES	2015-16 RESULT	2016-17 RESULT	2017-18 TARGETS	2017-18 RESULT	COMMENT AT 30 JUN 2018	
COMMUNITY INFRASTRUCTURE - EVENTS AND VENUES							
	Encourage and promote a wide range of events and conferences with high levels of participation.	Number of visitor nights resulting from visitors attending major events and multi-day business events.	130,061	139,736	≥115,300	143,033	Visitor nights combined with Major Events, Business Events and Performing Arts visitors has increased slightly this year.
		Visitor expenditure resulting from visitors attending E&V supported Major Events.	\$43.5m	\$46.8m	≥\$42.6m	\$45.1m	Visitor spending associated with Major Events has increased.
	Venues are provided and well used to support commercial and community based events.	Community hire days of venues.	463	511	≥330	406	Total of 406 community hire days across all three venue - 236 Energy Events Centre, 44 Sir Howard Morrison Performing Arts Centre and 126 for International Stadium. KPI has been met for the full financial year.
		% of available capacity utilised of all event venues.	62%	80%	≥45%	57%	Total of 57% utilisation across all three venue - 89% Energy Events Centre and 61% for International Stadium. The Sir Howard Morrison Performing Arts Centre was closed partway through this financial year on November 3rd 2017 and so only achieved 30% utilisation.
COMMUNITY INFRASTRUCTURE - AQUATIC CENTRE							
	Provide a variety of fun accessible activities.	Percentage of users very/fairly satisfied with the level of service.	88%	73%	≥70%	63%	Survey show that customers have concerns with customer service, cleanliness and the quality of the facilities. The change process around operational management developed during the year was also cited as a reason for dissatisfaction.
		Number of visitors to the aquatic centre per year.	343,470	329,527	≥350,000	307,543	Overall visitation has been down during the financial year although admission revenue is 3% higher than the previous year. This could reflect fewer non-paying visitors attending or being recorded or a change in adult/child ratios of charged admissions.
	Provide opportunities for children to become safe around water.	Number of lessons in Learn to Swim School programmes per term.	11,693	13,985	≥11,000	14,044	Exceeded target every term with a total of 55,176 lessons delivered during the financial year, or on average 14,044 per term.
		Percentage of customers that repeat their enrolment each term.	71%	68%	≥80%	72%	Overall annual average of 72% repeat enrolments. This has ranged from 65% repeat enrolments between Term 2 and Term 3 2017 and 81% between Term 3 2017 and Term 1 2018.
COMMUNITY INFRASTRUCTURE - PENSIONER HOUSING							
	Respond to the need to provide affordable/sustainable housing to the Rotorua's older people on low incomes that is maintained to a Habitable state.	The percentage utilisation of all Pensioner houses throughout the year.	98%	97%	≥95%	96%	There were 2346 vacancy days from the 152 pensioner units during the entire financial year. Approximately 38% of these vacancy days are attributed to the refurbishment of the vacated units.
		100% of inspections are carried out on a 6-monthly basis.	Achieved	Achieved	Achieved	100%	All inspections were carried out in December 2017 and again in June 2018.

OUR CHALLENGES

Our Community Infrastructure Activity Group injects economic and social vibrancy through the various community buildings and venues in our district. Having two of those buildings closed over the past 12 months has proven to be very challenging as it has resulted in reduced visitor numbers and revenue. In addition to this the challenges that come with opening of new facilities like our new library have also contributed to challenges faced by this activity group.

We have continued to work on improving Council's response to our goal of having homes that match our needs by researching if there is better social housing for some of our most vulnerable people.

LOOKING AHEAD

In our recently adopted 2018-2028 Long-term plan this activity group was renamed to Arts and Culture to align closely with the newly formed business unit of the same name. The new activity group seeks to enrich communities, treasure and display our unique cultural history, encourage exploration of new ideals and new worlds and promote creative vibrancy within the district.

In 2018/2019 we have the following projects planned for Arts and Culture:

- Further work on Rotorua Museum Enhancements Project
- Work scheduled to begin on the Sir Howard Morrison Performing Arts Centre Project
- Energy Event Centre Renewals
- Library Renewals
- Public Art Funding
- Continuing our fantastic Markets in the central city
- Hosting many fantastic events at the Energy Events Centre

ROTORUA LAKES COUNCIL FUNDING IMPACT STATEMENT FOR 2017-2018 FOR COMMUNITY INFRASTRUCTURE

COMMUNITY INFRASTRUCTURE	Long-term Plan	Long-term Plan	Actual
	2016/17 (\$000)	2017/18 (\$000)	2017/18 (\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	11,817	11,788	11,956
Targeted Rates	-	-	-
Subsidies and grants for operating purposes	276	276	699
Fees and charges	1,589	1,646	653
Internal charges and overheads recovered	96	98	20
Local Authorities, fuel tax, fines, infringements fees and other receipts	4,943	5,121	3,416
Total operating funding (A)	18,721	18,929	16,743
Applications of operating funding			
Payments to staff and suppliers	12,590	12,806	13,222
Finance Cost	1,049	1,117	952
Internal charges and overheads applied	2,449	2,524	2,103
Other operating funding applications	-	-	-
Total applications of operating funding (B)	16,088	16,447	16,278
Surplus (deficit) of operating funding (A-B)	2,633	2,482	465
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	2,079
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding (C)	-	-	2,079
Applications of Capital Funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	33	51	8,426
- to replace existing assets	3,720	3,206	1,922
Increase (decrease) in reserves	(1,120)	(775)	(7,804)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	2,633	2,482	2,545
Surplus (deficit) of capital funding (C-D)	(2,633)	(2,482)	(465)
Funding balance ((A-B)+(C-D))	-	(0)	(0)

TE NOHO HAUMARU COMMUNITY SAFETY



THE ACTIVITIES IN THIS THEME CONTRIBUTE TO THESE VISION 2030 GOALS:

WHAT WE DO

EMERGENCY MANAGEMENT

We provide leadership, advice, planning and resources to enable the community to respond to and recover from any significant disaster that could affect the district.

REGULATORY SERVICES

This is a combination of services for animal control and inspection, both of which look after public safety, health and wellbeing.

HOW DOES THIS AFFECT YOU?

We're involved in community safety to contribute towards building resilient communities by minimising the risks to public health, security and personal safety and by working together to keep our district safe.

OUR HIGHLIGHTS FOR 2017-2018

In 2017/2018 we undertook a number of projects and activities to enhance our community safety we:

RESPONDED TO UNEXPECTED WEATHER EVENTS

January Storm

On January 4th and 5th 2018 Rotorua was hit with a significant weather event. High winds and heavy rain brought down power lines in parts of Rotorua and caused landslips on some roads, with a number of trees also coming down around Rotorua. During the 24 hours our district received around 100mm of rain, with winds gusting up to 85km. Our emergency response teams provided lead role in addressing the effects of this event and in restoring lifeline services.

This weather event had a severe impact across much of the Rotorua district and unfortunately it left one Rotorua family dealing with a heartbreaking loss.

A local woman tragically died when a tree came down on her vehicle during the storm. This loss was a huge shock and tragedy for our community.

April Floods

On Sunday 29th April 2018 the Rotorua district was subjected to another severe weather event with 182 mm of rain in a 24 hour period. This is the second highest ever recorded in Rotorua. As a result, Rotorua's rivers, streams and storm-water systems were overwhelmed by an unprecedented and extraordinarily large volume of rain water in a very short period of time. Flood water inundated a large number of homes and caused significant damage to our local infrastructure.

Rotorua Lake Council staff recognised the severity of the weather event and the Emergency Operations Centre (EOC) was activated. Call centre staff activated their business continuity plans and were able to relieve the after-hours contractor which was struggling to cope with the increased calls for service generated by the event.

At about 16:55 hours the Civil Defence Controller was advised that some people in the Ngongotahā area which had been affected by the flooding had failed to grasp the danger that the rising flood waters presented and that they were reluctant to evacuate their homes. Given the serious risk to life that existed at that time, the declaration of a state of emergency to empower relevant agencies to evacuate people from properties that were at risk and unsafe was made.

At 17:25 hours on Sunday 29 April 2018 the Mayor signed a declaration of State of Emergency. The declaration was left in place until it expired on Sunday, 6 May 2018. Inspections carried out by Rotorua Lakes Council Building Team determined that 95 of the homes that had been inundated by the flooding were rendered "insanitary" and could not be occupied until significant repair work was carried out.

The transition from 'response' to 'recovery' began on Thursday 3 May 2018. Additional resources (4 case managers "Navigators") have been recruited for a fixed term role to support those affected by the flood and requiring additional support to navigate the various central government help agencies.



The Recovery Team consisting of a Recovery Manager, four full time staff seconded to support roles, and the four Navigators continue to work with affected parties until all people are able to return to their homes and to a life as near normal. It is expected this could take up to six months.

KEPT OUR COMMUNITY SAFE VIA OUR REGULATORY FUNCTIONS

Community and Regulatory Services staff responded to approximately 5,600 complaints in regards to animal related issues like, attacks (both on people and other animals), roaming, barking and wandering stock. All were responded to within agreed timeframes.

All food premises have been transitioned from the old Food Hygiene Regulations to either a Food Control Plan or National Programme as required by the Food Act 2014. This has resulted in a very significant level of work by both Council staff and premise operators and these premises are now set to deliver food more safely to all customers.

All premises in the very high or high risk category (because of the type of activity and hours they supply alcohol) were inspected at least twice within the year, this is about ensuring that they have the appropriate systems in place to safely sell and supply alcohol to our community.

ENABLE BETTER ENFORCEMENT OF NOISE LEVELS

Changes to the District Plan regarding how noise is dealt with following issues for Rotorua's eastern suburbs relating to the Lumbercube operation were approved by Council in April 2018.

The Full Council approved changes recommended by the Resource Management Act (RMA) Policy Committee which considered the proposed changes and submissions received.

The change is primarily a technical change to improve enforceability of the noise provisions of Rotorua's District Plan, rather than changing the noise levels, with one exception, being the addition of a new evening noise level within residential zones. This provides a transition from daytime to night-time noise levels but will not affect any existing, legally established activities.

During the process there were strong submissions from residents wanting protection for communities, and from businesses concerned about ensuring business activities would not be curtailed if the changes went too far.

The following is a summary of the changes:

- New reduced Evening Noise Level introduced (7pm to 10pm)
- Improved reference to NZ Standards, and new definition of where noise is measured – noise standards now enforceable
- Dedicated Noise chapter recognising importance of the issue and removing previous noise provisions repeated in each chapter
- Other new definitions and minor changes

Why changes were needed:



- The Lumbercube Sawmill operation highlighted unforeseen deficiencies and enforcement issues with the District Plan
- A review of current District Plan noise provisions was undertaken by Malcolm Hunt Associates
- As a result changes to the District Plan have been proposed by staff to address the issues

The main issues related to:

- Where noise is measured within a site
- Enforceability of noise provisions
- Inadequate reference to NZ Standards within the District Plan
- Noise from industrial zones impacting on adjoining residential areas
- Industrial noise levels continuing into the evening/night-time period

MEASURING OUR PERFORMANCE

● ACHIEVED ● NOT ACHIEVED ● NOT MEASURED

	LEVEL OF SERVICE	PERFORMANCE MEASURES	2015-16 RESULT	2016-17 RESULT	2017-18 TARGETS	2017-18 RESULT	COMMENT AT 30 JUN 2018
COMMUNITY SAFETY - EMERGENCY MANAGEMENT							
	Council is ready to respond to a Civil Defence Emergency and is able to function for as long as required during an emergency	Emergency Coordination Centre staff capability is developed as measured through the professional capability matrix.	68%	77%	≥68%	77%	23 of the 30 approved first respondents have completed both practical and equivalent theoretical CDEM training which has been recognised by Bay of Plenty Emergency Management. So 77% of our first respondents have equivalent training to the professional capability training matrix.
	Protection of people, property and the environment from the hazards of fire by prevention, suppression and control in rural areas.	Percentage of rural fire forces trained and equipped.	100%	100%	≥95%	Not Measured	This financial year, Rural fire does not come under council's mandate and is all managed and controlled by Fire and Emergency New Zealand.
COMMUNITY SAFETY - REGULATORY SERVICES							
		100% of all licensed premises in the very high or high risk category are inspected under the Liquor Licensing Act are monitored twice annually.	100%	100%	100%	100%	All 68 inspections required to be undertaken were completed and there were four additional follow-up inspections completed on premises where issues had been found.
	Ensure district is provided with clean, safe and hygienic food premises, licensed liquor outlets, hairdressers and camping grounds.	The percentage of known very high or high risk food premises (or relevant requirements under new food act) and other business covered under the health act, are monitored twice annually.	100%	100%	100%	100%	68 inspections were completed during the first nine months of the year, however by the end of the financial year there are no more premises left in the high risk category due to phase 2 of the Food Act transition and all premises are now managed via the Verification/Audit process with different criteria.
		The maximum percentage of residents dissatisfied with noise control service.	13%	7%	5%	7%	Council and its contractors continually monitor response times and the average urban response time is 27 minutes. Unfortunately some people within the community do not want to respect their neighbours and continue to create noise after the first visit. Appropriate action is then taken and can include notices to reduce noise, seizures of the offending equipment and the issue of infringements when the first approach fails to reduce the noise nuisance.
	Provide safe public places free from uncontrolled dogs and wandering stock.	100% of known dogs registered or served with a notice to register by 30 June annually.	100%	100%	100%	100%	11,932 dogs were either registered or infringed from 11,843 dogs known at the commencement of this financial year.
		100% of complaints about wandering stock responded to immediately.	100%	100%	100%	100%	352 out of 352 complaints received concerning wandering stock within our District were responded to immediately.

Y SAFETY

UNITY SAFETY

community SAF

community



OUR CHALLENGES

While the weather events and other challenges of the last year have created uncertainty for our organisation and community we have prioritised and continued to deliver the fundamental services that our community expects. We continually deliver regulatory services that keep our residents and visitors of our district safe. In addition to this when emergency situations do strike as they did in this last year we have fantastic staff that work in their Civil Defence roles in a time of crisis.

LOOKING AHEAD

In our recently adopted 2018-2028 Long-term plan this activity group was split into two new activity groups, Emergency Management is now in a group named Community Leadership and Regulatory Services is in a group named Planning and Regulatory.

In 2018/2019 we have the following projects planned for Planning and Regulatory:

- Animal Control Asset Renewals
- Food Act review in conjunction with MPI
- Another busy year for our planning and consenting solutions team
- Second year of our housing accord in place.

ROTORUA LAKES COUNCIL FUNDING IMPACT STATEMENT FOR 2017-2018 FOR COMMUNITY SAFETY

COMMUNITY SAFETY	Long-term Plan	Long-term Plan	Actual
	2016/17 (\$000)	2017/18 (\$000)	2017/18 (\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	1,369	1,379	1,535
Targeted Rates	-	-	-
Subsidies and grants for operating purposes	10	10	220
Fees and charges	2,001	2,073	1,404
Internal charges and overheads recovered	-	-	2
Local Authorities, fuel tax, fines, infringements fees and other receipts	108	112	129
Total operating funding (A)	3,488	3,574	3,290
Applications of operating funding			
Payments to staff and suppliers	2,441	2,494	2,695
Finance Cost	-	-	1
Internal charges and overheads applied	1,047	1,080	895
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,488	3,574	3,591
Surplus (deficit) of operating funding (A-B)	-	-	(301)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding (C)	-	-	-
Applications of Capital Funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	39	15	84
Increase (decrease) in reserves	(39)	(15)	(385)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	-	-	(301)
Surplus (deficit) of capital funding (C-D)	-	-	301
Funding balance ((A-B)+(C-D))	-	-	-

TŌ TĀTAU WHANAKETANGA

DISTRICT DEVELOPMENT



THE ACTIVITIES IN THIS THEME CONTRIBUTE TO THESE VISION 2030 GOALS:

WHAT WE DO

• ECONOMIC DEVELOPMENT

We work with external agencies to develop and improve the local economy which includes initiatives being developed through the Sustainable Economic Growth Portfolio and the work of our council-controlled organisation Rotorua Economic Development Limited, which incorporates Destination Rotorua and the i-Sites and operates as Destination Rotorua.

• DESTINATION MARKETING

We work to bring visitors to Rotorua by strengthening local market brand positioning and targeting growth markets. This is done in partnership with Rotorua tourist operators, wider regional connections and Tourism NZ. Destination Rotorua delivers destination marketing.

• CITY PLANNING AND DEVELOPMENT

We're in the city planning business to protect Rotorua's unique environment and our citizens' quality of life, as we try to grow and develop the district. We do this through the District Plan and resource consenting processes.

HOW DOES THIS AFFECT YOU?

To develop and improve the local economy so that we all can enjoy a comfortable lifestyle with positive opportunities, and to position Rotorua as a great place to visit, live, work, invest and do business.

OUR HIGHLIGHTS FOR 2017-2018

In 2017/2018 we undertook a number of projects and activities to further develop our district. We:

ROTORUA NAMED AS TOP DESTINATION TO VISIT IN 2018

Rotorua has been named as one of the top places to see in the prestigious The New York Times' 52 Places to Go in 2018 list.

The list, described as a "starter kit for seeing the world" features Rotorua at number 45 – the only New Zealand destination to make the list.

Regular contributors for The New York Times were asked for ideas on places to make the list, with hundreds of submissions, which are then whittled down to the final 52. It is the 13th year such a list has been compiled and this year.

With a daily readership of more than 9 million people, and more than 220,000 following The New York Times Travel Facebook page, the exposure in the list is phenomenal recognition for the solid work that has been undertaken by the industry, Destination Rotorua, Rotorua Lakes Council and others.

PLANNING FOR FUTURE GROWTH (A DISTRICT SPATIAL PLAN)

The district draft spatial plan was developed and consulted on in 2017/18.

The district's spatial plan will guide how the district will grow, what type of growth should go where and how much. It will become part of a suite of plans that also includes The Rotorua Way (the refresh of the Rotorua 2030 vision), the Long-term Plan and annual plans which will work together to achieve the over-arching long-term goals established for the district through the 2030 vision.

Some changes were proposed following two rounds of community consultation, one to help establish a draft plan and a second round to consult on the draft. Strategy, Policy & Finance Committee members sought some further changes when they deliberated on submissions to the draft plan on 14 June 2018.

The spatial plan is considered timely given Rotorua's growth and progress in recent years and recognition of the district as a medium growth area with population projections of 7.8% growth between 2013 and 2023.



Consultation resulted in overall support for enabling iwi wellbeing and development, urban consolidation and containment, recognising Rotorua's outstanding natural features, provision of infrastructure that enables the development of homes and jobs and collaboration and methods of implementing the plan.

Gaps suggested in some submissions which were received included acknowledgement of the rights of people with disabilities, recognition of the impact of climate change, water conservation, the importance of farming and forestry to the local economy, air quality, geothermal opportunities and methods of implementation.

A report to the Strategy, Policy & Finance Committee stated the gaps can be addressed through small additions to the final plan or are matters which are already subject to other plan reviews and have been passed on to the relevant Council departments and organisations for their consideration.

Strong opposition to proposed growth areas at Lake Okareka resulted in a recommendation that this growth area be re-categorised for further consideration within a Lakes A zone review, in consultation with the community.

The final spatial plan will go to council for adoption later in 2018.

STUDIED THE ECONOMIC IMPACT OF MOUNTAIN BIKING

People who ride in Rotorua's Whakarewarewa forest are contributing between \$30m and \$50m in spending annually to the local economy.

That's between 2.5% and 5% of total spending in the district by visitors and about three quarters of that visitor spend is by those who come to Rotorua specifically to ride in Whakarewarewa Forest.

This spend contributes an estimated 200 to 350 FTE jobs which equates to between \$10m and \$20m in income.

The findings are included in an economic impact study undertaken in 2018 to estimate the contribution of the forest trails to the Rotorua economy.

It captures the value of rides in Whakarewarewa Forest only, not the full value of mountain biking to the district, and will be used as a baseline on which to build in future.

The study estimated there are about 230,000 rides (by visitors and locals) in the forest per year, based on data collected from four access points. Due to the multiple access points to Rotorua's forest trail network it is not possible to know the true total number of rides so estimates are conservative.

Visitors who ride in the forest are spending on items like food and drink, shuttle bus tickets, bike and equipment hire, bike servicing and repairs, clothing, accommodation and tourism attractions and activities.

The study excluded major events and did not capture the impact of other recreational use (for example walkers and runners using the forest trails) or the social, health or cultural wellbeing benefits of the forest. The study also did not capture the value of the Rotorua Trails Trust which manages the volunteer efforts of maintaining the trail network for the benefit of locals and visitors.

The assessment used counters at four forest access points and surveyed mountain bikers about their spending, then used multipliers to estimate the flow-on economic impact. Users who were surveyed included riders of all ages and abilities and included families, locals and visitors from both around New Zealand and overseas.

The report will be used in support of an application for government funding for proposed forest developments.

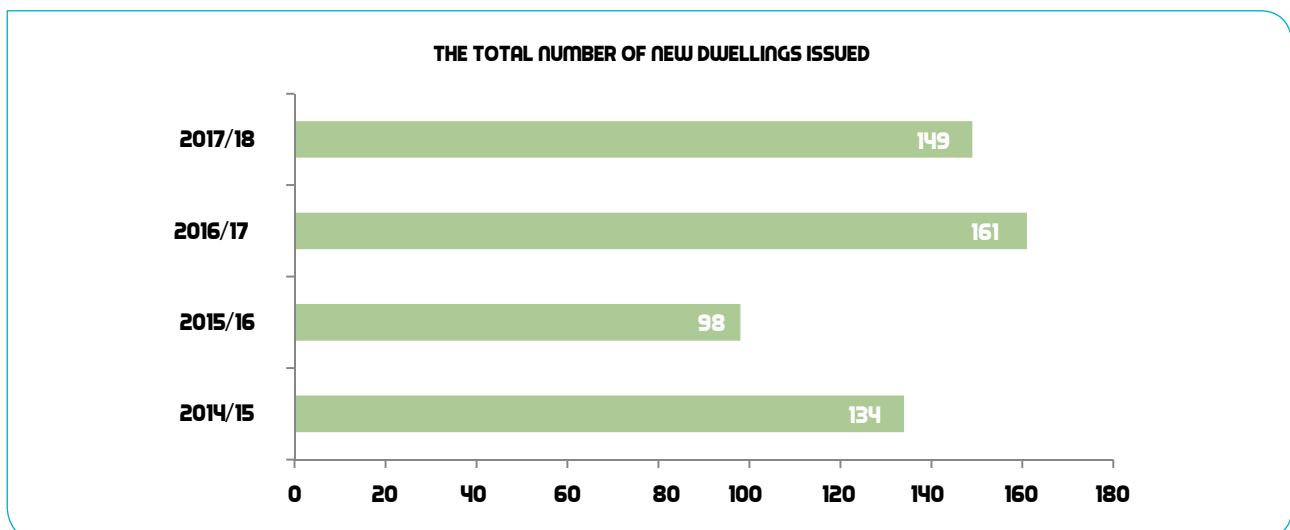
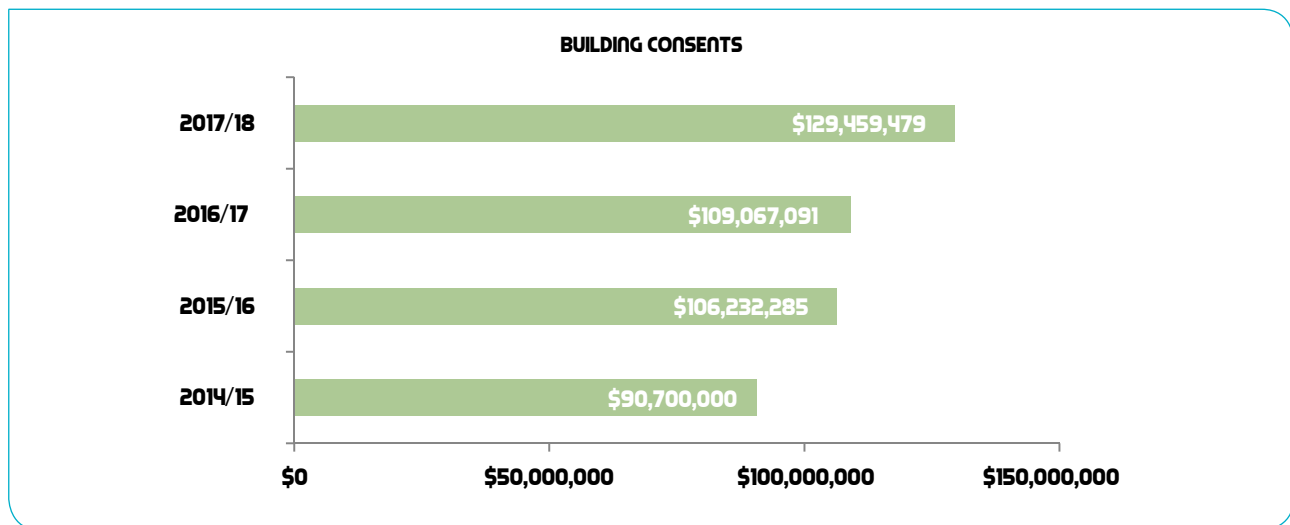
LOOKED INTO ESTABLISHING A DEVELOPMENT COMPANY CCO

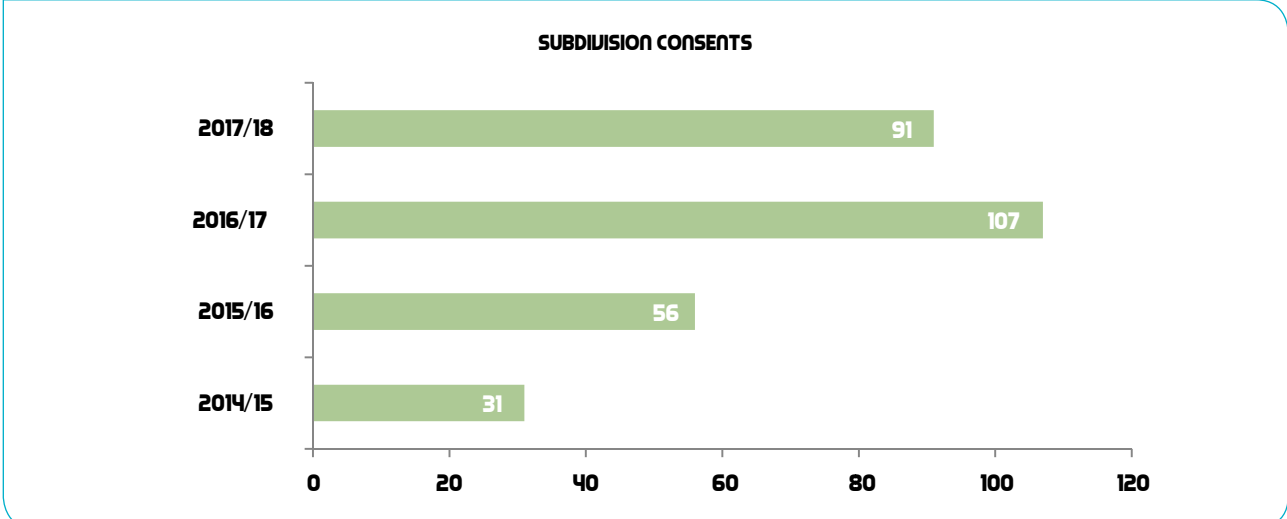
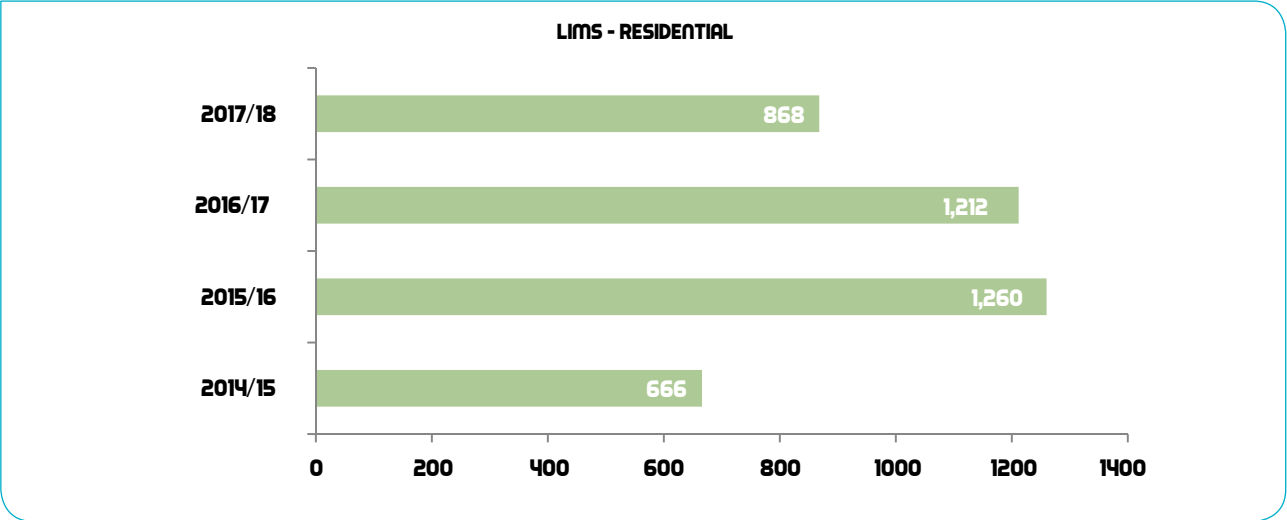
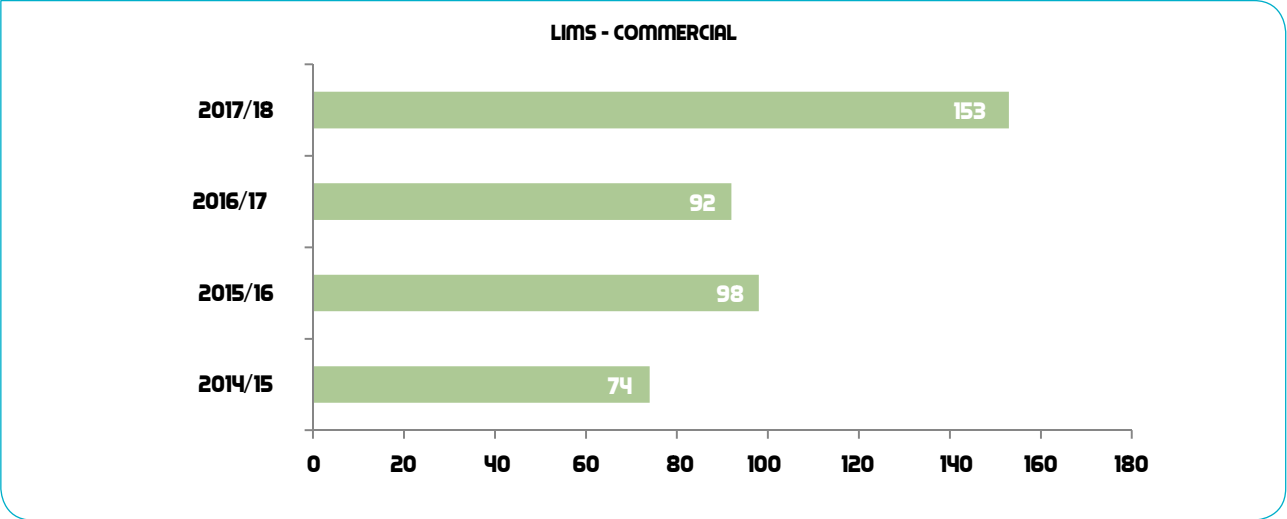
Firstly identified as a big move in our 2017/18 Annual plan and then further consulted on during consultation for our Long-term plan Council considered establishing a new Council Controlled Organisation (CCO) for the Lakefront/ CBD development. The purpose of a new CCO would have been to leverage our great space at the lakefront to attract domestic and foreign investment and create a place for all people of Rotorua and visitors. For now an independent advisory board has been established that will set the vision and direction for the project, guide design and engagement and communication.

While this advisory group undertakes this work it has been decided not to go ahead with establishing a CCO. If Council decides at a later point that the outcomes being sought from the advisory board might be best obtained through the establishment of a CCO, council will consult again with the community.

BUILDING AND DEVELOPMENT IN ROTORUA

Building consent numbers during the period show that the building activity remains steady in Rotorua. Overall consent numbers are consistent with the same period last year.





● ACHIEVED ● NOT ACHIEVED ● NOT MEASURED

LEVEL OF SERVICE	PERFORMANCE MEASURES	2015-16 RESULT	2016-17 RESULT	2017-18 TARGETS	2017-18 RESULT	COMMENT AT 30 JUN 2018
DISTRICT DEVELOPMENT						
Facilitate the growth and development of the Rotorua district.	% of the business plan KPIs for the Destination Rotorua business unit are achieved.	80%				14 of the 16 KPIs were 'Achieved' and 2 'Not Achieved'. The 2 KPIs 'Not Achieved' are: <ul style="list-style-type: none"> Implement service delivery model - 2 of 3 actions completed Deliver market analyses - 6 market analyses cases completed by year end but due to technical challenges the reports were not published on website, however they were shared with relevant landowners, potential investors and influencers
	% of the business plan KPIs for Grow Rotorua are achieved.	80%	89%	≥80%	88%	
	% of the business plan KPIs for the airport are achieved.	67%	80%	≥80%	71%	Five of the seven KPIs were met during the financial year. The two KPIs not achieved were due to an injury that resulted in one day of lost time and customer satisfaction sitting slightly below the target.
	Rotorua's GDP growth is above the average GDP growth of New Zealand.	Achieved	Achieved	Achieved	Achieved	Infometrics data to June 2018 shows Rotorua's year on year GDP growth of 4.0% compared to 2.7% for the whole of NZ.
	The business confidence within the Rotorua district is above the average business confidence across New Zealand.	Achieved	Achieved	Achieved	Achieved	Rotorua June 2018 business confidence was +21.0 for local business conditions and -1.0 for New Zealand business conditions. This compares to the overall business confidence in New Zealand of -39.0.
	Percentage increase in CBD foot traffic from the previous financial year.	6.6%	-12.7%	≥5%	25.8%	The annual spring count, that the property institute undertook, recorded a 25.8% increase in pedestrians within the CBD from 5,580 in 2016 to 7,022 in 2017.
Timely and consistent processing of consenting applications.	Percentage of consents processed within 15 working days.	Land Use 17% Subdivision 7% Building consents 84%	Land Use 10% Subdivision 2% Building consents 74%	Land use ≥60% Subdivision ≥25% Building consents ≥60%	Land use 38% Subdivision 18% Building Consents 70%	Overall 70% of building consents, 18% of subdivision consents and 38% of land use consents have been issued within 15 working days. The processing of Building Consents are continuing to exceed the KPI while the number of building consents for residential dwellings has increased (compared with last year) by over 50%. The total number of planning applications (eg land use, subdivisions) has increased compared to last year. While not meeting the land use and subdivision KPI figures there has been a substantial improvement in the number of resource consents being issued prior to day 15. Further work is continuing on streamlining the consenting process to increase the percentage of consents issued within 15 working days. However, the complexity & volume of consents is a significant factor on the time taken to process.
	Percentage of customers very/fairly satisfied with the consenting process.	78%	64%	≥80%	85%	The satisfaction rating from the survey was fairly consistent between regular and one-off customers. Only two respondents stated they were dissatisfied with the overall consenting process from the 39 respondents to the survey.
	The number of complaints with the consenting service is reduced.	14	21	≤20	10	The number of complaints as recorded in the request for service database.

ROTORUA LAKES COUNCIL FUNDING IMPACT STATEMENT FOR 2017-2018 FOR DISTRICT DEVELOPMENT

DISTRICT DEVELOPMENT	Long-term Plan	Long-term Plan	Actual
	2016/17 (\$000)	2017/18 (\$000)	2017/18 (\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	8,188	7,593	8,965
Targeted Rates	5,738	5,906	5,832
Subsidies and grants for operating purposes	91	92	67
Fees and charges	1,532	1,587	2,491
Internal charges and overheads recovered	-	-	18
Local Authorities, fuel tax, fines, infringements fees and other receipts	1,832	1,898	11
Total operating funding (A)	17,381	17,076	17,384
Applications of operating funding			
Payments to staff and suppliers	13,709	14,034	10,926
Finance Cost	1,198	1,247	989
Internal charges and overheads applied	1,740	1,795	1,141
Other operating funding applications	-	-	-
Total applications of operating funding (B)	16,647	17,076	13,056
Surplus (deficit) of operating funding (A-B)	734	-	4,328
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	113
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding (C)	-	-	113
Applications of Capital Funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	1,046	-	-
Increase (decrease) in reserves	(312)	-	4,441
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	734	-	4,441
Surplus (deficit) of capital funding (C-D)	(734)	-	(4,328)
Funding balance ((A-B)+(C-D))	-	-	-

OUR CHALLENGES

Developing our district is an ongoing challenge that is not unique to Rotorua. But our region is growing which is a good thing for our economy but with growth brings challenges. A strong local economy is good to attract businesses and people here to live, work and play. Planning for this growth has been a focus of our recently updated Infrastructure Strategy and also the district's spatial plan which will guide how the district will grow, what type of growth should go where and how much. In addition to this working out how best to manage the increase of Air B&B offerings in our district will be challenge and a focus for the coming years.

In addition to this it has been another busy year for our planning and consenting solutions team. Whilst timeliness has been good overall, the complexity and volume of consents is a significant factor on the time taken to process.

LOOKING AHEAD

In 2018/2019 we have the following projects planned:

- I-site Renewals
- Supporting the capability and capacity of businesses and encourage development of new business
- Supporting local companies and organisation's to encourage investment and attract new investment in Rotorua's areas of focus and competitive advantage.
- Growing the Visitor Economy, and deliver quality Visitor services and experiences.

TIAL PLAN

DRAFT SPATIAL PLAN

PLANNING FOR THE FUTURE OF ROTORUA

2017 Draft Spatial Plan
CONSULTATION
DOCUMENT



ROTORUA
LIVES COUNT

TE MAHI TAUNAKI GOVERNANCE & COMMUNITY ENGAGEMENT



THE ACTIVITIES IN THIS THEME CONTRIBUTE TO THESE VISION 2030 GOALS:

WHAT WE DO

• GOVERNANCE AND DEMOCRACY

This activity covers a range of specific functions and is also the home of corporate leadership, planning, and the technical and administrative support for Council's many services. It supports the decision-making process of the mayor, elected members and committees.

Governance and democracy are the cornerstone of local government and we will continue to provide the means needed to conduct fair and open governance.

It also supports engagement between Council and communities, including Māori communities, marae, rūnanga, iwi, hapū and whānau, to facilitate input into council decision-making, providing community information and engagement support to ensure we talk with and listen to our community.

• STRATEGY AND POLICY DEVELOPMENT

We deliver plans that set change for delivering the Rotorua 2030 vision and goals and develop and align policies and bylaws to focus delivery of services towards achievement of the 2030 vision.

• STRATEGIC PROPERTY INVESTMENT

We manage the council's property portfolio, ensuring that investments made provide a gross return that is sustainable and meets the needs of our community.

HOW DOES THIS AFFECT YOU?

To support the council's role in setting the future direction and priorities for our district, enabling informed and inclusive decision-making, supporting opportunities for communities, including Māori, to contribute to decision-making and supporting strong and efficient leadership.

OUR HIGHLIGHTS FOR 2017-2018

In 2017/2018 we undertook a number of projects and activities to enhance our ability to make informed decisions and talk and listen to our community. We:

KEPT OUR AA- CREDIT RATING

Rotorua Lakes Council has retained its AA- credit rating from international agency Fitch.

The agency describes the council's financial management as "a strength" and says Council's long-term projections are consistent with local peers and well above similarly rates international peers.

In announcing the rating Fitch says the council has addressed previously weak performance and the agency believes financial forecasts, as outlined in council's annual and long-term plans, are achievable.

Council's finances were first tested by Fitch International last year as another check to ensure effective financial management. Council gained an AA-rating last year.



ADOPTED OUR FUNDING AND DELIVERY PLAN FOR THE NEXT 10 YEARS

The Long-term Plan (LTP) was adopted by the Full Council on 28 June 2018. The Plan was reviewed by the Office of the Auditor General which has provided an unqualified opinion on the Long-term Plan 2018-2028.

Elected members in May voted in support of key projects proposed for the 2018-28 Long-term Plan following a day-and-a-half of deliberations which followed community engagement and consultation.

The Long-term Plan (LTP) establishes the work and projects to be undertaken across the next 10 years and how that will be funded. The LTP is focussed on improving existing assets and facilities and investing in infrastructure. The deliberations by the council's Strategy, Policy & Finance Committee followed six weeks of public engagement and consultation which resulted in feedback from more than 1350 individuals, groups and organisations.

The Plan is Council's action plan to deliver on the direction set through the 2030 vision and our refresh of the vision, The Rotorua Way. The LTP is underpinned by financial prudence, having been audited and approved by Audit New Zealand and reviewed by international credit rating firm Fitch.

Council is investing heavily in infrastructure, about 80 per cent of the 10-year spend is on core infrastructure, improving what we have and investing in infrastructure for the future. We're re-opening our iconic museum, improving facilities like the Sir Howard Morrison Performing Arts Centre and Kuirau Park, and we also have projects such as the proposed development of the lakefront and forest facilities to further position Rotorua for the future. These are projects we will look to deliver in collaboration with partners and funders.

CARBON ACCOUNTING AT COUNCIL

In February Council approved joining the Global Covenant of Mayors and working towards achieving compliance by 2021. A community carbon footprint has been undertaken, using Bay of Plenty Regional Council work.

An internal group was formed to begin measuring Council's carbon footprint with the assistance of AECOM consultants. This follows the February meeting of council's Strategy, Policy & Finance Committee which supported the recommendation to Council that an organisational inventory be undertaken and that Rotorua District works to achieve GCoM (Global Covenant of Mayors for Climate and Energy) compliance by 2021. The baseline will be based on the 2016-17 year. Measurement involves sourcing data including energy and fuel use, travel, refrigerant use. Much of the data appears to be available in council financial systems. To meet the reporting standards, the footprint is required to include Council Controlled Organisations (CCOs) that have been invited to participate by email and letter. Council has an opportunity to demonstrate leadership to the wider community through tracking, reporting and reduction of its operational emissions, and to affect district emissions from activities relating to transport, waste, wastewater and energy use.

There is potential to create opportunities for energy and fuel savings and help the district to recognize and respond to new post-carbon economy opportunities.

U.N.GLOBAL COMPACT CITIES PROGRAMME

Michael Nolan, the Chair of the United Nations Global Compact - Cities Programme visited Rotorua delivering four workshops to staff, Councilors and other interested Councils from the Bay of Plenty region on the 13th and 14th November 2017.

The first workshop involved 25, 11-13 year-old youths from five local school communities discussing the impact of climate change on our future planning. It is expected that this will encourage the young people to make submission on our Spatial Plan as well as encourage their thinking about future sustainability issues.

The second workshop also focused on climate change and included representatives from council elected members and staff across our region with a view to identifying opportunities for collaboration.

A third workshop introduced Councilors to the UN Sustainable Development Goals for consideration alongside Long-term Plan Big Moves.

The final internal workshop for staff discussed opportunities for public-private partnerships and potential for investment. This was based on Michael Nolan's City Partnerships model developed in Australia.

COMMUNITY FUNDING INVESTMENT POLICY

Following approval by Council in February of a new Community Funding Investment Policy that pulls together previously separate policies and increases focus on improving equity, four community workshops are planned to provide information to potential applicants for Community Grants and Partnership Agreements for the 2018-2021 period. A new agreement is being developed with Geyser Community Foundation in relation to Sister City Grants and for administration of Community Grants.

Community workshops were held to explain the policy to potential applicants. Invitations were sent widely to community groups and organisations who were encouraged to share the invitation with their networks.

The workshops outlined Council's priorities; the three funding pools Partnerships, Community Grants and Neighbourhood Matching Fund; guidelines for applications; and examples of 'making a difference' and improving equitable outcomes.

Four workshops were delivered at Apumoana Marae, Te Aka Mauri Community Meeting Room and Waikite Clubrooms (Te Koutu). Participation and demand exceeded expectations and a further two workshops at Te Aka Mauri and Council were added.

- 78 people representing at least 57 community groups attended
- 31 of those groups have not previously received community grants from Council
- 8 groups have previously used Neighbourhood Matching Fund
- 8 groups have previously received Community Grants
- 6 groups currently have Partnership Agreements

Applications for Partnership Agreements, closed 31 May 2018 and applications for Community Grants will be open 1 June to 16 July 2018.

Neighbourhood Matching Fund remains open year round to small applications (up to \$5000). For large Neighbourhood Matching Fund grants the second round for 2017-18 has resulted in approval of a grant of \$9,788.85 in April to support the BOP Philippine Friendship Society work towards celebration of Philippine Independence Day.

CONTINUED ENGAGING WITH THE COMMUNITY

Engaging with our community remained a focus through the year. One of the biggest consultations was for our Long-term plan. To enable fully informed deliberation on its Long Term Plan 2018-2028, Rotorua Lakes Council undertook an extensive community engagement programme from 5 March to 13 April 2018.

The Council provided multiple opportunities for members of the community to engage directly with elected members at publicised community conversations, hui ā-iwi and targeted community forums held both in Rotorua city and around the district.

Elected members also participated in 28 'pop ups' at community events, local markets, Te Manawa and in the LTP container sessions at the Lakefront, Redwoods and Kuirau Park.

Other engagement, without formal elected member participation, occurred including 17 youth workshops and two in-council workshops with young people as well as LTP briefings that were held with various groups and organisations.

Finally, online engagement was also enabled through the Let's Talk / Kōrero Mai portal on Council's website and through social media.

Other community consultation initiatives over the past 12 months include requests for community feedback on:

CORPORATE PLANS



- Planning for the future of Rotorua - The Draft Spatial Plan
- 2018-2028 Long-term Plan

MAJOR PROJECTS

- Rotorua Wastewater Treatment Plant Upgrade
- East Rotoiti | Rotomā Sewerage Scheme
- Rural Household Waste Service
- CyWay - Rotorua urban cycleway development
- District Plan - Plan Change 6 - Holiday Rentals
- District Plan - Plan Change 5 - Signs and Miscellaneous Changes
- District Plan - Plan Change 4 - Noise
- 2017/2018 Speed Limit Bylaw Review
- Amendment to the Traffic Bylaw
- Air Quality Control Bylaw Review
- Rotorua Skatepark Re-development
- Hamurana Reserve Development - implementing the development plan
- Rotorua Honey Bee Club - Reserve Lease Application
- Alexander Road Reserve - Change of Reserve Classification
- Proposed stopping of a small section of designated road - Hamurana Road

MEASURING OUR PERFORMANCE

● ACHIEVED ● NOT ACHIEVED ● NOT MEASURED

LEVEL OF SERVICE	PERFORMANCE MEASURES	2015-16 RESULT	2016-17 RESULT	2017-18 TARGETS	2017-18 RESULT	COMMENT AT 30 JUN 2018	
GOVERNANCE AND COMMUNITY ENGAGEMENT - GOVERNANCE							
	Provide sound analysis and advice to better engage with communities on Council decisions related to the strategic direction of Rotorua.	Percentage of residents that are very/fairly satisfied with how rates are spent on services and facilities provided by Council.	64%	71%	≥70%	63%	Although the measure dropped from last year and was short of the target of 70% this is still seen as a good result as the survey is a representative sample of residents of the district and well over half are satisfied with how their rates are spent on services and facilities.
		Percentage of residents that strongly approve/approve of the decisions and or actions Council makes.	49%	59%	≥60%	55%	Although the measure dropped slightly from last year and was just short of the target of 60% and would be considered within a 5% tolerance. Overall this is still seen as a good result as the survey is a representative sample of residents of the district and over half are satisfied with the decisions made and actions of Council.
		Percentage of residents that are very/fairly satisfied with the quality of information Council provides.	58%	52%	≥60%	54%	Last year we indicated that we thought this indicator and the next would increase as more people became aware of our new online engagement hub 'Let's Talk Kōrero Mai' and we have seen the beginnings of this in the results this year. Although the target was not met there was still a 2% increase from the previous year. We will work to further increase this score to aim to achieve target in the future by continuing our online engagement and through the more traditional mediums.
		Percentage of residents who feel they can participate in decision-making.	44%	38%	≥60%	42%	Last year we indicated that we thought this indicator and the previous would increase as more people became aware of our new online engagement hub 'Let's Talk Kōrero Mai' and we have seen the beginnings of this in the results this year. An increase in score of 4% is seen as a good result despite not meeting the target of 60%.
GOVERNANCE AND COMMUNITY ENGAGEMENT - STRATEGY AND POLICY							
	Develop and implement community led strategies and projects that deliver on our Rotorua 2030 goals.	Percentage of residents who feel we are delivering and moving towards the 2030 goals (Resilient community, Homes that match needs, Outstanding places to play, Vibrant city heart, Business innovation and prosperity and Employment choices).	54%	Not measured	≥70%	Not Measured	These KPIs were not measured this financial year with the measurement of our progress towards 2030 under review.
		The percentage of 2030 measures that are moving in a favourable direction.	69%	Not measured	≥75%	Not Measured	
	Develop policy, bylaws and plans that support the achievement of Rotorua 2030.	All statutory plans, policies and bylaws are delivered within their statutory timeframes.	Not Achieved	Not Achieved	Achieved	Achieved	The General Bylaw review and amendments to the Traffic Bylaw were completed and adopted during the financial year.

ROTORUA LAKES COUNCIL FUNDING IMPACT STATEMENT FOR 2017-2018 FOR GOVERNANCE & COMMUNITY ENGAGEMENT

GOVERNANCE & COMMUNITY ENGAGEMENT	Long-term Plan	Long-term Plan	Actual
	2016/17 (\$000)	2017/18 (\$000)	2017/18 (\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	3,579	3,553	4,353
Targeted Rates	55	56	(9)
Subsidies and grants for operating purposes	53	53	-
Fees and charges	437	453	1,135
Internal charges and overheads recovered	12,112	12,401	781
Local Authorities, fuel tax, fines, infringements fees and other receipts	1,114	1,152	1,791
Total operating funding (A)	17,350	17,668	8,051
Applications of operating funding			
Payments to staff and suppliers	15,048	15,454	18,896
Finance Cost	380	401	490
Internal charges and overheads applied	804	829	(11,698)
Other operating funding applications	-	-	-
Total applications of operating funding (B)	16,232	16,684	7,688
Surplus (deficit) of operating funding (A-B)	1,118	984	363
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	3,000	2,000	20,910
Gross proceeds from sale of assets	1,025	1,051	1,024
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding (C)	4,025	3,051	21,934
Applications of Capital Funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	131	134	136
- to replace existing assets	2,488	2,208	8,179
Increase (decrease) in reserves	2,524	1,693	14,561
Increase (decrease) of investments	-	-	(578)
Total applications of capital funding (D)	5,143	4,035	22,297
Surplus (deficit) of capital funding (C-D)	(1,118)	(984)	(363)
Funding balance ((A-B)+(C-D))	-	(0)	-

OUR CHALLENGES

In 2017/18 the greatest challenges have been addressing the Rotorua Lakes Council's current financial position and planning for the next 10 years and council's response to achieving our vision by 2030. Through this period in addressing the challenges, the Rotorua Lakes Council has remained focused on continuing to deliver quality services to its community.

Phase one of our new ERP successfully went live on Monday 7 May 2018, covering Finance and supply chain management. As with most ERP implementations there were a few minor issues but none which prevented business as usual. Most issues will be resolved with the release of the software update scheduled for later this year.

LOOKING AHEAD

In 2018/2019 we have the following projects planned:

- Further implementation of our new ERP solution
- Continuing refurbishment of the Civic Centre building
- Renewal works on our property portfolio
- IT enhancements and renewals
- Other projects to increase level of service and renewal of existing assets

ENGAGEMENT

ENGAGEMENT

ENGAGEMENT

ENGAGEMENT

ENGAGEMENT



NGĀ RATONGA I TE MANAWA

INNER CITY SERVICES



THE ACTIVITIES IN THIS THEME CONTRIBUTE TO THESE VISION 2030 GOALS:

WHAT WE DO

• CITY SERVICES

Services include keeping streets clean, servicing public toilets, graffiti removal, parking management, maintenance of the inner city crime prevention camera network and management of City Safe Guardians.

• PUBLIC SAFETY

We operate the City Safe Guardians who are visible and active within the CBD and immediate surrounds, working with the police, retailers, tourists and our citizens to ensure people feel safe on our streets.

They can move freely from place to place, are able to provide quick directional information, and report issues and risks that need addressing as well as preventing issues from occurring.

HOW DOES THIS AFFECT YOU?

To create a 'destination within a destination', a place our people and visitors are drawn to by its vibrancy and activity to shop, explore, be entertained and live.

OUR HIGHLIGHTS FOR 2017-2018

In 2017/2018 we undertook a number of projects and activities to enhance inner-city. We:

TE MANAWA

Te Manawa was blessed on 15 October 2017 and partially opened over Labour weekend before being opened to traffic. Activities to mark completion of the project were part of the 29 October Sunday Farmer's Market.

The Farmers Market re-opened at the official opening of Te Manawa. A Number of barrows range from 15 to 20 with three mobile food vendors. It is expected the number of barrows to grow as more produce comes into season.

The Farmers Market was a vibrant array of live entertainment and activities including children's games, face painting and giveaways.

Research was undertaken with about 100 people providing feedback (visitors and stall holders). Positive, enthusiastic feedback included: great space, clean, good seating, attractive barrows and a good vibe.

Council staff are continuing efforts to educate the public about use of the new shared zone where pedestrians come first – motorists and bike riders are expected to treat the area as a low speed environment and travel at walking pace and are required to give way to pedestrians. Use of the new shared zone is being monitored, to enable any issues to be addressed.



HOMELESSNESS IN THE CBD

Homelessness is a serious issue for many cities including Rotorua. Council has been engaging with the city's homeless about what they need and work on ways to support them in practical ways. In collaboration with local iwi, Council has been asking for feedback from the city's homeless community and the organisations that actively support their needs.

There is a lot being done for the homeless community by caring individuals as well as entities such as iwi, churches and agencies with experience and knowledge about homelessness. Council aimed to be guided by their expertise because the ultimate goal that we need to strive for is to find both short-term and long-term solutions that aim to address homelessness so it becomes rare and is not ongoing in our community.

Council sees homelessness is an issue that needs to be addressed collaboratively by the community. Homelessness is a hugely complex issue and is only one aspect of a wider housing crisis Rotorua currently faces. Chronic homelessness, for example, is a challenging issue which requires wrap-around services to address underlying concerns. It is imperative, Council works with those with experience in dealing with homelessness so we collectively contribute in an effective way. After consulting with homeless and volunteers and partner organisations mentioned above Council Staff produced a winter action plan that looked at several ideas including:

- Identifying where homeless people can gather to eat
- Ensure their safety while sleeping outside in public locations
- Increasing public toilet access
- Identifying public showering facilities; and
- Identifying a dry and secure place where they can house their belongings

Council continues to advocate to the Ministry for Social Development, which is responsible for emergency and social housing in New Zealand, to fund Housing First model, which aims to support people faced with chronic homelessness into accommodation first and then address their needs.

CONTRACTED PARKING SERVICES TO I-PARK

Rotorua parking services will be upgraded to new technology as part of a contract signed by Rotorua Lakes Council with i-Park in May 2018.

A range of options to deliver a new service was investigated with a preferred choice to partner with an external provider who could fund and implement the infrastructure upgrade and its delivery.

Council received six partner proposals and following robust negotiation, has signed a contract with New Zealand-owned Innovative Parking Solutions Ltd (i-Park) to deliver and implement new parking services.

The contract covers all central city parking, including the parking building, and the full rollout of the new systems is expected to happen around September/October 2018.

i-Park will introduce new technology which will provide a range of convenient ways for people to pay for public parking in Rotorua.

A demonstration was conducted in June 2018 in the Haupapa Street carpark, opposite the library, using the new technology and interface incorporated into the current pay and display machines. This is the technology that is to be rolled out across the city later this year.

Once the new meters are rolled out, parking in the city will move to a "Pay by Plate" model. Users will be asked to enter their licence plate and how long they wish to park as part of the parking payment process.


Parking wardens will be able to determine if people have paid for their parking by checking the licence plates of vehicles.

Users will also be able to pay for their parking using a smartphone app if they wish. Receipts can be obtained via email which means app users can pay to extend their time, if parking allows, without having to go back to their car.

There are currently more than 3550 vehicle parks in the central city, including more than 500 metered and pay-and-display parks.

MEASURING OUR PERFORMANCE

● ACHIEVED ● NOT ACHIEVED ● NOT MEASURED

	LEVEL OF SERVICE	PERFORMANCE MEASURES	2015-16 RESULT	2016-17 RESULT	2017-18 TARGETS	2017-18 RESULT	COMMENT AT 30 JUN 2018
INNER CITY SERVICES							
	Public toilets are clean, hygienic, and are accessible	Percentage of public toilets are cleaned according to policy	93%	97%	≥95%	98%	The Inner city toilets were cleaned according to the required frequency for 98% of the time. The i-site toilet was closed for a period in the first half of 2018 and so did not contribute to totals over this time.
		Percentage of inner city public toilets that meet the standard of a tier 2 or better toilet classification as defined by the public toilet policy	20%	40%	≥60%	50%	This year the Ōhinemutu Toilets were refurbished to meet the Tier 2 Standard and the i-Site toilet was relocated into the Jean Batten Square.
	Enhance the aesthetic look of Rotorua	Percentage of graffiti that is removed within 24 hours to deter and Keep Rotorua Beautiful	96%	96%	≥95%	77%	Contractor Records checked and changes to reporting system as well as some detected decrease in response times are contributing to a declined performance measure.

OUR CHALLENGES

To plan for future progress by developing bold visions that continue to enhance our CBD and position us for future investment based on our strengths: environment, lifestyle, culture, opportunities.

Managing the ongoing issue of homelessness in our inner city and how to take a partnership approach with the ultimate goal we need to strive for is to find both short-term and long-term solutions that aim to address homelessness so it becomes rare and is not ongoing in our community.

LOOKING AHEAD

In 2018/2019 we have the following projects planned:

In the 2018-2018 Long-term plan this activity group was divided between two new groups Community Leadership and Planning and Regulatory.

ROTORUA LAKES COUNCIL FUNDING IMPACT STATEMENT FOR 2017-2018 FOR INNER CITY SERVICES

INNER CITY SERVICES	Long-term Plan	Long-term Plan	Actual
	2016/17 (\$000)	2017/18 (\$000)	2017/18 (\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	1,560	1,704	1,712
Targeted Rates	-	-	-
Subsidies and grants for operating purposes	-	-	8
Fees and charges	154	159	(23)
Internal charges and overheads recovered	1	1	7
Local Authorities, fuel tax, fines, infringements fees and other receipts	2,315	2,399	2,272
Total operating funding (A)	4,030	4,263	3,976
Applications of operating funding			
Payments to staff and suppliers	1,542	1,578	2,334
Finance Cost	99	112	111
Internal charges and overheads applied	1,590	1,633	422
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,231	3,323	2,866
Surplus (deficit) of operating funding (A-B)	799	940	1,110
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding (C)	-	-	-
Applications of Capital Funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	1,133	1,072	2,836
- to replace existing assets	6	162	5
Increase (decrease) in reserves	(340)	(294)	(1,732)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	799	940	1,110
Surplus (deficit) of capital funding (C-D)	(799)	(940)	(1,110)
Funding balance ((A-B)+(C-D))	-	0	-

TE TŪ-Ā-NUKU

OPEN SPACES & RECREATION



THE ACTIVITIES IN THIS THEME CONTRIBUTE TO THESE VISION 2030 GOALS:

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. These open spaces provide for recreation and organised sport, garden environments and green corridors that contribute to the district's natural form, character and amenity values.

• TOKORANGI & WHAKAREWAREWA FOREST PARKS

The council is responsible for maintenance of walking and mountain bike trails in the Tokorangi Forest with tracks in the adjacent Whakarewarewa Forest 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.

HOW DOES THIS AFFECT YOU?

We're involved in providing a wide array of open spaces and recreational opportunities. These contribute towards our people being actively involved in organised and passive health and fitness activities, to beautification of our CBD and surrounds and to preserving our green network, all of which lead to increased inner wellbeing and pride in how our district looks.

OUR HIGHLIGHTS FOR 2017-2018

In 2017/2018 we undertook a number of projects and activities to enhance our open space and recreation infrastructure. We:

LAKESIDE RESERVE AND ACCESS IMPROVEMENTS

Lakeside reserves are important spaces for locals and visitors to appreciate the lakes. They provide a showcase area and have strong community ownership from lakeside communities. Access to the lakes via boat ramps and jetties requires important infrastructure to support recreational use of these natural assets.

HAMURANA RESERVE

The new pathway along the reserve was started in May 2018 and work on widening structures to accommodate the walkway is continuing. Park furniture and bollards to control vehicle access are being installed and weed control and native planting is being carried out. This programme will roll through a two year period.

TARAWERA LANDING

The Lakeside Café at Tarawera has had problems with their septic soakage field so a tank has been installed to create a vault style of disposal system that will be regularly emptied.

GISBORNE POINT WEST, (KŌMUHUMUHU) ROTOITI

A new jetty and hard surface boat ramp was planned for Gisborne Point. Engagement with the community and consultation with TALT is continuing. The project is scheduled for the 2018 summer.

ACACIA RD, ŌKAREKA

Due to ongoing high lake levels this project has been deferred. We are working with the community to identify needs for the ramp and surrounding service area and have combined it with a Boyes Beach Reserve and Ōkareka Walkway project to seek support funding from MBIE's Tourism Investment Fund.



SPORTS FACILITIES UPGRADES

Maintaining sports fields to meet summer and winter sports code demand is an essential service to provide the necessary playing surfaces for encouraging participation and supporting sports clubs and codes. Understanding sports field demand and supply is important to know that the most efficient use of field space is occurring and an investigation was designed and procured during the year to be undertaken over the 2018 winter sports season.

SMALLBONE PARK

Smallbone, the Hockey Turf on the number one pitch was replaced during the year in time for the hockey season start. Council has been working with Sport BOP, the Hockey and Cricket Associations and Springfield Golf Club on a feasibility study for a shared facility to service these clubs.

WESTBROOK RUGBY FIELD DRAINAGE

Sand-slitting drainage improvements to two fields was completed in the late summer and fields restored for play during the winter season.

NETBALL COURTS

Netball in Rotorua is a key value-proposition sport with growing participation each season. The Bay of Plenty Regional Spaces and Places Plan recognises these Westbrook Courts as a Regional Hub facility for hosting regional and national tournaments.

During the 2017/18 summer the court area was extended in size to meet national standards for court sizing and drainage was improved. The new Rebound Ace surface was laid in February 2018 for the new premier courts. These were officially Opened 17 March 2018.

PUARENGA PARK

The sports field users at Puarenga Park have identified the need to improve core facilities around toilets and changing and the ability for the venue to host large events. This work was deferred due to the need to firstly complete the Sports Field Demand and Supply Analysis project, event relocation and future road realignment changes that are scheduled for 2018/19.

OPEN SPACE AND RECREATION IMPROVEMENTS

Open Space reserves across the district are heavily used and there are a number of capital improvement projects each year to lift the level of service in specific reserves.

The Council also has an annual renewal programme to upgrade playgrounds as required. There is also a requirement to create new playgrounds when city growth creates areas that do not have a playground in an appropriate proximity.

RESERVE IMPROVEMENTS

KUIRAU PARK

The Footpool upgrade was completed and opened just before Christmas 2017 and has won a Waikato/ BOP Architecture Urban Design Award. The Landscaping and BBQ installation to be completed in August/ September 2018.

PUKETAWHERO PARK

The Youth space project is complete and officially opened 28 October 2017.

JEAN BATTEN PARK

Park Upgrade as part of Te Aka Mauri project is complete. See page 83 for more information on the Te Aka Mauri project.

PLAYGROUNDS

TAIKĀKĀ REORUA PLAYGROUND

The upgrade of the Government Gardens playground to reflect a bicultural and ReoRua theme was completed and opened 29 June 2018.

NGĀPUNA PLAYGROUND

The Ngāpuna Playground was rejuvenated as part of the Neighbourhood Reinvigoration project and opened 10 December 2017.

TURNER DRIVE PLAYGROUND AND RESERVE

The Playground at Turner Drive Reserve (Western Heights) has been reinvigorated with a half basketball court, play equipment and fruit tree planting. This project will include walkways and picnic tables being done in August 2018 and the community are raising funds for a maara kai.

WHAKAREWAREWA FOREST ACCESS POINT IMPROVEMENTS

Whakarewarewa Forest is well known locally and internationally as an outstanding recreation area for mountain biking, walking, and events. The majority of this recreation area is also a production forest and recreation uses fit around normal forest operations. A plan is developing to enhance the experience, to provide the feeling of arriving somewhere truly special and to promote the activities on offer in the forest.

Significant work during the year occurred to improve access to the forest from both the Waipā Valley and Longmile Road. In the Waipā Valley a new heavy traffic bypass road was built to take heavy traffic away from the main recreational access point and sections of the old access road were improved to accommodate more car parking. On Longmile Road the car parking area was widened and reconfigured to hold more vehicles.

In recognition of user expectations for new frontier trails and the need to strategically plan for these, CNI Iwi Holdings Ltd (the vested land holders of Whakarewarewa) together with Rotorua Lakes Council have developed a masterplan for Tokorangi and Whakarewarewa forest blocks adjacent to the city.

The plan identifies key recreational, cultural and commercial development opportunities specifically in the Tokorangi forestry block with services supporting the users and visitors, the establishment of integrated trails, development of an outdoor event area, and the placement of interpretation information, lookouts, playgrounds and picnic areas.

The masterplan has formed the outline for Council's investment for its latest Long-term plan and will focus initially on the Redwoods/Tokorangi visitor centre and Long Mile Road entrance. This will enhance road access and coach and public parking. Following that a hub will be created further up Tarawera Road to provide additional access to the forest and provide visitor infrastructure. It is envisaged these trails will be linked directly through to the CBD, making them readily accessible for locals and tourists alike. Work is also underway to improve the current national cycleway, Te Ara Ahi, and loop the trail around Whakarewarewa forest.

Next year Council is preparing detailed business cases for both the forest enhancements and development of Rotorua's lakefront as part of applications for funding from the Government's Provincial Growth Fund (PGF). Council has received \$811,000 from the fund to prepare the business cases.

LAKEFRONT REVITALISATION

A bold vision for the lakefront exists, to create a destination that meets and enhances where land meets lake. A plan is emerging to develop spaces for recreation, 4-5 star tourism accommodation, cultural experiences and entertainment zones. The plan is to develop our lakefront to tell our stories and present our unique cultural identity in a high quality environment, on a par with other internationally renowned waterfronts.

The Lakefront Reserve is an important recreation and economic resource for Rotorua and in 2006 was identified as an important component for the upgrade of the central city, with a view to creating a world class waterfront.


A total lakefront masterplan project would cost about \$40 million. Council has already begun working on an initial plan and then in the Long-term plan it indicated it will invest initially in further development of a masterplan providing opportunities to enhance the offering currently there and also sets the area up as an attractive opportunity for outside investors to contribute and take the lakefront development to the next level. As stated above, Council is seeking match funding from the Government's Provincial Growth Fund (PGF) for the public spaces and to encourage private investment. In June 2018 Council received \$811,000 from the fund to prepare a business case for the Lakefront Whakarewarewa Forest projects.

ROTORUA LAKES COUNCIL FUNDING IMPACT STATEMENT FOR 2017-2018 FOR OPEN SPACES & RECREATION

OPEN SPACES & RECREATION	Long-term Plan	Long-term Plan	Actual
	2016/17 (\$000)	2017/18 (\$000)	2017/18 (\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	9,484	10,491	10,617
Targeted Rates	-	-	-
Subsidies and grants for operating purposes	5	5	3
Fees and charges	36	37	-
Internal charges and overheads recovered	-	-	65
Local Authorities, fuel tax, fines, infringements fees and other receipts	677	701	877
Total operating funding (A)	10,202	11,234	11,561
Applications of operating funding			
Payments to staff and suppliers	1,766	1,691	8,461
Finance Cost	886	945	794
Internal charges and overheads applied	6,097	6,238	569
Other operating funding applications	-	-	-
Total applications of operating funding (B)	8,749	8,874	9,824
Surplus (deficit) of operating funding (A-B)	1,453	2,360	1,738
Sources of capital funding			
Subsidies and grants for capital expenditure	31	32	1,114
Development and financial contributions	214	214	739
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding (C)	245	246	1,853
Applications of Capital Funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	1,562	2,327	3,610
- to replace existing assets	755	1,016	258
Increase (decrease) in reserves	(619)	(737)	(277)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	1,698	2,606	3,591
Surplus (deficit) of capital funding (C-D)	(1,453)	(2,360)	(1,738)
Funding balance ((A-B)+(C-D))	-	(0)	-

MEASURING OUR PERFORMANCE

● ACHIEVED ● NOT ACHIEVED ● NOT MEASURED

LEVEL OF SERVICE	PERFORMANCE MEASURES	2015-16 RESULT	2016-17 RESULT	2017-18 TARGETS	2017-18 RESULT	COMMENT AT 30 JUN 2018	
OPEN SPACES AND RECREATION							
	Provide safe well maintained and attractive open spaces that will encourage use and play	Percentage of residents very/fairly satisfied with the level of service for parks, reserves and playgrounds	89%	86%	≥90%	84%	The survey shows that key problems identified are around a lack of mowing, vandalism, quality of facilities, sports field drainage and surface quality. A more 'park-wide' view of maintenance is being built into contracts and an increased audit programme is underway. Capital work to improve drainage and facilities has been increased and moving sports codes (e.g. Touch) to better fields will increase playable time.
		Percentage of residents have visited parks, reserves and playgrounds in the last year	90%	83%	≥85%	84%	A very similar result to last financial year was achieved and no particular sub-group of users are visiting parks and reserves more or less often than the previous year.
	Encourage and facilitate public use of open spaces	The number of open spaces, reserve and sportsground bookings	2,019	3,107	≥1,700	2,634	The total year figure is down on last year and this is due to the timing of summer and winter code bookings of sports fields being variable between years.

OUR CHALLENGES

To plan for future progress by developing bold visions that continue to enhance our special district and position us for future investment based on our strengths: environment, lifestyle, culture, opportunities.

Weather is a constant challenge when working to upgrade our facilities. Also as we continue to add to our list of projects for this activity there is constant time, cost and scope pressures.

LOOKING AHEAD

In 2018/2019 we have the following projects planned:

- Active Recreation Enhancements
- Carpark Enhancements
- Cemetery Developments and Improvements
- Cremator Replacement
- Devolved Funding
- Event Signboards
- International Stadium Enhancements
- Kuirau Park
- Lakefront Revitalisation
- Lakes Infrastructure Enhancements
- Neighbourhood Playground Enhancements
- Neighbourhood Revitalisation
- New Public Toilets
- Reserves Erosion Control
- Sports Facilities Funding
- Whakarewarewa Forest
- Aquatic Centre Asset Renewals
- Government Gardens Renewals
- International Stadium Renewals
- Lake Reserve Renewal
- Park Structures Renewals
- Public Toilet Renewals
- Reserve Enhancements
- Utility Buildings Renewals
- Waikite Valley Thermal Pools Renewal

OPEN SPACES

OPEN SPACES

OPEN SPACES

OPEN SPACE

OPEN SPACE



NGĀ HUARAHI ME NGĀ ARA

ROADS & FOOTPATHS



THE ACTIVITIES IN THIS THEME CONTRIBUTE TO THESE VISION 2030 GOALS:

WHAT WE DO

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

HOW DOES THIS AFFECT YOU?

To provide a safe and efficient transport network that supports the district's economy, provides access for utilities; supports facilitation of events and other activities; promotes road safety; and encourages the use of other sustainable forms of travel.

OUR HIGHLIGHTS FOR 2017-2018

In 2017/2018 we undertook a number of projects and activities to enhance the connections in our district. We:

MADE PROGRESS ON OUR TRANSPORT CAPITAL PROJECTS

ROAD REHABILITATION (ROAD FOUNDATION REBUILDS)

Road rehabilitation is required when the underlying pavement structural layers are failing and the resultant maintenance costs are increasing.

A reseal will not suffice as a long term treatment and the pavement's foundations must be excavated, strengthened and re-laid.

On average some 0.2% of our network requires foundation strengthening each year.

VICTORIA STREET

Project complete.

REPOROA

Project complete.

SPRINGFIELD ROAD

One part of the rehabilitation works of the project has been completed for the current financial year and another part has been deferred until the 2018/19 financial year. Good progress was also made with the cycleway component of this project which will be fully completed in the current 2018/19 financial year.



ANNUAL ROAD RE-SEALS PROGRAMME

Regular re-surfacing of roads is a critical component of prudent Asset Management that ensures roads provide an appropriate running surface and foundation waterproofing for the underlying structural layers that protect them from failure due to water penetration.

Council reseals on average about 8% of our sealed roads per annum.

The targeted resealing programme for the year was completed.

RURAL ROAD SEAL

The programme involves the sealing of currently unsealed roads mainly in rural and lakes areas. Projects include consideration for identified safety and surface drainage improvements were appropriate as well as other ancillary resiliency work.

DUNKIRK ROAD

Works are now complete

MANGAMINGI ROAD

Work has been deferred until the 2018/19 year as our resources were diverted to address emergency works.

TRANSPORT MINOR IMPROVEMENTS PROGRAMME

These are small scale upgrades which do not require a detailed business case and they generally target safety objectives but also can include resilience, efficiency or mode share projects.

The Springfield/Ōtonga intersection which targeted safety and improved linkages for pedestrians and cyclists, includes the construction of a raised central platform, dedicated pedestrian facilities on all legs, improved vehicle turning capability, new footpaths and provision of underground infrastructure for possible traffic signals installation in the long term and if required.

This project is now complete. It was completed 3 days post its target date. We worked with local businesses to adjust some of the parking limits to assist a more efficient use and access to parking spaces that will benefit the local businesses.

EMERGENCY ROADING WORKS

Emergency works to stabilise and prevent further deterioration following a storm or other natural event are subject to additional case for funding by NZTA where the transport corridor has been compromised by such event.

The projects on Paradise Valley Road involve the stabilisation of a number of wash out embankment failures that occurred back in March/April 2017 storm events.

The programme involves five sites, one of which is a road re-alignment and four where structural retaining walls are being constructed.

Three of the four sites are now complete. One remaining site will be completed soon and the road is being realigned with the undertaking of significant earthworks.

One other site, where work had not commenced, suffered further significant damage in the April 18 event and its repair methodology is now being accessed. This work will be carried out in 2018/19.

REVIEWED OUR DISTRICTS SPEED LIMITS

Speed limit reviews were undertaken for 11 local Rotorua roads.

Rotorua Lakes Council has authority over local roads and generally conducts speed limit reviews every three years. The roads reviewed have been identified through surveys or were highlighted by members of the public through various channels such as annual plan submissions or direct correspondence.

The speed limit reviews take into consideration the appropriateness of the current speed limit for each street or road, user safety and crash records for the area and relevant feedback from residents.

Assessing whether a speed limit should be changed includes assessment of the average actual speed of vehicles and Council must follow New Zealand Transport Agency (NZTA) guidelines (under the Land Transport Rule), taking a raft of factors into account, including the practicality of enforcement.

Recommendations for this year were submitted to Council for consideration. Recommended changes, with rationale for each recommendation, were then publicly notified and residents had the opportunity to make formal submissions at a hearing in April 2018.

Streets/roads reviewed:

- Pongakawa valley Road (SH 30 to Kennedy Bay)
- Western Road
- Ōkareka Loop (Blue Lake to Ōkareka village)
- Millar Road (Steep Street to end of seal)
- Tarawera Road (Blue Lake to the Landing)
- Brunswick Drive
- Waiotapu Loop Road
- Vaughan Road
- Road to MIGS Gym and WWTP (Parks road)
- Ōwhata/Iriirikapua Parade (location of changed limit)
- Hamurana Road (SH 36 to SH 33) including side roads

All the recommended changes were approved at Council in June and August 2018.

TRANSPORT EMERGENCY WORKS RELATING TO THE APRIL 2018 WEATHER EVENT

Widespread damage to the transport infrastructure occurred during the storm event of 29 April 2018 which exceeded the design capacity of many of the surface and drainage systems.

The extent of the damage and preliminary restoration cost estimates were completed and submitted to NZTA for funding approval. The Rerewhakaaitu Road suffered significant damage to two bridges and one culvert. This is a major road with significant commercial traffic. Council had to move quickly to remediate the damage.

Numerous road slips had also occurred with a combined estimated capital restoration value of at least \$5 million.

In addition some \$500,000 was expended in the operational response to this event.

The two damaged bridges have had remedial works designed and RLC is currently implementing the necessary repair works.

Other sites which involved structural and drainage repairs are entering into the investigation and design phase and procurement of services will be undertaken on completion of this phase. For more information on the weather event from April 2018 see page 90.

ACTIVE TRANSPORT MODES - CYWAY PROGRAMME UPDATE

The CyWay programme is jointly funded by the Rotorua Lakes Council, NZTA and the Government's urban cycleways fund and aims to link Rotorua city suburbs through main cycleways and shared walking paths. The programme is creating a network that extends throughout the city and connects to the inner city and to off-road recreational cycling areas. The aim is to provide safe biking/walking options to encourage more people to try/use alternative active transport options to reach their destinations that are proven to improve community wellbeing and reduce the impact of transportation on our environment. Projects underway this year:

- Springfield Road phase two – Connects the cycling network from Springfield Road to the International Stadium and to the starting point of the Utuhina Stream link.
- Ranolf Street – From Sophia Street to CBD which will complete the south to north corridor. Connects to four schools on the route and links to the waterfront.
- Te Ngae Road (Sala Street bridge) to Long Mile Road forest link to improve forest access and compliments one of our "Big Moves" project.
- Western Heights (Schools Link) – Gordon Road and Thomas Crescent.

To gain an understanding of the current cycling numbers, user types and trip purposes at various locations around Rotorua, a number of sites have been identified, which have been manually surveyed during peak periods. The sites were chosen using previous survey experience and consultation between Council and various cycling parties. More details on how and why these sites have been chosen can be found in the Rotorua CyWays Monitoring Plan.

CYCLING WEEKDAY MANUAL SURVEY RESULTS (ALL SITES)

The following results from March 2018 show the uptake of cycling on weekdays increasing 36% since 2016.



OUR CHALLENGES

We have continued to forge ahead with projects that provide long-term benefits to our community. Challenges for us this year have included safety clearing and repairing roads after storm damage from weather events. We have conducted essential repairs to our roads, footpaths and cycleway infrastructure to ensure they meet the community's expectations now and in the future.






LOOKING AHEAD

In 2018/2019 we have the following projects planned:

- Further enhancing our cycleways
- Making minor safety improvements
- Extending rural road seal
- Repairing storm damage to our districts roads
- Our regular transport renewal programme

MEASURING OUR PERFORMANCE

● ACHIEVED ● NOT ACHIEVED ● NOT MEASURED

LEVEL OF SERVICE	PERFORMANCE MEASURES	2015-16 RESULT	2016-17 RESULT	2017-18 TARGETS	2017-18 RESULT	COMMENT AT 30 JUN 2018	
ROADS AND FOOTPATHS							
	Road safety	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	1 more fatal and 9 more serious crash injuries	The same number of fatal and serious injury crashes as last financial year	≤ -1	1 more fatal but 8 fewer serious injury crashes during the financial year	Previous year data from crash database indicates: 2011/12 - Fatal 0 Serious Injuries 28 2012/13 - Fatal 5 Serious Injuries 10 2013/14 - Fatal 2 Serious Injuries 11 2014/15 - Fatal 1 Serious Injuries 8 2015/16 - Fatal 2 Serious Injuries 17 2016/17 - Fatal 2 Serious Injuries 17 The number of fatal and serious injury crashes is lower than the same period last year and the general long term trend has been improving. Council will continue to contribute to this improvement trend within the activities is able to, such as minor road safety improvement projects and road safety education programmes.
	Road condition	The average quality of ride on a sealed local road network, measured by smooth travel exposure.	85%	86%	≥75%	84%	Outcome for the 2017/18 year are that 84% of sealed roads achieved the target measure.
	Road maintenance	The percentage of the sealed local road network that is resurfaced.	8%	8.7%	≥8%	6.2%	54km (sourced from RAMM Manager 'Resurfacing Achievement Analysis Report') of the planned 55km of road resealing has been completed from a total of 871.8km of sealed roads at the start of the financial year. There is a lower amount of resealing programmed this financial year due to an increased amount of resealing done last financial year, and increased resealing costs. This only equates to 6.2% of the total road ressealed at the end of the financial year.
	Footpaths	The percentage of footpaths that are condition four (4) or better.	100%	100%	≥98%	99.9%	667m of the total 666,000m footpath network is rated as condition 5 (requiring immediate replacement). The rest of the network is rated in condition 4 or better.
	Response to service requests	The percentage of customer service requests relating to roads and footpaths which are responded to within five (5) working days.	91%	94%	≥90%	90%	All the 1086 'public' maintenance requests (dispatches) received an immediate response through logging directly to the Asset Management System, and of the 3,100 'Transport' complaints and/or new service requests, 2,690 were responded to within five working days. Therefore 90% of the total 4,186 enquires were responded to within five working days.

ROTORUA LAKES COUNCIL FUNDING IMPACT STATEMENT FOR 2017-2018 FOR ROADS & FOOTPATHS

ROADS & FOOTPATHS	Long-term Plan	Long-term Plan	Actual
	2016/17 (\$000)	2017/18 (\$000)	2017/18 (\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	8,921	9,495	9,274
Targeted Rates	-	-	-
Subsidies and grants for operating purposes	2,653	2,722	3,608
Fees and charges	31	32	-
Internal charges and overheads recovered	-	-	89
Local Authorities, fuel tax, fines, infringements fees and other receipts	629	652	666
Total operating funding (A)	12,234	12,901	13,637
Applications of operating funding			
Payments to staff and suppliers	6,427	6,589	7,599
Finance Cost	1,933	2,042	1,750
Internal charges and overheads applied	675	695	443
Other operating funding applications	-	-	-
Total applications of operating funding (B)	9,035	9,326	9,791
Surplus (deficit) of operating funding (A-B)	3,199	3,575	3,846
Sources of capital funding			
Subsidies and grants for capital expenditure	2,995	3,055	4,834
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding (C)	2,995	3,055	4,834
Applications of Capital Funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	2,174	2,229	5,547
- to replace existing assets	5,381	5,517	5,634
Increase (decrease) in reserves	(1,361)	(1,116)	(2,502)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	6,194	6,630	8,679
Surplus (deficit) of capital funding (C-D)	(3,199)	(3,575)	(3,846)
Funding balance ((A-B)+(C-D))	-	-	-

PARAKAINGAKI ME TE WAI-PARA

SEWERAGE & SEWAGE



THE ACTIVITIES IN THIS THEME CONTRIBUTE TO THESE VISION 2030 GOALS:

WHAT WE DO

- This activity comprises the collection, treatment and disposal of sewage from toilets and drains, from Rotorua's urban areas (including Ngongotahā) as well as identified rural lakeside communities.

HOW DOES THIS AFFECT YOU?

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.

OUR HIGHLIGHTS FOR 2017-2018

In 2017/2018 we undertook a number of projects and activities to improve sewerage treatment in our district. We:

EAST ROTOITI-ROTOMĀ SEWERAGE SCHEME

Council committed in the 2017/18 Annual Plan to a reticulated sewerage scheme for East Rotoiti/Rotomā following engagement with the community during the past few years which highlighted significant support to proceed with the scheme.

There are about 700 properties in the proposed service area for this scheme, which will replace current septic tank based systems. Properties will connect to a stand-alone wastewater treatment plant which will treat wastewater to a very high standard before it is discharged to land. The total estimated capital cost of the scheme is \$35.3 million which will largely be covered by funding contributions from:

- Ministry of Health - \$4.46 million
- Bay of Plenty Regional Council - \$8.6 million
- Ministry for Environment - \$11.6 million
- Rotorua Lakes Council - \$1.15 million

The estimated balance (\$9.4 million) will initially be funded by Rotorua Lakes Council and will repaid by the ratepayers receiving the service through targeted rates. Individual households will either make an upfront payment or pay per annum over a period of 25 years.

Work on the wastewater treatment plant progressed well with earthworks and temporary access road completed, and contractors now are commencing the construction of the plant.

Work on the reticulation component is also progressing well with a significant part of the 22km main pipeline installed, along the Rotomā waterfront.

The scope of works for on-site pre-treatment systems at Rotoiti has been agreed and a tender document is being prepared. This will include the supply, installation and operation of an on-site system.



TARAWERA SEWERAGE SCHEME RECEIVES GOVERNMENT FUNDING

A Government grant of \$6.5m towards a proposed reticulated sewerage scheme for Tarawera was great news for Rotorua Lakes Council and Tarawera Residents.

The proposed project is one of several grants from the Government's Freshwater Improvement Fund (FIF) announced 8 August 2017. An application to the fund was lodged by Rotorua Lakes Council as part of work to consider options for a reticulated sewerage scheme at Tarawera.

The grant announced in August was a great boost towards progressing the Tarawera project to protect our lakes water quality and public health and to contribute to our district's sustainability.

Through the Long-term Plan process Council is committed to improving and maintaining lakes water quality and will continue to work with the Tarawera community to develop a sewerage scheme that best meets their needs and affordability. Council will continue its contribution of \$1,500 per household with the individual capital contribution to be paid upfront in the year of construction. The balance between the total actual cost less subsidies would then need to be met directly by individual households.

A capital cost of \$17.8 million has been budgeted in the 2018-2028 Long-term Plan with the assumption this will be fully funded by the properties that connect to the system.

Council will continue to work with the community to source additional funding from external providers as has been done with East Rotoiti/Rotomā. In addition to this Council will also look into establishing a payment option for those residents that meet specified criteria (yet to be determined) to allow them to pay back over a specified number of years.

OUT OF THE FOREST

Rotorua Lakes Council and CNI signed a Deed in 2014 agreeing to apply best endeavours to end treated effluent disposal in Whakarewarewa Forest by December 2019. The forest spraying system, gradually becoming less effective than when first implemented is considered unsustainable.





During the last three years Council has worked with key stakeholders including iwi to explore and identify a better, more sustainable wastewater treatment and management alternative.

The agreed preferred solution includes a full upgrade of the existing wastewater treatment plant to a full membrane bioreactor plant with provision for additional nutrients/phosphorous removal as well as an ultraviolet disinfection system. The upgraded plant will also incorporate much higher treatment capacity to futureproof wastewater management needs resulting from our growth. A new land contact bed will also be constructed to address cultural aspects and concerns regarding the proposed discharge of highly treated and recovered water to the environment.

Formal consultation leading to the decision to progress with the upgrade and preferred discharge option has occurred. A resource consent application process is underway, along with a procurement plan for construction of the new treatment facilities and the holistic future management of the district's wastewater network.

MEASURING OUR PERFORMANCE

● ACHIEVED ● NOT ACHIEVED ● NOT MEASURED

LEVEL OF SERVICE	PERFORMANCE MEASURES	2015-16 RESULT	2016-17 RESULT	2017-18 TARGETS	2017-18 RESULT	COMMENT AT 30 JUN 2018	
SEWERAGE AND SEWAGE							
	System and adequacy	The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	3.5 / 1000 connections	2.1 / 1000 connections	≤ 5 / 1000 connections	2.0 / 1000 connections	48 overflows reported from 24,263 properties rated for sewer. Target was met.
	Discharge compliance	Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders d) convictions received by the territorial authority in relation to those resource consents.	0	0	0	0	Target was met. No resource consents expired during the financial year and no abatement or infringement notices were received during the period.
	Fault response times	Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the median attendance time from the time that the territorial authority receives notification to the time that service personnel reach the site.	41 minutes	37 minutes	≤60 minutes	37 minutes	Target was met.
		Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the median resolution time from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.	236 minutes	134 minutes	≤ 180 minutes	146 minutes	Target was met.
	Customer satisfaction	The total number of complaints received by the territorial authority about any of the following: • sewage odour • sewerage system faults • sewerage system blockages, and • the territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system	24 odour 0 faults 83 blockages 1 response complaint Total 4.6 / 1000 connections	4 odour 253 faults 106 blockages 11 response complaints Total 15.4 / 1000 connections	≤ 10 / 1000 connections	1 odour 297 faults 120 blockages 14 response complaints Total 17.8 / 1000 connections	432 complaints and service faults received from 24,263 properties rated for sewer. The target has not been met. To be noted, that of the faults recorded, 272 related to Low Pressure Grinder Pump (LPGP) faults. These pumps were not originally included in setting the LTP KPI target and have adversely affected the result. This omission will be rectified during the next LTP.

ROTORUA LAKES COUNCIL FUNDING IMPACT STATEMENT FOR 2017-2018 FOR SEWERAGE & SEWAGE

SEWERAGE & SEWAGE	Long-term Plan	Long-term Plan	Actual
	2016/17 (\$000)	2017/18 (\$000)	2017/18 (\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	-	-	-
Targeted Rates	14,687	15,100	14,591
Subsidies and grants for operating purposes	-	-	-
Fees and charges	684	709	661
Internal charges and overheads recovered	514	527	317
Local Authorities, fuel tax, fines, infringements fees and other receipts	1	1	9
Total operating funding (A)	15,886	16,337	15,579
Applications of operating funding			
Payments to staff and suppliers	5,035	5,880	6,065
Finance Cost	729	710	535
Internal charges and overheads applied	3146	3,178	3,869
Other operating funding applications	-	-	-
Total applications of operating funding (B)	8,910	9,768	10,469
Surplus (deficit) of operating funding (A-B)	6,976	6,569	5,110
Sources of capital funding			
Subsidies and grants for capital expenditure	2,130	1,406	795
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding (C)	2,130	1,406	795
Applications of Capital Funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	6,068	3,062	8,797
- to replace existing assets	1,357	1,371	1,682
Increase (decrease) in reserves	1,681	3,542	(4,574)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	9,106	7,975	5,905
Surplus (deficit) of capital funding (C-D)	(6,976)	(6,569)	(5,110)
Funding balance ((A-B)+(C-D))	-	-	-

OUR CHALLENGES

While the rain and associated flooding events provided a number of challenges for this activity. Further growth within the district which has increased the population and if continued will grow the demand for additional services. Our ongoing challenge is balancing these pressures with cultural and economic sustainability needs. By laying the groundwork now and planning, we hope to be able to adequately address all future challenges.

LOOKING AHEAD

In 2018/2019 we have the following projects planned:

- Continuing construction Rotoiti/Rotomā sewerage scheme
- Further progress planning for the Tarawera sewerage scheme
- Waste water growth projects to expand our network
- Continue our programme of wastewater network renewals
- Preliminary work to begin on the new waste water treatment plan
- Full capital program of \$27 million on growth, level of service and renewal projects.

TARAWERA

TARAWERA

TARAWERA

AWERA

TARAWERA



WAI ĀWHĀ

STORMWATER & LAND DRAINAGE



THE ACTIVITIES IN THIS THEME CONTRIBUTE TO THESE VISION 2030 GOALS:

WHAT WE DO

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

HOW DOES THIS AFFECT YOU?

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 runoff on the district's lakes and waterways.

OUR HIGHLIGHTS FOR 2017-2018

In 2017/2018 we undertook a number of projects and activities to enhance our community infrastructure. We:

ADDRESSED HIGH LAKE LEVELS

In July 2017 the exceptionally high level of Lake Ōkareka and associated high groundwater levels in some properties and streets prompted the Bay of Plenty Regional Council (BOPRC) to invoke emergency measures to enable them to increase the outflow from the lake to the maximum physically possible. The outflow is controlled by a valve on a pipeline which drains to the Waitangi Stream and then to Lake Tarawera and under normal circumstances, flow limits are in place to mitigate erosion and ecological issues in the stream and lake. We worked with the BOPRC to identify and implement viable draining options to minimise local property damage and general flooding risk.

By September 2017 the level of Lake Ōkareka was still very high. Council's Civil Defence team continued to work closely with Emergency Management BOP Group and the Regional Council to ensure everything that can be done to mitigate high lake levels is implemented, and to ensure the provision of consistent information between and with all parties involved, including affected residents. Council was ready to offer welfare assistance if the situation worsened and residents are required to evacuate.

Due to high groundwater and lake levels erosion occurred in urban streams (Utuhina, Ngongotahā, Mangakākahi and Waitetī) which was assessed in conjunction with BOP Regional Council to determine necessary remedial work.



INVESTIGATED STORMWATER WORKS

Heavy rain events in January, February and April 2018 caused significant localised surface and property flooding.

These events and their effects have been evaluated and Long-term plans have been formed in conjunction with the Bay Of Plenty Regional Council to gradually implement programmes to minimise the risk of future flooding.

The climate change forecasts predict the future occurrence of heavier and more intense storm events. Such events will challenge our stormwater systems' ability to receive, transport and safely discharge rainwater flows. Enhanced stormwater effects modelling are underway to assist in the development of stormwater improvement plans. However, these will be costly and gradually implemented over a number of years through optimised renewal and upgrade works.

SYSTEM MANAGEMENT AND PLANNING





Consistent with efforts to minimise the risk of flooding, open drain clearing was carried out in the Reporoa Drainage Network. A level survey was carried out in the lowest-lying area to determine if there are any improvements that can be made to the gradients of the drains and to improve stormwater flows.

In addition proactive inspections of existing drains in the urban and rural areas have been implemented to reduce the risk of blockages.

Council's land development monitoring and consenting resources are now proactively requiring risk reduction measures in new development proposals to reduce the future pressure onto our current stormwater system.

MEASURING OUR PERFORMANCE

● ACHIEVED ● NOT ACHIEVED ● NOT MEASURED

	LEVEL OF SERVICE	PERFORMANCE MEASURES	2015-16 RESULT	2016-17 RESULT	2017-18 TARGETS	2017-18 RESULT	COMMENT AT 30 JUN 2018
STORMWATER AND LAND DRAINAGE							
	System adequacy	The number of flooding events that occur in a territorial authority district.	0	0	≤ 2	2	Target was met. There were 2 flooding events, on 18 December 2017 and 29 April 2018.
		For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system).	0	0	≤ 0.5 / 1000 rated properties	6.3 / 1000 rated properties	Target not met. In the 2 flooding events of 18 December and 29 April, a total of 179 buildings were affected out of 28,378.
	Discharge compliance	Compliance with the territorial authority's resource consents for discharge from its stormwater system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders d) convictions received by the territorial authority in relation to those resource consents.	0	0	0	0	Target was met. No abatement or infringement notices were received during the period.
	Response times	The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.	20 minutes	N/A	≤ 60 minutes	Not Measured	2 Flooding events. For the 18 December event the average response time was 33 minutes. Response time data is not available for the April 2018 flooding event, as it was collected under a Civil Defence Emergency.
	Customer satisfaction	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.	5.1 / 1000 rated properties	3.3 / 1000 rated properties	≤ 20 / 1000 rated properties	37.4 / 1000 rated properties	148 normal service requests/ complaints received from 28,378 rated properties and with the Civil Defence emergency there were a further 913 calls/complaints. Target was not met but if the flooding event of 29 April 2018 was excluded, this would have been met.

OUR CHALLENGES

Work is progressing to align the proposed Spatial Plan with water infrastructure requirements in terms of capacity, reliability and environmental outcomes. Increasing occurrences of weather events have been challenging for our stormwater systems in the past year. We continue to ensure we have the best infrastructure to handle these types of events.

LOOKING AHEAD

In 2018/2019 we have the following projects planned:

- Stormwater Network Enhancements
- Stormwater Network Renewals

ROTORUA LAKES COUNCIL FUNDING IMPACT STATEMENT FOR 2017-2018 FOR STORMWATER & LAND DRAINAGE

STORMWATER & LAND DRAINAGE	Long-term Plan	Long-term Plan	Actual
	2016/17 (\$000)	2017/18 (\$000)	2017/18 (\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	3,432	3,764	3,767
Targeted Rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	97
Local Authorities, fuel tax, fines, infringements fees and other receipts	13	13	-
Total operating funding (A)	3,445	3,777	3,865
Applications of operating funding			
Payments to staff and suppliers	473	483	962
Finance Cost	783	832	621
Internal charges and overheads applied	758	779	249
Other operating funding applications	-	-	-
Total applications of operating funding (B)	2,014	2,094	1,832
Surplus (deficit) of operating funding (A-B)	1,431	1,683	2,032
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding (C)	-	-	-
Applications of Capital Funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	829
- to replace existing assets	2,040	2,209	176
Increase (decrease) in reserves	(609)	(526)	1,027
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	1,431	1,683	2,032
Surplus (deficit) of capital funding (C-D)	(1,431)	(1,683)	(2,032)
Funding balance ((A-B)+(C-D))	-	0	-

TE WHAKAHAERE PARA WASTE MANAGEMENT



THE ACTIVITIES IN THIS THEME CONTRIBUTE TO THESE VISION 2030 GOALS:

WHAT WE DO

This group of activities includes:

- Refuse and recycling collection
- Waste management
- Landfill operations

We provide weekly refuse and recycling collection services for residential properties, operate a recycle centre and provide and manage waste disposal facilities.

HOW DOES THIS AFFECT YOU?

To provide for the collection, reduction, re-use, recycling and disposal of waste in a sustainable manner.

OUR HIGHLIGHTS FOR 2017-2018

In 2017/2018 we undertook a number of projects and activities to enhance our management of our districts waste. We:

CONSULTED ON A NEW RURAL WASTE COLLECTION

Following feedback through consultation on an Annual Plan proposal to extend waste management services to rural areas previously not able to receive council-provided collection services, Council staff worked with the Rural Community Board to undertake further engagement during the year and to discuss with these communities to potential options.

Following that engagement with the rural community the Rural Community Board proposed that a kerbside collection of an equivalent service to that delivered in urban and lake collection areas be extended to all rural properties in the district. The exception will be the areas of Ngākuru, Horohoro and Upper Ātiamuri. Support for extending the full service to these three communities is yet to be achieved. If and when such service would be supported by the communities in these areas the service can be added at a later stage.

Since the approval of the Long-term Plan, staff have been working on planning for roll-out of rural waste collection to ensure the start of the service goes smoothly for the approximately 900 additional ratepayers.



BEGAN INVESTIGATIONS INTO A GREEN WASTE COLLECTION

Council staff are investigating the potential for an organic (food, green waste or combination) collection in the district. If there are options which can demonstrate tangible benefits and alignment to the district's Waste Management Plan, a report will go to Council for consideration.

About half of the district's municipal waste stream is organic material and costs approximately \$700,000 per year in disposal fees. This material is also creating greenhouse gas emissions.

TRANSFER STATION & LANDFILL




A transfer station is currently being built at the landfill. It is now scheduled to be finished by the end of August 2018 when the old landfill will be capped and sealed. This will significantly reduce environmental risks and waste will then be transported to another landfill (currently Tirohia) for disposal.

Council will now continue to develop plans for the possibility that the Rotorua landfill could potentially act as a regional landfill in the medium to long term future.

Improvements made on the landfill site ensured that the facility performed well during the unprecedented rainfall event of 29 April. We are pleased to report there were no breaches of Council's consent.

MEASURING OUR PERFORMANCE

● ACHIEVED ● NOT ACHIEVED ● NOT MEASURED

LEVEL OF SERVICE	PERFORMANCE MEASURES	2015-16 RESULT	2016-17 RESULT	2017-18 TARGETS	2017-18 RESULT	COMMENT AT 30 JUN 2018	
WASTE MANAGEMENT							
	Provide efficient household waste and recycling services.	Percentage of residents very/fairly satisfied with refuse collection service.	91%	94%	≥95%	93%	Levels remain consistent since introduction of the new service.
		Percentage of residents very/fairly satisfied with recycling collection service.	69%	79%	≥80%	76%	There are concerns about what can or cannot be recycled, increasingly with regard to single use plastics.
	Provide sustainable recycling facilities for household, green waste and concrete.	Increasing number of tonnes per annum of green + wood waste recovered.	6,464 tonnes	5,571 tonnes	≥7,250 tonnes	5,179 tonnes	Target not met due to greenwaste being disposed of via kerbside rubbish collection and green waste companies are diverting green waste they collect to other compost facilities thus our data is incomplete.
		Increasing number of tonnes per annum of concrete waste recovered.	540 tonnes	2,472 tonnes	≥1,750 tonnes	2,626	Target met
		Increasing number of tonnes per annum of recycled material recovered.	3,351 tonnes	3,600 tonnes	≥4,900 tonnes	4,988 tonnes	The KPI has been met and there will be continued improvement opportunities through better segregation and reduced contamination.
	Minimise impact on environment.	No resource consent abatement notices, infringement notices, enforcement orders or convictions.	Not achieved	Not Achieved	Achieved	Not Achieved	Matters with the abatement notices are unresolved. Frequency of water quality sampling has increased with particular attention to storm events. A comprehensive Operational and Environmental Management Plan is being prepared.
		Reduce the amount of rubbish/waste that is collected from kerbside collection per household.	Not measured	437kg	≤ 315 kg / household	532kg /HH	27,525 serviced customers, 14,653 tonnes collected. First full year of operations. KPI not met possibly due to increased consumer consumption and higher rates of contamination of recyclates unable to be processed for resource recovery.

OUR CHALLENGES

Providing the service across the district by expanding into non serviced areas creates benefits in the delivery of the service in terms of centralisation of the network and economies of scale. But at the same time introduces a new targeted rate to all residents.

LOOKING AHEAD

In 2018/2019 we have the following projects planned:

- Roll out of new rural waste service
- Continuing to implement our waste strategy
- Management of our landfill.

ROTORUA LAKES COUNCIL FUNDING IMPACT STATEMENT FOR 2017-2018 FOR WASTE MANAGEMENT

WASTE MANAGEMENT	Long-term Plan	Long-term Plan	Actual
	2016/17 (\$000)	2017/18 (\$000)	2017/18 (\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	-	-	521
Targeted Rates	4,257	4,382	4,399
Subsidies and grants for operating purposes	-	-	-
Fees and charges	398	412	-
Internal charges and overheads recovered	1,244	1,276	-
Local Authorities, fuel tax, fines, infringements fees and other receipts	1,955	2,025	1,273
Total operating funding (A)	7,854	8,095	6,193
Applications of operating funding			
Payments to staff and suppliers	3,284	3,415	7,069
Finance Cost	919	956	823
Internal charges and overheads applied	3,516	3,609	451
Other operating funding applications	-	-	-
Total applications of operating funding (B)	7,719	7,980	8,343
Surplus (deficit) of operating funding (A-B)	135	115	(2,151)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding (C)	-	-	-
Applications of Capital Funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	135	115	(2,151)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	135	115	(2,151)
Surplus (deficit) of capital funding (C-D)	(135)	(115)	2,151
Funding balance ((A-B)+(C-D))	-	-	-

TE TUKU WAI WATER SUPPLIES



THE ACTIVITIES IN THIS THEME CONTRIBUTE TO THESE VISION 2030 GOALS:

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.

HOW DOES THIS AFFECT YOU?

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

OUR HIGHLIGHTS FOR 2017-2018

In 2017/2018 we undertook a number of projects and activities to enhance our water supply infrastructure. We:

MADE PROGRESS ON OUR WATER SUPPLY CAPITAL PROJECTS

WATER UPGRADES

The Mamaku water supply to be enhanced with UV treatment installation. This will ensure our full compliance with industry water quality standards following the Havelock North enquiry. At the same time a number of operations and equipment upgrades were undertaken.

Part of the upgrade programme is the sectorisation project which it is intended to provide increased resilience to the water supply network by managing flows between different parts of the network with control valves and a fully integrated network that allows supply flows from multiple directions.

MAMAKU UV INSTALLATION

The contract has been awarded and the works will commence in the new financial year.

SECTORISATION STAGE 6

The works are 50% complete now and are progressing well for the target completion.

WATER RENEWALS

Water Renewals are a critical component of our network reliability. These involve the replacing of the water reticulation network that has reached the end of its useful life. It is a prudent Asset Management driven programme that considers pipe age, pipe condition, flow capacity, new materials and levels of maintenance costs to arrive at an optimum programme of renewal works.

Urban water renewals carried out at:

- Edmund Road
- Aquarius Drive
- Lisa Crescent
- Baldwin Avenue
- Turner Drive
- Holden Avenue

All works are now complete except the Baldwin Avenue with part of it being completed in the new financial year.



WATER SUPPLIES PUBLIC HEALTH GRADINGS

The Ministry of Health assigns public health grading's to drinking water supplies in New Zealand from time to time. The grading process is carried out by the designated Drinking Water Assessor from the local public health service (Toi Te Ora Public Health) and involves examining:

- The water source and its protection
- How the supply is managed
- The frequency of water testing
- The water quality
- The working order of the supply

A two-letter grading is given – the first upper case letter is the grade for the source and its treatment and the second lower case letter is the grade for the distribution system (pipes, reservoirs and water)

Grades range from A or a ("completely satisfactory, very low level of risk") to E or e ("completely unsatisfactory, very high level of risk.")

A re-grading process for all Rotorua Lakes public supplies was completed. The previous most recent grading's carried out in 2008 and 2009, prior to the implementation of supply improvements, including water safety plans and ultra-violet light disinfection.

The table below shows the previous and current grades.



	2008-09	NEW 2017
Central	E a	A a
Eastern	E c	A a
Okareka	D a	A a
Ngongotahā	D a	A a
Mamaku	D a	E a
Rotoiti	D b	A b
Rotomā	E a	A a
Kaharoa	E b	A a
Reporoa	E c	A a
Hamurana	E a	A a


The "E" grade for Mamaku reflects the fact that only chlorination was in place at the supply – not ultra-violet light. It also reflects the fact that one of the two bores is at risk of intermittent microbiological contamination. An ultra-violet light treatment system is currently at installation stage. However, the "a" grade for the distribution system reflects that the monitoring and management processes, including following an approved water safety plan, result in a very low risk of unsafe water being supplied to consumers.



The "b" grade ("Satisfactory, low level of risk") for the Rotoiti distribution, reflects a slightly lower level of storage in that supply, and also higher water losses which have occurred this year due to several major leaks.

MEASURING OUR PERFORMANCE

● ACHIEVED ● NOT ACHIEVED ● NOT MEASURED

LEVEL OF SERVICE	PERFORMANCE MEASURES	2015-16 RESULT	2016-17 RESULT	2017-18 TARGETS	2017-18 RESULT	COMMENT AT 30 JUN 2018	
WATER SUPPLIES							
	Safety of drinking water	Compliance with: • part 4 of the drinking-water standards (bacteria compliance criteria), and • part 5 of the drinking-water standards (protozoal compliance criteria)	Bacterial Compliance Mamaku - No Hamurana - No Kaharoa - No Other 7 supplies - Yes Protozoal Compliance Central - No Mamaku - No Hamurana - No Kaharoa - No Other 6 supplies - Yes	Bacterial Compliance All ten treatment plants Yes Protozoal Compliance Mamaku No Other nine treatment plants Yes	Achieved for all supplies	Bacterial Compliance All ten treatment plants Yes Protozoal Compliance Mamaku No Hamurana No Other eight treatment plants Yes	All actual water supplied is fully compliant with the Drinking Water Standards for NZ. The 10 treatment plants are: Deep Creek, Hamurana, Mamaku, Matipō, Reporoa, Rotoiti, Rotomā, Taniwha Springs, Utuhina, Whakarewarewa Forest Springs Of these, the Mamaku and Hamurana Plants have not met the protozoal compliance target. A new treatment plant is being designed and will be installed in late 2018 which will enable the Mamaku Plant to achieve protozoal compliance. For Hamurana, an incorrect operator response to a fault on one day in the first quarter resulted in non-UV treated water being produced for a number of hours. This means that protozoal compliance at this plant for the full year was not achieved.
	Maintenance of the reticulation network	The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this).	24.7% urban 25.5% rural	21.8%	≤ 25%	21.9%	Measurement based on Water NZ water loss benchmarking methodology - Current Annual Real Losses. This measure combines all 10 water supplies (Urban and Rural). Target was met and further improvement programmes are designed.

LEVEL OF SERVICE	PERFORMANCE MEASURES	2015-16 RESULT	2016-17 RESULT	2017-18 TARGETS	2017-18 RESULT	COMMENT AT 30 JUN 2018
 Fault response times	<p>Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site</p>	39 minutes	23 minutes	≤ 60 minutes	22 minutes	Target was met.
	<p>Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.</p>	107 minutes	76 minutes	≤ 210 minutes	72 minutes	Target was met.
	<p>Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site</p>	2 hours 50 minutes	1 hour 53 minutes	≤ 1 day	2 hour 55 minutes	Target was met.
	<p>Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.</p>	20 hours 40 minutes	18 hours 31 minutes	≤ 3 days	18 hours 59 minutes	Target was met.

	LEVEL OF SERVICE	PERFORMANCE MEASURES	2015-16 RESULT	2016-17 RESULT	2017-18 TARGETS	2017-18 RESULT	COMMENT AT 30 JUN 2018
	Customer satisfaction	The total number of complaints received by the local authority about any of the following: • drinking water clarity • drinking water taste • drinking water odour • drinking water pressure or flow • continuity of supply, and • the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system.	5 clarity 9 taste 3 odour 43 pressure 129 flow continuity complaints Total = 7.8 / 1000 connections	2 clarity 7 taste 2 odour 23 pressure or flow 61 continuity complaints 14 service complaints. Total = 4.3 / 1000 connections	≤ 10 / 1000 connections	0 clarity 10 taste 0 odour 20 pressure or flow 69 continuity complaints 8 service complaint. Total = 4.3 / 1000 connections	107 complaints from 25,161 connected properties: Target was met.
	Demand management	The average consumption of drinking water per day per resident within the territorial authority district.	275 litres per person per day	293 litres per person per day	≤ 320 litres per person per day	292 litres per person per day	Figures based on domestic residential consumption using a sample of residential water meters which have been installed. Target was met.

OUR CHALLENGES

Work is progressing to align the proposed Spatial Plan with water infrastructure requirements in terms of capacity, reliability and environmental outcomes. In addition to this the impacts of weather events on our water supply and being able to manage this we have prioritised and continued to deliver the fundamental services that our community expects.

LOOKING AHEAD

In 2018/2019 we have the following projects planned:

- District Water supply expansion projects for our growing district
- New pipes, storage and pumps
- Security of water supply
- Treatment of water supply (UV and chlorination)
- Water supply enhancements on our existing network
- Loss reduction programs, backflow prevention, seismic vulnerability study
- Continuing our optimised renewal programme across our district.

ROTORUA LAKES COUNCIL FUNDING IMPACT STATEMENT FOR 2017-2018 FOR WATER SUPPLIES

WATER SUPPLIES	Long-term Plan	Long-term Plan	Actual
	2016/17 (\$000)	2017/18 (\$000)	2017/18 (\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	-	-	-
Targeted Rates	8,525	8,774	8,469
Subsidies and grants for operating purposes	-	-	-
Fees and charges	6	6	10
Internal charges and overheads recovered	433	444	392
Local Authorities, fuel tax, fines, infringements fees and other receipts	293	303	378
Total operating funding (A)	9,257	9,527	9,248
Applications of operating funding			
Payments to staff and suppliers	2,364	2,418	4,851
Finance Cost	587	658	521
Internal charges and overheads applied	4,306	4,374	1,955
Other operating funding applications	-	-	-
Total applications of operating funding (B)	7,257	7,450	7,328
Surplus (deficit) of operating funding (A-B)	2,000	2,077	1,920
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	935
Development and financial contributions	-	-	3
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	4
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding (C)	-	-	942
Applications of Capital Funding			
Capital expenditure			
- to meet additional demand	-	-	472
- to improve the level of service	1,020	2,789	936
- to replace existing assets	1,458	1,490	2,107
Increase (decrease) in reserves	(478)	(2,202)	(653)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	2,000	2,077	2,862
Surplus (deficit) of capital funding (C-D)	(2,000)	(2,077)	(1,920)
Funding balance ((A-B)+(C-D))	-	-	-





PŪRONGO PŪTEA

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STATEMENT OF COMPLIANCE

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



STEVE CHADWICK
MAYOR

25th October 2018



G. WILLIAMS
CHIEF EXECUTIVE

25th October 2018

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Council			Group	
		2018	2018	2017	2018	2017
		actual \$000	budget \$000	actual \$000	actual \$000	actual \$000
Revenue						
Rates	2	85,982	85,296	82,231	85,885	82,136
Development and financial contributions	5	741	-	328	741	328
Subsidies and grants	3	14,475	19,400	11,158	14,475	11,158
Interest revenue	4	578	134	107	111	104
Other revenue	6	17,594	16,446	17,391	22,931	24,065
Gains	7	1,028	-	241	1,050	256
Total revenue		120,398	121,276	111,456	125,193	118,047
Expenses						
Personnel costs	8	25,971	25,055	25,485	37,567	37,401
Depreciation and amortisation expense	19	28,419	24,842	23,732	30,998	26,364
Finance costs	4	7,583	7,457	7,363	7,583	7,878
Loss on disposal/impairment of plant, property & equipment	9	3,798	-	3,416	3,940	3,416
Other expenses	9	56,244	50,120	58,280	46,197	49,129
Total expenses		122,015	107,474	118,276	126,285	124,188
Surplus/(deficit) before tax		(1,617)	13,802	(6,820)	(1,092)	(6,141)
Income tax expense	10	-	-	-	(8)	-
Surplus/(deficit) after tax		(1,617)	13,802	(6,820)	(1,084)	(6,141)
Other comprehensive revenue and expense						
Items that could be reclassified to surplus/(deficit):						
Net change in fair value of hedges	25	156	-	144	156	144
Net change in fair value of investment	25	17,451	-	702	(132)	23
Items that will not be reclassified to surplus/(deficit):						
Revaluation on property, plant & equipment	25	14,388	28,910	53,773	31,439	53,773
Revaluation on intangibles	25	-	-	(10)	-	(10)
Total other comprehensive revenue and expense		31,995	28,910	54,609	31,463	53,930
Total comprehensive revenue and expense		30,378	42,712	47,789	30,379	47,789

NOTE: THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Council			Group	
		2018	2018	2017	2018	2017
		actual	budget	actual	actual	actual
		\$000	\$000	\$000	\$000	\$000
Balance as at 1 July		1,022,984	971,796	975,195	1,022,985	975,196
Surplus (deficit) after tax		(1,617)	13,802	(6,820)	(1,084)	(6,141)
Other comprehensive revenue and expense		31,995	28,910	54,609	31,463	53,930
Balance as at 30 June		1,053,362	1,014,508	1,022,984	1,053,364	1,022,985

NOTE: THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	Council			Group	
		2018	2018	2017	2018	2017
		actual \$000	budget \$000	actual \$000	actual \$000	actual \$000
Assets						
Current assets						
Cash & cash equivalents	11	440	1,000	1,808	4,961	4,174
Debtors & other receivables	12	14,103	13,945	16,936	12,649	14,543
Inventories	15	97	153	143	1,042	1,078
Non-current assets held for sale	16	340	-	3,779	340	3,779
Provision for taxation	10	-	-	-	-	-
Total current assets		14,980	15,098	22,666	18,992	23,574
Non-current assets						
Loans & receivables	12	15,151	15,000	14,333	151	213
Property, plant and equipment	17	1,183,324	1,148,134	1,148,111	1,246,748	1,195,045
Intangible assets	18	3,692	3,318	2,240	4,129	2,314
Other financial assets:						
- Investment in CCO's and other similar entities	14	50,166	38,039	32,713	69	76
- Investment in other entities	14	2,795	-	2,238	2,795	2,238
Total non-current assets		1,255,128	1,204,491	1,199,635	1,253,892	1,199,886
Total assets		1,270,108	1,219,589	1,222,301	1,272,884	1,223,460
Liabilities						
Current liabilities						
Payables and deferred revenue	21	21,572	24,676	24,608	22,375	24,427
Provisions	24	95	300	200	123	274
Employee entitlements	23	3,021	3,304	3,173	4,166	4,438
Borrowings and other financial liabilities	22	48,960	37,763	32,050	48,961	32,051
Derivative financial instruments	13	89	397	-	89	-
Total current liabilities		73,737	66,440	60,031	75,714	61,189
Non-current liabilities						
Provisions	24	2,200	1,916	2,235	2,200	2,235
Employee Entitlements	23	109	25	105	109	105
Borrowings and other financial liabilities	22	140,700	136,700	136,700	140,700	136,700
Deferred Tax	10	-	-	-	797	-
Derivative financial instruments	13	-	-	246	-	246
Total non-current liabilities		143,009	138,641	139,286	143,806	139,286
Total liabilities		216,746	205,081	199,317	219,520	200,475
Net assets (assets minus liabilities)		1,053,362	1,014,508	1,022,984	1,053,364	1,022,985
Equity						
Accumulated funds	25	717,717	732,504	717,661	717,719	718,341
Reserves	25	335,645	282,004	305,323	335,645	304,644
Total equity		1,053,362	1,014,508	1,022,984	1,053,364	1,022,985

NOTE: THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS AS AT 30 JUNE 2018

	Notes	Council			Group	
		2018	2018	2017	2018	2017
		actual \$000	budget \$000	actual \$000	actual \$000	actual \$000
Cash flows from operating activities						
Receipts from rates revenue*		85,515	85,296	82,049	85,876	81,954
Interest received		578	135	142	111	141
Dividends received		1	-	1	1	1
Receipts from other revenue*		34,548	35,846	25,630	40,172	35,461
Payments to suppliers *		(55,179)	(50,120)	(53,662)	(48,556)	(48,126)
Payments to employees		(25,970)	(25,055)	(25,740)	(37,835)	(37,576)
Interest paid		(7,349)	(7,457)	(7,429)	(7,314)	(7,444)
Income tax paid/refunded		-	-	-	797	-
Goods and Services Tax (net)		437	-	(178)	541	(178)
Net cash from operating activities	26	32,581	38,645	20,813	33,793	24,233
Cash flows from investing activities						
Receipts from sale of property, plant and equipment		4,654	1,051	1,701	3,439	2,116
Proceeds from intangible asset sale		-	-	801	-	781
Purchase of property, plant and equipment		(50,659)	(47,059)	(32,279)	(54,763)	(33,166)
Purchase of intangible assets		(1,739)	-	(1,873)	(2,104)	(1,971)
Repayment of loans and receivables		(93)	-	330	-	-
Loan advances made		(840)	-	(450)	-	-
Purchase of financial assets		(682)	-	(772)	(550)	(454)
Net cash from investing activities		(49,359)	(46,008)	(32,542)	(53,978)	(32,694)
Cash flows from financing activities						
Proceeds from borrowings		32,410	7,363	24,650	37,972	24,616
Repayment of borrowings		(17,000)	-	(20,000)	(17,000)	(21,504)
Net cash from financing activities		15,410	7,363	4,650	20,972	3,112
Net (decrease)/increase in cash, cash equivalents		(1,368)	-	(7,079)	787	(5,349)
Cash, cash equivalents at the beginning of the year		1,808	1,000	8,887	4,174	9,523
Cash, cash equivalents at year end	11	440	1,000	1,808	4,961	4,174

NOTE: THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

* This includes amounts received and paid on behalf of and from BOPRC, NZTA and petrol tax.

NOTES TO THE FINANCIAL STATEMENTS

I: STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

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

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

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

The Council has designated itself and the Group as public benefit entities (PBEs) for the purposes of complying with generally accepted accounting practice.

The financial statements of the Council and the Group are for the year ended 30 June 2018. The financial statements were authorised for issue by Council on 25 October 2018.

BASIS OF PREPARATION

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

STATEMENT OF COMPLIANCE

The financial statements of the Council and Group have been prepared in accordance with the requirements of the LGA, and the Local Government (Financial Reporting and Prudence) Regulations 2014, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with and comply with PBE Standards.

PRESENTATION CURRENCY AND ROUNDING

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000), other than the remuneration and the severance payment disclosures in Notes 30 and 31, which are rounded to the nearest dollar.

STANDARDS ISSUED AND NOT YET EFFECTIVE AND NOT EARLY ADOPTED

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

Interests in other entities:

In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34-38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6-8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted. These new standards:

- Introduce an amended definition of control and extensive guidance on control (and continues to require all controlled entities to be consolidated in the controlling entity's financial statements, except as noted below).
- Introduce the concept of "investment entity", exempts investment entities from consolidating controlled entities, and requires investment entities to recognise controlled entities at fair value through surplus or deficit instead.
- Introduce a new classification of joint arrangements, set out the accounting requirements for each type of arrangement (joint operations and joint ventures), and remove the option of using the proportionate consolidation method.
- Require PBEs to disclose information on their interests in other entities, including some additional disclosures that are not currently required under PBE IPSAS 6, 7 and 8.

The Council plans to apply the new standards in preparing the 30 June 2020 financial statements. The Council and Group have not yet assessed the effects of these new standards.

Financial instruments:

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council and Group have not yet assessed the effects of the new standard.

Employee benefits:

In May 2017, the XRB issued PBE IPSAS 39 Employee Benefits. PBE IPSAS 39 replaces PBE IPSAS 25 Employee benefits. PBE IPSAS 39 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted. This new standard:

- removes the option to defer the recognition of certain actuarial gains and losses arising from defined benefit plans (the "corridor approach");
- eliminates some of the presentation options for actuarial gains and losses arising from defined benefit plans (which enhances comparability);
- introduces the net interest approach, which is to be used when determining the defined benefit cost for defined benefit plans; and
- structures the disclosures for defined benefit plans according to explicit disclosure objectives for defined benefit plans.

It introduces disclosures for defined benefit plans that share risks between entities under common control. However for this situation certain information required to be disclosed can be disclosed by cross-reference to disclosures in another group entity's financial statements in certain situations.

There has been a change to the definition of short-term employee benefits from "due to be settled" to "expected to be settled wholly before twelve months" which puts an emphasis more on what is likely to be settled. Only benefits that meet the revised definition can be recognised at an undiscounted amount.

We believe that the impact of this may not be significant.

Service Performance Reporting:

PBE FRS 48 Service Performance Reporting is mandatory for annual periods beginning on or after 1 January 2021. This Standard establishes new requirements for public benefit entities to select and present service performance information.

Changes in accounting policies

There have been no other changes in accounting policies.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

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

Controlled entities

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

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

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

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

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

If the consideration transferred is lower than the net fair value of the Council's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in the surplus or deficit.

At the end of each reporting period the Council assesses whether there are any indications that the carrying value of the investment in controlled entities may be impaired. Where such indications exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

Non-controlled entities

The Council accounts for investments in associates using the equity method. A non-controlled entity is an entity over which the Council has a non-controlling interest and may have significant influence, and that entity is neither a controlled entity (subsidiary) nor an interest in a joint venture.

The investment in the associate is initially recognised at cost and the carrying amount in the Group's financial statements is increased or decreased to recognise the group's share of the surplus or deficit of the associate, after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment.

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

Where the Group transacts with an associate, surpluses or deficits are eliminated to the extent of the Group's interest in the relevant associate.

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

Investments in associates are carried at cost in the Council's parent entity financial statements.

Non-controlled entities (Joint Venture)

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

Revenue

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

Rates revenue

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

The following policies for rates have been applied:

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

Development and financial contributions

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

New Zealand Transport Agency roading subsidies

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

Other grants received

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

Building and resource consent revenue

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

Entrance fees

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

Landfill fees

Fees for disposing of waste at the Council's landfill are recognised when users dispose of waste.

Provision of commercially based services

Revenue derived through the provision of services to third parties in a commercial manner is recognised in proportion to the stage of completion at balance date. Generally, this is determined by the proportion of costs incurred to date bearing to the estimated total costs of providing the service.

Sale of goods

Revenue from the sale of goods is recognised when product is sold to the customer.

Infringement fees and fines

Infringement fees and fines mostly relate to traffic and parking infringements and are recognised when the infringement notice is issued. The fair value of this revenue is determined based on the probability of collecting fines, which is estimated by considering the collection history of fines over the preceding 2-year period.

Vested or donated physical assets

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

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

For long-lived assets that must be used for a specific use (e.g. land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

Donated and bequeathed financial assets

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

Interest and dividends

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

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

Borrowing costs

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

Grant expenditure

The Council's grants awarded have no substantive conditions attached.

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

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

Foreign currency transactions

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

Income Tax

Income tax expense includes components relating to current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to revenue tax payable in respect of prior years.

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

Deferred tax 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 or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantially enacted at balance date.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to items recognised in other comprehensive revenue and expense or directly in equity.

LEASES

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Lease payments under an operating lease are recognised as an expense in surplus or deficit on a straight-line basis over the lease term.

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

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

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

Debtors and other receivables

Short-term debtors and other receivables are recorded at their face value, less any provision for impairment. A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected.

The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

Derivative financial instruments

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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

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

The full fair value of a hedge accounted derivative is classified as non-current if the remaining item of the hedged item is more than 12 months, and as current if the remaining maturity of the hedged item is less than 12 months.

The full fair 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.

Hedge accounting

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 (cash flow hedge).

The Council and Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Council and Group also document 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.

Fair value hedge

The gain or loss from re-measuring the hedging instrument at fair value, along with the changes in the fair value on the hedged item attributable to the hedged risk, is recognised in the surplus or deficit. Fair value hedge accounting is applied only for hedging fixed interest risk on borrowings.

If the hedge relationship 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 the 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 in other comprehensive revenue and expense, and the ineffective portion of the gain or loss on the hedging is recognised in the surplus or deficit as part of "finance costs".

If a hedge of a forecast transaction subsequently results in recognition of a financial asset or a financial liability, associated gains or losses that were recognised directly in other comprehensive revenue and expense are reclassified into the surplus deficit in the same period or periods during which the asset acquired, or liability assumed, affects surplus or deficit in the same period or periods during which the asset acquired or liability assumed affects the surplus or deficit.

However, if it is expected that all or a portion of a loss recognised in other comprehensive revenue and expense will not be recovered in one or more future periods, the amount that is not expected to be recovered is reclassified to the surplus deficit.

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

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

Other Financial assets

Financial assets (other than shares in subsidiaries) are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit, in which case the transaction costs are recognised in the surplus deficit.

Term deposits, loans to subsidiaries and associates, and community loans (loans and receivables)

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flow, discounted at the current market rate of return for a similar financial instrument. For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense.

After initial recognition, term deposits, loans to subsidiaries and associates, and community loans are measured at amortised cost using the effective interest rate method. Where applicable, interest accrued is added to the investment balance.

At year-end, the assets are assessed for indication of impairment. Impairment is established when there is evidence that the Council and Group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired.

If assets are impaired, the amount not expected to be collected is recognised in the surplus or deficit.

Listed and unlisted shares (fair value through other comprehensive revenue and expense)

Shares (other than shares in subsidiaries) and listed bonds (other than those designated as held to maturity) are designated at fair value through other comprehensive revenue and expense.

After initial recognition, the shares and listed bonds are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

For shares, a significant or prolonged decline in the fair value of the shares below its costs is considered to be objective evidence of impairment. For listed bonds, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments is considered to be objective evidence of impairment.

If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

Impairment losses on shares recognised in the surplus or deficit are not reversed through the surplus or deficit.

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

Shares in subsidiaries

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

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

The investment in subsidiaries is carried at the net asset backing value in the Council's parent entity financial statements.

Investment in joint venture

A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control. Joint control is the agreed sharing of control over an activity.

For jointly controlled operations, the Council and Group recognises in its financial statements the assets it controls, the liabilities and expenses it incurs, and the share of revenue that it earns from the joint venture. The Group recognises its interest in jointly controlled entities using the equity method. The investment in a jointly controlled entity is initially recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of the surplus or deficit of the jointly controlled entity after the date of acquisition.

The Group's share of the surplus or deficit of the jointly controlled entity is recognised in the surplus or deficit. Investments in jointly controlled entities are carried at the net asset backing value in the local authority's parent entity financial statements.

Inventories

Inventories are held for distribution or for use in the provision of goods and services.

The measurement of inventories depends on whether the inventories are held for commercial or non-commercial (distribution at no charge or for a nominal charge) distribution or use. Inventories are measured as follows:

- Commercial: measured at the lower of cost and net realisable value.
- Non-commercial: measured at cost, adjusted for any loss of service potential.

Cost is allocated using the first-in-first-out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. Any write-down from cost to net realisable value or for the loss of service potential is recognised in the surplus or deficit in the year 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 land at the date of the transfer is its deemed cost.

Costs 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 are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. They 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 are not depreciated or amortised while they are classified as held for sale (including those that are part of a disposal group).

Property, plant and equipment

Property, plant and equipment consist of:

Operational assets – These include land, buildings, landfill post-closure, library books, plant and equipment, recreational forests and motor vehicles.

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

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

Property, plant and equipment is measured at initial cost directly attributable to acquisition of the items or valuation, less accumulated depreciation and impairment losses.

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

Revaluations:

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

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

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

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

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

Additions:

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

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

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

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Disposals:

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset or when no further economic benefits or service potential are expected. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation:

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

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

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

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

The expected lives of major classes of assets are:

Buildings

Structure	10 to 80 years
Services	20 to 50 years
Fit-out	5 to 40 years
Site specific	2 to 20 years
Plant and equipment	10 to 20 years
Parks & Reserves	5 to 100 years

Sewage

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

Water

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

Roads and footpaths

Seal - First coat and base	80 years
Seal - second coat	12 years
Footpaths (concrete)	100 years
Footpaths (bitumen)	7 to 20 years
Bridges	40 to 100 years
Landfill improvements	3 to 100 years

Airport Assets

Runway, Taxiways, Aprons	10 to 80 years
Other paved areas	13 years
Surround Security Fences	10 years

Computer Systems 3 to 7 years

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

Subsequent costs:

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

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

Intangible assets

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

Impairment losses are recognised immediately in surplus or deficit.

Goodwill:

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

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

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

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

Software acquisition and development:

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

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

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

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

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

Carbon Credits:

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

Amortisation:

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

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

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

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

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

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

Value in use for non-cash-generating assets

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

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

Value in use for cash-generating assets

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

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

Recreation Forestry assets

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

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

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

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

Investment property

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

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

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

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

Creditors and other payables

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

Borrowings

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

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

Employee entitlements

Short-term employee entitlements:

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

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

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earning in the coming year. The amount of sick leave is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that it will be used by staff to cover those future absences.

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

Long-term employee entitlements:

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

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

Presentation of employee entitlements:

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

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

Superannuation schemes

Defined contribution schemes:

Employer contributions to KiwiSaver, the Government Superannuation Schemes are expensed in the surplus or deficit as incurred.

Defined benefit schemes:

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

Insufficient information is available to use defined benefit accounting as it is not possible to determine from the terms of the scheme, to the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme. Further information on this scheme is disclosed in Note 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 expenditures expected to be required to settle the obligation, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'.

ACC Accredited Employers Programme

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

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

Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Financial guarantee contracts

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

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

Financial guarantees are subsequently measured at the higher of:

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

Net assets/equity

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

The components of Net assets/equity are:

- Accumulated comprehensive revenue and expense
- Reserves

Reserves

Restricted reserves:

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

Restricted reserves are those subject to specific conditions accepted as binding by Council and which may not be revised by Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met. Also included in restricted reserves are reserves restricted by council decision. The Council may alter them without reference to any third party or the courts.

Transfers to and from these reserves are at the discretion of the Council.

The Council's objectives, policies and processes for managing capital are described in note 34.

Asset revaluation reserve:

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

Available for sale reserve:

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

Cash flow hedge reserve:

This reserve comprises the effective portion of the cumulative net change in the fair value of derivatives designated as cash flow hedges.

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of goods and services tax (GST), except for debtors and other receivables and creditors and other payables, which are stated on a GST-inclusive basis.

GST not recoverable as input tax is recognised as part of the related asset or expense. Net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

Net GST paid to, or received from, the IRD, including GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are approved by the Council in the Annual Plan 2017-18. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing the financial statements.

Cost allocation

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

Direct costs:

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs which cannot be identified in an economically feasible manner, with a specific significant activity. Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

Indirect costs:

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

There have been no changes to the cost allocation methodology during the year.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment are discussed below:

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

Infrastructural assets

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

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying Rotorua District Council's accounting policies for the period ended 30 June 2018:

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 them. 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 rather than as investment property.

Accounting for suspensory loan from Housing New Zealand

The Council's view is the suspensory loan from Housing New Zealand is in substance a grant with conditions attached and is therefore accounted for under PBE IPSAS 23 *Revenue from Non exchange transactions*. The Council considers there are two possible accounting treatments for the grant under PBE IPSAS 23; either recognising the grant evenly over the 20-year condition period, or recognising the grant as revenue at the end of the conditions in 2025.

As the suspensory loan in totality would be repayable, should any of the conditions not be met during the condition period to 2025, the Council believes it prudent, and has therefore elected, to recognise the grant at the end of the 20-year period. Further information about the suspensory loan is included in the revenue accounting policy and note 28.

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

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

Rounding

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

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2. RATES

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
General rates	53,573	50,059	53,476	49,964
Targeted rates attributable to activities:				
- water, excluding water supply rates	4,371	4,312	4,371	4,312
- targeted water supply rates	4,092	4,084	4,092	4,084
- sewerage	13,502	13,615	13,502	13,615
- refuse and sanitation	4,398	4,177	4,398	4,177
- lakes enhancement rate	463	464	463	464
- eastern sewerage capital rates	641	672	641	672
- business development targeted rates	5,832	5,715	5,832	5,715
- urban sewerage development rate	63	62	63	62
- lakes community board rate	-	54	-	54
Rates penalties	1,323	1,262	1,323	1,262
Less rates charges to Council properties	(2,276)	(2,245)	(2,276)	(2,245)
Total rates	85,982	82,231	85,885	82,136

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates revenue. That Deed defines annual rates revenue as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other Local Authorities rate. The annual rates revenue of the Council for the year ended 30 June 2018 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown above.

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	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Total gross rates	86,889	83,296	86,792	83,201
Rates remissions:				
- General rates remissions	632	785	632	785
- Targeted rates remissions	275	279	275	279
- Penalty remissions	-	1	-	1
Total remissions	907	1,065	907	1,065
Rates (net of remissions)	85,982	82,231	85,885	82,136

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 2018 was 28,534 (2017: 29,529).

The total capital value of rating units within the district or region of Rotorua District Council at 30 June 2018 was \$17,099,526,900 (2017: \$13,071,596,300).

The total land value of rating units within the district or region of Rotorua District Council at 30 June 2018 was \$8,782,285,500 (2017: \$6,352,841,200).

3. SUBSIDIES & GRANTS

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
New Zealand Transport Rooding subsidies	8,421	6,652	8,421	6,652
Grants subsidies and donations capital	5,038	2,759	5,038	2,759
Other subsidies operating	1,016	1,747	1,016	1,747
Total subsidies and grants	14,475	11,158	14,475	11,158

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2017: \$nil).

4. FINANCE REVENUE & COSTS

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Finance income				
Interest income:				
- term and call deposits	578	107	111	104
Total finance income	578	107	111	104
Finance costs				
Interest expense:				
- interest on bank borrowings	7,618	7,008	7,618	7,523
- discount unwind on provisions (note 24)	(35)	355	(35)	355
Total finance costs	7,583	7,363	7,583	7,878
Net finance costs	7,005	7,256	7,472	7,774

5. DEVELOPMENT & FINANCIAL CONTRIBUTIONS

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Financial contributions from subdivisions	741	328	741	328
Total development and financial contributions	741	328	741	328

6. OTHER REVENUE

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Traffic and parking infringements	1,389	1,307	1,389	1,307
Rendering of services (other trading revenue)	5,719	5,882	10,817	12,315
Petrol tax	603	587	603	587
Vested assets	443	33	443	33
Dividend income	1	1	1	1
Fees and charges	5,725	5,717	5,725	5,715
Lease and rental revenue	3,711	3,860	3,950	4,107
Other revenue	3	4	3	-
Total other revenue	17,594	17,391	22,931	24,065

7. GAINS

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Non-financial instruments				
Property, plant and equipment gains on disposal	1,028	241	1,050	256
Total other gains / (losses)	1,028	241	1,050	256

8. PERSONNEL COSTS

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Salaries and wages	24,737	24,431	36,333	36,347
Defined contribution plan employer contributions	918	896	918	896
Increase / (decrease) in employee entitlements	(148)	-	(148)	-
Restructuring	464	158	464	158
Total personnel costs	25,971	25,485	37,567	37,401

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

9. OTHER EXPENSES

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Fees to auditors:				
- fees to Audit New Zealand for audit of the Council's financial statements	234	157	308	226
- fees to Audit New Zealand for audit of the Council's Long Term Plan 2018 - 28	86	-	86	-
- fees to other auditors	-	-	8	8
Grants and contributions	1,310	1,527	1,310	1,525
Contractors and physical works	29,863	30,305	10,484	10,902
Insurance premiums	1,296	1,111	1,358	1,161
Consultants and legal advice	2,844	2,589	3,253	2,874
Marketing and promotion	555	856	802	1,575
Energy	3,714	2,986	3,714	2,986
ACC	(26)	176	(37)	202
Bad debts written off	335	-	335	-
Elected member remuneration (incl hearing fees)	772	732	772	732
Impairment of receivables	441	306	441	306
Losses on disposal of property, plant and equipment	3,798	3,416	3,940	3,416
Losses on disposal of intangible assets	-	2,542	-	2,542
Impairment of other financial assets	-	278	(247)	3
Other expenditure	14,820	14,715	23,610	24,087
Total other expenses	60,042	61,696	50,137	52,545

10. TAX

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Components of tax expense				
Current tax expense	-	-	(8)	-
Adjustments to current tax in prior year	-	-	-	-
Deferred tax expense	-	-	-	-
Tax loss not previously recognised	-	-	-	-
Tax expense	-	-	(8)	-

Relationship between tax expense and accounting profit

Net surplus before tax	(1,621)	(6,820)	(1,094)	(6,141)
Tax @ 28%	(453)	(1,909)	(306)	(1,720)
Plus/(less) tax effect of:				
Non-deductible expenditure	2,559	1,966	702	1,968
Loss to carry forward	-	-	180	-
Tax loss not recognised	(2,106)	(57)	(337)	(226)
Group loss offset	-	-	1	-
Deferred tax on temporary differences	-	-	(7)	-
Deferred tax adjustment	-	-	(144)	-
Deferred tax not recognised	-	-	(97)	(22)
Tax expense	-	-	(8)	-

	Property, plant and equipment	Employee entitlements	Other provisions	Tax losses	Total
	\$000	\$000	\$000	\$000	\$000
Deferred tax assets/(liabilities)					
Balance at 30 June 2016	-	-	-	-	-
Charged to surplus or deficit	-	-	-	-	-
Charged to other comprehensive revenue and expense	-	-	-	-	-
Balance at 30 June 2017	-	-	-	-	-
Charged to surplus or deficit	-	-	-	-	-
Charged to other comprehensive revenue and expense	797	-	-	-	797
Balance at 30 June 2018	797	-	-	-	797

A deferred tax asset has not been recognised in relation to unused tax losses of Council \$21,068,652 (2017: \$18,317,072), Group \$22,253,270 (2017: \$19,637,119).

The Group has unrecognised temporary tax differences of \$382,080 (2017: \$128,000).

11. CASH & CASH EQUIVALENTS

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Cash at bank and on hand	440	1,808	4,961	4,174
Total cash and cash equivalents	440	1,808	4,961	4,174

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

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

12. DEBTORS & OTHER RECEIVABLES

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Current debtors and other receivables				
Rates receivables	5,168	4,619	5,168	4,619
Other receivables	8,872	10,806	7,229	8,246
Prepayments	913	1,359	988	1,404
Taxation receivable	-	-	41	-
GST receivable	1,616	2,054	1,689	2,176
Current gross debtors - other receivables	16,569	18,838	15,115	16,445
Less: Provision for impairment of receivables	(2,466)	(1,902)	(2,466)	(1,902)
Total current portion	14,103	16,936	12,649	14,543
Non-current portion debtors and other receivables				
Other receivables	15,151	14,333	151	213
Total non-current portion	15,151	14,333	151	213
Total receivables	29,254	31,269	12,800	14,756

TOTAL RECEIVABLES COMPRISE

Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	8,479	10,285	8,479	9,977
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	20,775	20,984	4,321	4,778

FAIR VALUE

Debtors and other receivables are generally short term and non-interest bearing. 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 four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then the Council can apply to the Registrar of the High Court to have the judgement enforced by the sale or lease of the rating unit.

OTHER RECEIVABLES

The fair value of other receivables is \$15,151,000 (2017: \$14,333,000).

12. DEBTORS & OTHER RECEIVABLES

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

The status of receivables as at 30 June 2018 and 2017 are detailed below:	2018			2017		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$000	\$000	\$000	\$000	\$000	\$000
Council						
Not past due	25,560	(290)	25,270	26,703	-	26,703
Past due 1-60 days	1,517	(98)	1,419	2,477	(75)	2,402
Past due 61-120 days	46	(2)	44	75	(5)	70
Past due > 121 days	4,597	(2,076)	2,521	3,916	(1,822)	2,094
Total	31,720	(2,466)	29,254	33,171	(1,902)	31,269
Group						
Not past due	9,106	(290)	8,816	10,190	-	10,190
Past due 1-60 days	1,517	(98)	1,419	2,477	(75)	2,402
Past due 61-120 days	46	(2)	44	75	(5)	70
Past due > 121 days	4,597	(2,076)	2,521	3,916	(1,822)	2,094
Total	15,266	(2,466)	12,800	16,658	(1,902)	14,756

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	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Individual impairment	2,466	1,902	2,466	1,902
Collective impairment	-	-	-	-
Total provision for impairment	2,466	1,902	2,466	1,902

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	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Not past due	290	-	290	-
Past due 1-60 days	98	75	98	75
Past due 61-120 days	2	5	2	5
Past due > 121 days	2,076	1,822	2,076	1,822
Total individual impairment	2,466	1,902	2,466	1,902

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

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
As at 1 July	1,902	1,594	1,902	1,594
Additional provisions made during the year	920	556	920	556
Receivables written off during the period	(356)	(248)	(356)	(248)
As at 30 June	2,466	1,902	2,466	1,902

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

13. DERIVATIVE FINANCIAL INSTRUMENTS

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Current liability portion				
Interest rate swaps - cashflow hedges	89	-	89	-
Total current liability portion	89	-	89	-
Non-current liability portion				
Interest rate swaps - cashflow hedges	-	246	-	246
Total non-current liability portion	-	246	-	246
Total derivative financial instrument liabilities	89	246	89	246

INTEREST RATE SWAPS

The notional principal amounts of the outstanding interest rate swap contract for the Council was \$10 million (2017: \$10 million) and for the Group were \$10 million (2017: \$10 million). As at 30 June 2018, the fixed interest rate of the cashflow hedge interest rate swap is 5.25% (2017: 5.25%). This interest rate swap matures on 28 November 2018.

Gains and losses recognised in the hedging reserve in equity (note 25) on interest rate swap contracts as at 30 June 2018 will be released to the surplus or deficit as interest is paid on the underlying debt.

FAIR VALUE

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.

The Council and Group currently have no fair value hedges.

14. OTHER FINANCIAL ASSETS

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Non-current portion				
Investment in CCO's and other similar entities:				
Unlisted shares Rotorua Regional Airport Limited	48,099	30,577	-	-
Unlisted shares Waikato Local Authority Shared Services Ltd	63	67	63	67
Unlisted shares BOP Local Authority Shared Services Ltd	6	9	6	9
Unlisted shares Terax Limited Partnership	93	216	-	-
Unlisted shares in InfraCore Ltd	1,310	1,617	-	-
Unlisted shares Terax 2013 Ltd	-	-	-	-
Unlisted shares RED Ltd	595	227	-	-
	50,166	32,713	69	76
Investment in other entities:				
Mountain Bike underwrite	150	150	150	150
Unlisted shares NZ Local Government Insurance Corporation Ltd (cost)	266	269	266	269
Borrower Notes	2,379	1,819	2,379	1,819
	2,795	2,238	2,795	2,238
Total non-current portion	52,961	34,951	2,864	2,314
Total other financial assets	52,961	34,951	2,864	2,314

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 (2017: 5). The fair value of the BOP LASS, approximated using the net asset backing method, is \$6,400 (2017: \$8,753).

The cost price of the share investment in the subsidiary Rotorua Regional Airport Limited amounts to \$30,695,000. The recoverable amount is approximated by using the net asset backing method and amounts to \$47,683,701 (2017: \$30,577,447). The surplus for the year of \$950,203 (2017: \$612,475) is recognised in the Statement of Comprehensive Revenue and Expense. The Council holds 28,645,000 ordinary shares.

The cost price of the share investment in the subsidiary Rotorua Economic Development Limited amounts to \$232,493. The recoverable amount is approximated by using the net asset backing method and amounts to \$595,481 (2017: \$226,611). The deficit for the year of \$368,870 (2017: -\$1,420) is recognised in the Statement of Comprehensive Revenue and Expense.

The cost price of the share investment in the subsidiary InfraCore Limited amounts to \$1,616,000. The recoverable amount is approximated by using the net asset backing method and amounts to \$1,309,780 (2017: \$1,617,000). The loss for the year of \$307,000 (2017 profit: \$66,000) is recognised in the Statement of Comprehensive Revenue and Expense. The Council holds 1,616,081 ordinary shares. The nature of business of its services for the Council is in constructing, maintaining and managing infrastructure and facility assets; providing high quality cost effective services for the Council in the following areas: three waters, city cleaning, refuse collection, parks operations, civil works, fleet management and the supply of nursery products.

The cost price of the share investment in the joint venture Terax 2013 Limited amounts to \$300. The recoverable amount is approximated by using the net asset backing method and amounts to \$172 (2017: \$191). The nil result for the year (2017: \$nil) is recognised in the Statement of Comprehensive Revenue and Expense.

The cost price of the share investment in the joint venture Terax Limited Partnership amounts to \$1,060,000. The recoverable amount is approximated by using the net asset backing method and amounts to \$93,360 (2017: \$215,636). The deficit for the year of -\$246,591 (2017: -\$275,315) is recognised in the Statement of Comprehensive Revenue and Expense.

The Council has a 49% shareholding in Mountain Bike Events Limited. Council is also the 100% shareholder in one non-operational company - Rotorua District Council Holdings Limited.

IMPAIRMENT

A total impairment loss of Nil (2017: \$269,000) has been recognised in the Statement of Comprehensive Revenue and Expense (see Note 9 - Other Expenses). This related to investment in CCO's and other similar entities.

15. INVENTORY

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Non-commercial inventory:				
Water and sewerage reticulation spare parts	28	19	236	215
Other	21	22	21	22
Total non-commercial inventory	49	41	257	237
Commercial inventory:				
Nursery store	7	-	601	660
Museum retail stock	36	94	36	94
Other	5	8	148	87
Total commercial inventory	48	102	785	841
Total inventories	97	143	1,042	1,078

No inventories are pledged as security for liabilities (2017: \$nil). However, some inventories are subject to retention of title clauses.

HELD FOR DISTRIBUTION INVENTORY

The carrying amount of inventory held for distribution that is measured at current replacement cost as at 30 June 2018 amounted to \$Nil (2017: Nil).

The write-down of inventory held for distribution because of a loss in service potential amounted to \$Nil (2017: \$Nil). There have been no reversals of previous write-downs (2017: \$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 during the year amounted to \$Nil (2017: \$Nil). There have been no reversals of previous write-downs (2017: \$Nil).

16. NON-CURRENT ASSETS HELD FOR SALE

As at 30 June 2018, Council had a number of properties surplus to requirements and held available for sale. The sale of these assets are expected to be concluded within twelve months from balance date.

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Non-current assets held for sale are:				
- buildings	-	2,099	-	2,099
- land	340	1,680	340	1,680
Total non-current assets held for sale	340	3,779	340	3,779

17. PROPERTY, PLANT AND EQUIPMENT - COUNCIL 2018

2018 Classification	Cost / revaluation 1/07/2017	Accum depn & impairment charges 1/07/2017	Carrying amount 1/07/2017	Current year additions	Infrastructural Assets constructed by Council	Infrastructural Assets transferred to Council	Assets transferred (to) from held for sale
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets							
Land	44,537	-	44,537	155	-	-	1,340
Buildings	155,344	(503)	154,841	13,964	-	-	2,099
Library books	5,003	(2,753)	2,250	-	-	-	-
Motor vehicles	3,119	(1,671)	1,448	435	-	-	-
Art collections	25,475	(142)	25,333	497	-	-	-
Plant and equipment	26,188	(17,080)	9,108	5,515	-	-	-
Total operational assets	259,666	(22,149)	237,517	20,566	-	-	3,439
Infrastructural assets							
Land	-	-	-	-	-	-	-
Parks and reserves	21,885	(2,685)	19,200	-	3,846	-	-
Recreational forests	1,844	-	1,844	-	-	-	-
Roading and footpaths	341,626	(5,194)	336,432	-	11,218	-	-
Sewerage:							
- treatment plant and facilities	44,987	(4,921)	40,066	-	10,125	-	-
- other	145,468	(24)	145,444	-	137	168	-
Water							
- treatment plant and facilities	18,576	(801)	17,775	-	1,525	-	-
- other	100,448	(4,556)	95,892	-	2,113	109	-
Stormwater	107,807	(10)	107,797	-	855	165	-
Land under roads	46,610	-	46,610	-	-	-	-
Total infrastructural assets	829,251	(18,191)	811,060	-	29,819	442	-
Restricted assets							
Airport	771	(267)	504	-	-	-	-
Land	86,588	-	86,588	-	-	-	-
Landfill	12,774	(332)	12,442	-	-	-	-
Total operational assets	100,133	(599)	99,534	-	-	-	-
Total Council	1,189,050	(40,939)	1,148,111	20,566	29,819	442	3,439

Other transfers	Current year disposals	Current year impairment charges	Current year depreciation	Revaluation surplus / depreciation write back	Other cost & depreciation movements	Cost / revaluation 30/06/2018	Accum Depn & impairment charges 30/06/2018	Carrying amount 30/06/2018
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
-	(70)	-	-	-	-	45,962	-	45,962
249	(723)	-	(7,944)	-	217	170,933	(8,230)	162,703
-	(83)	-	(1)	-	25	4,920	(2,729)	2,191
-	(980)	-	(301)	-	734	2,574	(1,238)	1,336
-	(4)	-	-	-	-	25,968	(142)	25,826
33	(1,100)	-	(1,587)	-	1,009	30,636	(17,658)	12,978
282	(2,960)	-	(9,833)	-	1,985	280,993	(29,997)	250,996
-	-	-	-	-	-	-	-	-
(199)	(33)	-	(1,213)	-	2	25,499	(3,896)	21,603
-	-	-	-	-	-	1,844	-	1,844
(150)	(821)	-	(5,970)	(2,954)	3	337,863	(105)	337,758
(1,610)	(443)	-	(2,041)	2,312	101	48,470	40	48,510
1,525	-	-	(3,440)	-	-	147,298	(3,464)	143,834
-	(727)	-	(418)	865	(340)	18,707	(27)	18,680
199	(460)	-	(2,117)	13,120	244	108,959	141	109,100
-	-	-	(2,882)	-	-	108,827	(2,892)	105,935
26	(401)	-	-	256	-	46,491	-	46,491
(209)	(2,885)	-	(18,081)	13,599	10	843,958	(10,203)	833,755
-	-	-	(80)	-	-	771	(347)	424
-	(420)	-	-	-	-	86,168	-	86,168
(73)	(1,159)	-	(122)	789	104	11,986	(5)	11,981
(73)	(1,579)	-	(202)	789	104	98,925	(352)	98,573
-	(7,424)	-	(28,116)	14,388	2,099	1,223,876	(40,552)	1,183,324

17: PROPERTY, PLANT AND EQUIPMENT - GROUP 2018

2018 Classification	Cost / revaluation 1/07/2017	Accum depn & impairment charges 1/07/2017	Carrying amount 1/07/2017	Current year additions	Infrastructural Assets constructed by Council	Infrastructural Assets transferred to Council	Assets transferred (to) from held for sale
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets							
Land	44,537	-	44,537	155	-	-	1,340
Buildings	165,264	(1,421)	163,843	14,941	-	-	2,099
Library books	5,003	(2,753)	2,250	-	-	-	-
Motor vehicles	6,224	(2,848)	3,376	588	-	-	-
Art collections	25,475	(142)	25,333	497	-	-	-
Plant and equipment	28,098	(18,196)	9,902	5,766	-	-	-
Total operational assets	274,601	(25,360)	249,241	21,946	-	-	3,439
Infrastructural assets							
Land	7,155	-	7,155	-	-	-	-
Parks and reserves	21,885	(2,685)	19,200	-	3,846	-	-
Recreational forests	1,844	-	1,844	-	-	-	-
Roading and footpaths	341,626	(5,194)	336,432	-	11,218	-	-
Sewerage:							
- treatment plant and facilities	44,987	(4,921)	40,066	-	10,125	-	-
- other	145,468	(24)	145,444	-	137	168	-
Water:							
- treatment plant and facilities	18,576	(801)	17,775	-	1,525	-	-
- other	100,448	(4,555)	95,893	-	2,113	109	-
Stormwater	107,807	(10)	107,797	-	855	165	-
Land under roads	46,610	-	46,610	-	-	-	-
Total infrastructural assets	836,406	(18,190)	818,216	-	29,819	442	-
Restricted assets							
Airport	31,301	(2,741)	28,560	10	-	-	-
Land	86,586	-	86,586	-	-	-	-
Landfill	12,774	(332)	12,442	-	-	-	-
Total operational assets	130,661	(3,073)	127,588	10	-	-	-
Total Group	1,241,668	(46,623)	1,195,045	21,956	29,819	442	3,439

Other transfers	Current year disposals	Current year impairment charges	Current year depreciation	Revaluation surplus / depreciation write back	Other cost & depreciation movements	Cost / revaluation 30/06/2018	Accum Depn & impairment charges 30/06/2018	Carrying amount 30/06/2018
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
-	(70)	-	-	-	-	45,962	-	45,962
249	(863)	(136)	(8,213)	2,933	354	184,611	(9,412)	175,199
-	(83)	-	(1)	-	25	4,920	(2,729)	2,191
-	(1,098)	-	(687)	-	799	5,659	(2,729)	2,930
-	(4)	-	-	-	-	25,968	(142)	25,826
33	(1,126)	-	(1,765)	-	1,038	32,773	(18,881)	13,892
282	(3,244)	(136)	(10,666)	2,933	2,216	299,893	(33,893)	266,000
-	-	-	-	14,940	-	22,095	-	22,095
(199)	(33)	-	(1,213)	-	2	25,499	(3,896)	21,603
-	-	-	-	-	-	1,844	-	1,844
(150)	(821)	-	(5,970)	(2,954)	3	337,863	(105)	337,758
(1,610)	(443)	-	(2,041)	2,312	101	48,470	40	48,510
1,525	-	-	(3,440)	-	-	147,298	(3,464)	143,834
-	(727)	-	(418)	865	(340)	18,707	(27)	18,680
199	(460)	-	(2,117)	13,120	244	108,959	141	109,100
-	-	-	(2,882)	-	-	108,827	(2,892)	105,935
26	(401)	-	-	256	-	46,491	-	46,491
(209)	(2,885)	-	(18,081)	28,539	10	866,053	(10,203)	855,850
-	-	-	(1,826)	-	-	31,316	(4,567)	26,749
-	(420)	-	-	-	-	86,168	-	86,168
(73)	(1,159)	-	(122)	789	104	11,986	(5)	11,981
(73)	(1,579)	-	(1,948)	789	104	129,470	(4,572)	124,898
-	(7,708)	(136)	(30,695)	32,261	2,330	1,295,416	(48,668)	1,246,748

17: PROPERTY, PLANT AND EQUIPMENT - COUNCIL 2017

2017 Classification	Cost / revaluation 1/07/2016	Accum depn & impairment charges 1/07/2016	Carrying amount 1/07/2016	Current year additions	Infrastructural Assets constructed by Council	Infrastructural Assets transferred to Council	Assets transferred to held for sale
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets							
Land	37,220	-	37,220	54	-	-	(1,680)
Buildings	126,020	(9,958)	116,062	11,897	-	-	(2,099)
Library books	5,004	(2,751)	2,253	-	-	-	-
Motor vehicles	2,442	(1,620)	822	983	-	-	-
Art collections	25,282	(67)	25,215	118	-	-	-
Plant and equipment	23,668	(15,057)	8,611	2,216	-	-	-
Total operational assets	219,636	(29,453)	190,183	15,268	-	-	(3,779)
Infrastructural assets							
Land	7,049	-	7,049	-	-	-	-
Parks and reserves	18,736	(1,381)	17,355	-	3,375	-	-
Recreational forests	1,888	-	1,888	-	-	-	-
Roading and footpaths	333,924	-	333,924	-	8,468	-	-
Sewerage:							
- treatment plant and facilities	49,552	(8,836)	40,716	-	1,388	-	-
- other	154,977	(5,788)	149,189	-	2,719	33	-
Water:							
- treatment plant and facilities	17,756	(397)	17,359	-	641	-	-
- other	98,275	(2,307)	95,968	-	2,007	-	-
Stormwater	104,342	(4,117)	100,225	-	612	-	-
Land under roads	41,083	-	41,083	-	-	-	-
Total infrastructural assets	827,582	(22,826)	804,756	-	19,210	33	-
Restricted assets							
Airport	771	(187)	584	-	-	-	-
Land	82,437	-	82,437	-	-	-	-
Landfill	12,482	(164)	12,318	-	295	-	-
Total operational assets	95,690	(351)	95,339	-	295	-	-
Total Council	1,142,908	(52,630)	1,090,278	15,268	19,505	33	(3,779)

Other transfers	Current year disposals	Current year impairment charges	Current year depreciation	Revaluation surplus / depreciation write back	Other cost & depreciation movements	Cost / revaluation 30/06/2017	Accum Depn & impairment charges 30/06/2017	Carrying amount 30/06/2017
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
83	-	-	-	7,707	1,153	44,537	-	44,537
(760)	14	-	(4,997)	34,460	265	155,344	(503)	154,841
-	-	-	(1)	-	(2)	5,003	(2,753)	2,250
-	(307)	-	(259)	198	11	3,119	(1,671)	1,448
-	-	-	-	-	-	25,475	(142)	25,333
25	(55)	-	(1,701)	14	(2)	26,188	(17,080)	9,108
(652)	(348)	-	(6,958)	42,379	1,425	259,666	(22,149)	237,517
(5,527)	-	-	-	-	(1,522)	-	-	-
(270)	(71)	-	(1,304)	9	106	21,885	(2,685)	19,200
-	(44)	-	-	-	-	1,844	-	1,844
(321)	-	-	(5,139)	-	(500)	341,626	(5,194)	336,432
2,160	(1,580)	-	(2,448)	-	(170)	44,987	(4,921)	40,066
(1,435)	(1,411)	-	(2,440)	(1,207)	(4)	145,468	(24)	145,444
146	-	-	(403)	-	32	18,576	(801)	17,775
252	(7)	-	(2,248)	1	(80)	100,448	(4,556)	95,892
204	(28)	-	(2,086)	8,748	123	107,807	(10)	107,797
5,444	-	-	-	(574)	657	46,610	-	46,610
653	(3,141)	-	(16,068)	6,977	(1,358)	829,251	(18,191)	811,060
-	-	-	(80)	-	-	771	(267)	504
-	-	-	-	4,446	(295)	86,588	-	86,588
-	(4)	-	(166)	-	(1)	12,774	(332)	12,442
-	(4)	-	(246)	4,446	(296)	100,133	(599)	99,534
1	(3,493)	-	(23,272)	53,802	(229)	1,189,050	(40,939)	1,148,111

17: PROPERTY, PLANT AND EQUIPMENT - GROUP 2017

2017 Classification	Cost / revaluation 1/07/2016	Accum depn & impairment charges 1/07/2016	Carrying amount 1/07/2016	Current year additions	Infrastructural Assets constructed by Council	Infrastructural Assets transferred to Council	Assets transferred to held for sale
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets							
Land	37,220	-	37,220	54	-	-	(1,680)
Buildings	135,659	(10,578)	125,081	12,232	-	-	(2,099)
Library books	5,004	(2,751)	2,253	-	-	-	-
Motor vehicles	5,237	(2,373)	2,864	1,347	-	-	-
Art collections	25,282	(67)	25,215	118	-	-	-
Plant and equipment	25,312	(16,011)	9,301	2,482	-	-	-
Total operational assets	233,714	(31,780)	201,934	16,233	-	-	(3,779)
Infrastructural assets							
Land	14,204	-	14,204	-	-	-	-
Parks and reserves	18,736	(1,381)	17,355	-	3,375	-	-
Recreational forests	1,888	-	1,888	-	-	-	-
Roading and footpaths	333,924	-	333,924	-	8,468	-	-
Sewerage:							
- treatment plant and facilities	49,552	(8,836)	40,716	-	1,388	-	-
- other	154,977	(5,788)	149,189	-	2,719	33	-
Water:							
- treatment plant and facilities	17,756	(397)	17,359	-	641	-	-
- other	98,275	(2,307)	95,968	-	2,007	-	-
Stormwater	104,342	(4,117)	100,225	-	612	-	-
Land under roads	41,083	-	41,083	-	-	-	-
Total infrastructural assets	834,737	(22,826)	811,911	-	19,210	33	-
Restricted assets							
Airport	31,305	(915)	30,390	1	-	-	-
Land	82,437	-	82,437	-	-	-	-
Landfill	12,482	(164)	12,318	-	295	-	-
Total operational assets	126,224	(1,079)	125,145	1	295	-	-
Total Group	1,194,675	(55,685)	1,138,990	16,234	19,505	33	(3,779)

Other transfers	Current year disposals	Current year impairment charges	Current year depreciation	Revaluation surplus / depreciation write back	Other cost & depreciation movements	Cost / revaluation 30/06/2017	Accum Depn & impairment charges 30/06/2017	Carrying amount 30/06/2017
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
83	-	-	-	7,707	1,153	44,537	-	44,537
(760)	(40)	-	(5,295)	34,460	265	165,264	(1,421)	163,843
-	-	-	(1)	-	(2)	5,003	(2,753)	2,250
-	(361)	-	(683)	198	11	6,224	(2,848)	3,376
-	-	-	-	-	-	25,475	(142)	25,333
25	(55)	-	(1,863)	14	(2)	28,098	(18,196)	9,902
(652)	(456)	-	(7,842)	42,379	1,425	274,601	(25,360)	249,241
(5,527)	-	-	-	-	(1,522)	7,155	-	7,155
(270)	(71)	-	(1,304)	9	106	21,885	(2,685)	19,200
-	(44)	-	-	-	-	1,844	-	1,844
(321)	-	-	(5,139)	-	(500)	341,626	(5,194)	336,432
2,160	(1,580)	-	(2,448)	-	(170)	44,987	(4,921)	40,066
(1,435)	(1,411)	-	(2,440)	(1,207)	(4)	145,468	(24)	145,444
146	-	-	(403)	-	32	18,576	(801)	17,775
252	(7)	-	(2,248)	1	(80)	100,448	(4,555)	95,893
204	(28)	-	(2,086)	8,748	123	107,807	(10)	107,797
5,444	-	-	-	(574)	657	46,610	-	46,610
653	(3,141)	-	(16,068)	6,977	(1,358)	836,406	(18,190)	818,216
-	(5)	-	(1,826)	-	-	31,301	(2,741)	28,560
-	-	-	-	4,446	(295)	86,586	-	86,586
-	(4)	-	(166)	-	(1)	12,774	(332)	12,442
-	(9)	-	(1,992)	4,446	(296)	130,661	(3,073)	127,588
1	(3,606)	-	(25,902)	53,802	(229)	1,241,668	(46,623)	1,195,045

CORE INFRASTRUCTURE ASSET DISCLOSURES

	Last Valuation Date	Replacement Cost 2018 \$000	Replacement Cost 2017 \$000
Roading and footpaths	2018	508,677	451,464
Sewerage:			
- treatment plant and facilities	2018	90,877	90,962
- other	2017	252,438	252,866
Water:			
- treatment plant and facilities	2018	27,808	24,840
- other	2018	207,789	199,814
Stormwater	2017	205,273	206,163

LAND (OPERATIONAL, INFRASTRUCTURAL AND RESTRICTED)

The fair value of land is reviewed at three yearly intervals. The most recent valuation was performed by independent registered valuer Telfer Young, and was effective as at 30 June 2017.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Where there is a designation against the land or the use of the land is restricted because of reserve or endowment status, the valuation approach reflects the restriction in use. Such land is valued based on rural land value plus a location adjustment to reflect different zoning, which is based on the valuer's judgement.

Restrictions on the Council's ability to sell land would normally not impair the value of the land because the Council has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

BUILDINGS (OPERATIONAL AND RESTRICTED)

The fair value of buildings is reviewed at three yearly intervals. The most recent valuation was performed by independent valour Telfer Young. The valuation is effective as at 30 June 2017.

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. Significant assumptions used in the 30 June 2017 valuation include:

- The replacement cost of the specific assets are adjusted where appropriate for optimisation due to over-design or surplus capacity. There have been no optimisation adjustments for the most recent valuations.
- The replacement cost is derived from recent construction contracts of modern equivalent assets and Property Institute of New Zealand cost information. Construction costs for conventional commercial buildings generally range from \$1,500 to \$3,000 per square meter, depending on the nature of the specific asset valued.
- Independent structural engineers have estimated present value costs of between \$0.8 million and \$1.2 million to strengthen the Council's earthquake-prone buildings. The mid-point of \$1.0 million has been deducted off the depreciated replacement cost.
- The remaining useful life of assets is estimated after considering factors such as the condition of the asset, future maintenance and replacement plans and experience with similar buildings.
- Straight line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential and office buildings) are valued at fair value using market-based evidence. Significant assumptions in the 30 June 2017 valuations include market rents and capitalisation rates.

Market rents and capitalisation rates were applied to reflect market value. These valuations include adjustments for estimated building strengthening costs for earthquake -prone buildings and the associated lost rental during the time to undertake the strengthening work.

- Market rents range from \$457 to \$585 per square meter.
- Capitalisation rates are market-based rates of return and range from 7.00% to 7.75%.

RESTRICTIONS

Land and buildings in the "Restricted Asset" category are subject to restrictions on either use or disposal, or both. This includes restriction imposed by legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land or buildings acquired under a bequest or donation that restricts the purpose for which the assets can be used).

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:

- The replacement costs where appropriate reflect optimisation due to over-design or surplus capacity.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for modern equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth and location. If recent contract cost information is considered out of date, it is indexed using Statistics New Zealand's Capital Goods Price Index (based on the March 2018 quarter index) for civil constructions to convert them to current dollar value at the valuation date.
- 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 and Expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

The fair value of infrastructural assets will be revised at three yearly 'rolling' intervals. The most recent valuations are performed by Council engineers and are peer reviewed by independent valuers Beca Valuation Services Limited. The effective dates of these valuations are:

- Water reticulation system: 30 June 2018
- Wastewater reticulation system: 30 June 2017
- Wastewater treatment plant & facilities: 30 June 2018
- Stormwater and land drainage system: 30 June 2017
- Roading network: 30 June 2018
- Parks and reserves assets: 30 June 2015
- Landfill assets: 30 June 2018

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

In the sewerage revaluation report a key assumption is that Council will need to cease disposing of treated effluent into the forest from 2022 and will start disposing treated effluent into the lake. In order to meet the increased resource consent requirements of disposing into a lake an upgrade is required to a full membrane bio reactor process. This upgrade will be funded by engaging a private operator on a 25 year contract to design, build and fund the upgrade. i.e. the existing treatment plant will be retained and upgraded.

In the roading revaluation, which includes footpaths, there has been a change in methodology used to value pavement and seal assets, compared to previous valuations. This change in methodology utilises different RAMM tables and has resulted in an approximate 6% reduction in the depreciated replacement cost values of these groups.

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 amount of these assets at 30 June 2018 is \$25,826 million.

IMPAIRMENT

Impairment losses of \$nil (2017: \$nil) have been recognised for the year. The impairment has been recognised in the Statement of Comprehensive Revenue and Expense in the line item 'impairment of property, plant and equipment'.

No compensation was received from third parties for items of PPE that were impaired, lost or given up.

WORK IN PROGRESS

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

	Council and Group	
	2018	2017
	\$000	\$000
Operational Assets		
Land	155	-
Buildings	2,512	8,882
Art collections	582	85
Plant and equipment	3,786	235
Infrastructural Assets		
Parks and reserves	11,011	4,850
Roading and footpaths	3,725	1,100
Sewerage - treatment plant and facilities	10,290	2,006
Sewerage - other	5,327	4,456
Stormwater	1,285	528
Water - treatment plant and facilities	955	217
Water - other	-	831
Land under roads	-	26
Restricted Assets		
Landfill	74	74
Total Work in Progress	39,702	23,290

LEASING

The net carrying amount of plant and equipment held under financing leases is \$nil (2017: \$nil).

SECURITY

No tangible assets are pledged as security for liabilities.

18: INTANGIBLE ASSETS

	Council Carbon Credits	Computer Software	Goodwill	Terax Intellectual Property	Total	Group Total
	\$000	\$000	\$000	\$000	\$000	\$000
Cost						
Balance as at 1 July 2017	18	8,149	95	-	8,262	8,432
Additions	-	1,739	-	-	1,739	2,169
Transfers from property, plant and equipment	-	-	-	-	-	-
Disposals	-	-	-	-	-	(65)
Revaluation	-	-	-	-	-	-
Balance as at 30 June 2018	18	9,888	95	-	10,001	10,536
Balance as at 1 July 2016	1,340	6,203	95	2,542	10,180	10,333
Additions	-	1,873	-	-	1,873	1,890
Transfers from property, plant and equipment	-	76	-	-	76	76
Disposals	(1,322)	(3)	-	(2,542)	(3,867)	(3,867)
Revaluation	-	-	-	-	-	-
Balance as at 30 June 2017	18	8,149	95	-	8,262	8,432
Accumulated amortisation and impairment						
Balance as at 1 July 2017	-	6,022	-	-	6,022	6,118
Amortisation charge	-	287	-	-	287	289
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Balance as at 30 June 2018	-	6,309	-	-	6,309	6,407
Balance as at 1 July 2016	-	5,562	-	-	5,562	5,657
Amortisation charge	-	460	-	-	460	461
Balance as at 30 June 2017	-	6,022	-	-	6,022	6,118
Carrying amounts						
Balance as at 30 June 2017	18	2,127	95	-	2,240	2,314
Balance as at 30 June 2018	18	3,579	95	-	3,692	4,129

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 2016-17, the Council forfeited 9,127 carbon credit units in order to meet its 2016 calendar year carbon credit emissions liability. The Council also sold 45,402 units under the terms of agreement with Council's solid waste contractor, as the contractor will be liable for any future carbon credit liability. As at 30 June 2018 the Council's residual closing balance of 1,014 carbon credit units were revalued based on the market spot rate at balance date.

The Council considers there has been no impairment of carbon units held, as they are expected to be fully utilised in satisfying carbon obligations from its landfill operations. Carbon units have been assessed as have an indefinite useful life as they have no expiry date and will continue to have economic benefit for as long as the Emissions Trading Scheme is in place.

GOODWILL

In May 2013, the Council purchased a Café business (the 'Museum Café'). Goodwill on acquisition was \$212,000. In 2013-14, an impairment loss of \$117,000 was recognised in the Statement of Comprehensive Revenue and Expense under 'other expenses' (see note 9). Due to the Museum being closed to the public and subject to ongoing seismic assessments being undertaken, the operations of the café have been put on hold until further notice.

The Council has assessed that Goodwill generally has an indefinite life. The outcome of the seismic assessments, remedial solutions offered and the Council's (yet to be determined) final decision on its preferred option, will all be determining factors in assessing any impairment of goodwill going forward.

TERAX INTELLECTUAL PROPERTY

Terax intellectual property represents costs spent to date on the design and development of technology for the enhanced treatment of organic landfill waste. These costs were written off in 2017 as it has been determined that this project is of no financial value.

WORK IN PROGRESS

Terax intellectual property represents costs spent to date on the design and development of technology for the enhanced treatment of organic landfill waste. These costs both incurred in the current year and those in work in progress at the beginning of the year, have been written off to the Statement of Comprehensive Income and Expense, as it has been determined that this project is of no financial value.

SECURITY

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

19: DEPRECIATION AND AMORTISATION EXPENSE BY ACTIVITY

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Directly attributable depreciation and amortisation expense by group of activity				
Community facilities	5,748	3,632	5,748	3,632
Community safety	32	40	32	40
District development	480	221	480	221
Governance	2,238	2,606	4,817	5,238
Inner city services	357	334	357	334
Open spaces and recreation	2,014	1,729	2,014	1,729
Roads and footpaths	6,278	5,180	6,278	5,180
Sewage disposal	5,694	5,026	5,694	5,026
Stormwater	2,844	2,076	2,844	2,076
Waste management	136	173	136	173
Water supplies	2,598	2,715	2,598	2,715
Total directly attributable depreciation and amortisation by activity	28,419	23,732	30,998	26,364
Depreciation and amortisation not directly related to group of activities	-	-	-	-
Total depreciation and amortisation expense	28,419	23,732	30,998	26,364

20: FORESTRY ASSETS

Council's forestry assets are recognised as recreational forests, as part of Council's operating assets. The Council owns six forestry stands located at:

- Tutukau Road - this stand measures 10 hectares of Pinus Radiata with a current age of 16 years.
- Near the Rotorua Landfill that measures 2.4 hectares of Pinus Radiata with a current age of 33 years.
- Great West Road spring reserve. Replanting of 2.5 hectares is now planned during the spring season of 2018.
- Hill Road spring reserve measures 1.6 hectares of Pinus Radiata forest with a current age of 28 years.
- Reservoir Road spring reserve measures 7.6 hectares of Pinus Radiata forest with a current age of 15 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 the year of planting and ranges from 4 - 115 years.

TOKORANGI FOREST (REDWOOD FOREST)

In 1993 the Crown Forest License for the Tokorangi Forest (Redwood Forest) was transferred to the 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 license to this effect. The majority of the forest will therefore not be managed commercially.

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

21: PAYABLES AND DEFERRED REVENUE

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Payables and deferred revenue under exchange transactions				
Trade payables and accrued expenses	9,663	7,788	11,099	9,662
Amounts due to subsidiaries and associates	1,382	2,189	521	2
Amounts due to customers for contract work	-	5,670	-	5,670
Retentions accrued for contract work	1,610	1,336	1,610	1,336
Other payables	562	812	574	814
Deposits and bonds	890	983	890	983
Water rates and grants received in advance	1,794	1,329	1,854	1,357
Accrued interest	1,748	1,479	1,748	1,479
	17,649	21,586	18,296	21,303
Payables and deferred revenue under non-exchange transactions				
Taxes payable	-	-	156	102
Rates received in advance (excluding metered water)	2,501	2,419	2,501	2,419
Other payables	1,059	-	1,059	-
Water rates and grants received in advance	363	-	363	-
Other grants and bequests received subject to substantive conditions not yet met	-	603	-	603
	3,923	3,022	4,079	3,124
Total creditors and other payables	21,572	24,608	22,375	24,427

Payables and deferred revenue are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of payables and deferred revenue approximates their fair value.

22. BORROWINGS

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Current portion				
Registered debenture stock	10,000	5,000	10,001	5,001
LGFA borrowing	33,000	13,000	33,000	13,000
Registered security stock	5,960	14,050	5,960	14,050
Total current portion	48,960	32,050	48,961	32,051
Non-current portion				
Registered debenture stock	25,000	35,000	25,000	35,000
LGFA borrowing	115,700	101,700	115,700	101,700
Total non-current portion	140,700	136,700	140,700	136,700
Total borrowings	189,660	168,750	189,661	168,751

FAIR VALUES OF NON-CURRENT BORROWINGS

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Registered debenture stock	26,614	26,889	26,614	26,889
Registered security stock	-	-	-	-
LGFA borrowing	154,258	132,408	154,258	132,408
Derivative valuation	-	-	-	-
Total	180,872	159,297	180,872	159,297

REGISTERED SECURITY STOCK

Security stock of \$5,960,000 (2017: \$14,050,000) 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 \$148.7 million (2017: \$114.7 million) is at fixed interest rates for the term of the stock.

REGISTERED DEBENTURE STOCK

Debenture stock of \$25 million (2017: \$40 million) is at fixed interest rates for the term of the stock. Debenture stock of \$10.0 million (2017: \$14.05 million) is at floating interest rates. The interest rate is reset quarterly or six monthly, based on the equivalent bank bill rate plus a margin for credit risk.

SECURITY

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

The Council does not have an overdraft facility.

TREASURY POLICY COMPLIANCE RATIOS

	Limit	2018	2017
Net Debt / Total Revenue [^]	<175%	158.09%	148.63%
Net Interest / Total Revenue	<20%	5.96%	6.21%
Net Interest / Annual Rates Income	<25%	8.19%	8.39%
Liquidity [a] [*]	>110%	118.18%	117.53%
Liquidity [b] ^{**}	6 mths	within limit	within limit

[^] This Policy limit increases to 250% if Council attains an external long term credit rating of "A" or better.

^{*} Liquidity [a]: external debt less cash or near cash financial investments, plus unutilised but committed loan facilities, to existing external debt.

^{**} Liquidity [b]: external debt less cash or near cash financial investments, plus unutilised but committed loan facilities, less emergency risk funding of \$15 million, to equal a minimum period of forecast net cash outflow including maturing debt on a rolling basis.

The weighted average effective interest rate on borrowings is 4.37% (2017: 4.36%).

23: EMPLOYEE ENTITLEMENTS

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Current				
Payroll payables	444	830	1,263	1,645
Accrued pay	303	-	303	18
Accrued leave	2,220	2,211	2,529	2,569
Long service leave	54	52	71	126
Sick leave	-	80	-	80
Total current	3,021	3,173	4,166	4,438

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Non current				
Long service leave	24	22	24	22
Retirement gratuities	85	83	85	83
Total non current	109	105	109	105

The present value of retirement and long service leave obligations depend upon 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 the 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 1.75% (2017: 2.25%) and a salary inflation factor of 1.5% (2017: 0.4%) have been used.

24: PROVISIONS

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Current provisions are represented by:				
Weather-tightness claims	75	165	75	165
Landfill aftercare provisions	20	20	20	20
ACC accredited employers programme	-	-	28	74
Provision for grants not yet uplifted	-	15	-	15
Total current provisions	95	200	123	274
Non-current provisions are represented by:				
Landfill aftercare provision	2,131	2,166	2,131	2,166
Provision for refund of rates	69	69	69	69
Total non-current provisions	2,200	2,235	2,200	2,235
Total provisions	2,295	2,435	2,323	2,509

Movements for each class of provisions are as follows:

Council and Group	Weather-tightness claims	Landfill aftercare	Refund of rates	Grants not yet uplifted	ACC Accreditation
	\$000	\$000	\$000	\$000	\$000
2018					
Balance at 1 July 2017	165	2,186	69	15	74
Additional provisions made during the year	-	-	-	-	-
Amounts used during the year	(90)	-	-	(15)	(46)
Discount unwinding	-	(35)	-	-	-
Balance at 30 June 2018	75	2,151	69	-	28
2017					
Balance at 1 July 2016	354	1,831	69	18	117
Additional provisions made during the year	-	355	-	-	-
Amounts used during the year	(189)	-	-	(3)	(43)
Discount unwinding	-	-	-	-	-
Balance at 30 June 2017	165	2,186	69	15	74

WEATHER-TIGHTNESS CLAIMS

There is currently one claim lodged with the Weathertight Homes Resolution Service (WHRS) and the Financial Assistance Package as at 30 June 2018 (2017: two). This claim relates to weathertightness issues of homes in the Rotorua area and name the Council as well as other parties. Council has recognised a provision of \$75,000 for actual and any potential future claims, which has been based on historical average claim levels and other information held.

The actual costs to 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. This allows assumptions to be made on the percentage of homes that experience issues and that will likely result in a successful weather-tightness 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 future management of the landfill will influence the timing of recognition of some liabilities.

The current remaining capacity of the site is 40,000 cubic metres, with a potential to increase up to 2,360 million cubic metres.

The estimated remaining life is 41 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 15 year's time. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 4.75%.

Subsequent to a Request for Proposal process, Council selected a partner to work with to review the future development of the landfill site. Due to identified financial, environmental and health and safety risks with the landfill, Council and Waste Management New Zealand Limited are looking to cap and seal the current landfill stages by late 2018 after constructing a transfer station on-site to act as a collection point for the District waste before being loaded to another waste disposal facility. The landfill has potential airspace for more stages, however the investment required to develop additional stages is subject to further study with regards to the viability of the landfill as a regional facility. The landfill aftercare provision does not reflect the Request for Proposal implications, due their current uncertainty.

REFUND OF RATES

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

25: EQUITY

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Accumulated funds				
Balance as at 1 July 2017	717,661	723,323	718,341	723,323
Net surplus/(deficit)	(1,617)	(6,820)	(1,084)	(6,141)
Transfers from asset revaluation reserves on disposal of PPE and intangible assets	627	1,216	(584)	1,217
Transfers (to)/from self-funding reserve	-	74	-	74
Transfers (to)/from Council-created reserve	17	(7)	17	(7)
Transfers (to)/from restricted reserve	1,029	(125)	1,029	(125)
Balance at 30 June 2018	717,717	717,661	717,719	718,341

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 reserve balances represent accumulated balances to date of such activities.

Council and Group 2018	Opening balance 01/07/17	Deposits	Withdrawals	Interest earned / charged to 30/06/18	Transfer to accumulated funds	Closing balance 30/06/18
	\$000	\$000	\$000	\$000	\$000	\$000
Pensioner housing	1,556	-	-	-	-	1,556
Total self-funding reserves	1,556	-	-	-	-	1,556

Council and Group 2017	Opening balance 01/07/16	Deposits	Withdrawals	Interest earned / charged to 30/06/17	Transfer to accumulated funds	Closing balance 30/06/17
	\$000	\$000	\$000	\$000	\$000	\$000
Pensioner housing	1,631	220	(295)	-	-	1,556
Total self-funding reserves	1,631	220	(295)	-	-	1,556

The Council owns a number of properties held to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are therefore accounted for as property, plant, and equipment rather than as investment property.

COUNCIL-CREATED RESERVES

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

Council and Group 2018	Opening balance 01/07/17	Deposits	Withdrawals	Interest earned / charged to 30/06/18	Transfer to accumulated funds	Closing balance 30/06/18
	\$000	\$000	\$000	\$000	\$000	\$000
Reporoa Domain	78	7	(26)	-	-	59
Waikite Domain	21	2	-	-	-	23
Total Council-created reserves	99	9	(26)	-	-	82

Council and Group 2017	Opening balance 01/07/16	Deposits	Withdrawals	Interest earned / charged to 30/06/17	Transfer to accumulated funds	Closing balance 30/06/17
	\$000	\$000	\$000	\$000	\$000	\$000
Reporoa Domain	73	5	-	-	-	78
Waikite Domain	19	2	-	-	-	21
Total Council-created reserves	92	7	-	-	-	99

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 the 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 or a third party.

Council and Group 2018	Opening balance 01/07/17	Deposits	Withdrawals	Interest earned / charged to 30/06/18	Closing balance 30/06/18
	\$000	\$000	\$000	\$000	\$000
Te Arawa Lakes Enhancement Reserve	3,319	-	(1,768)	-	1,551
Reserves development	2,221	739	-	-	2,959
Creative NZ Reserve	23	-	-	-	23
Total Restricted reserves	5,562	739	(1,768)	-	4,533

Council and Group 2017	Opening balance 01/07/16	Deposits	Withdrawals	Interest earned / charged to 30/06/17	Closing balance 30/06/17
	\$000	\$000	\$000	\$000	\$000
Te Arawa Lakes Enhancement Reserve	3,505	-	(187)	-	3,319
Reserves development	1,909	312	-	-	2,221
Creative NZ Reserve	22	1	-	-	23
Total Restricted reserves	5,436	313	(187)	-	5,562

RESTRICTIONS

Te Arawa Lakes Enhancement Reserve - Committed funding received from the Ministry for the Environment towards various Te Arawa Lakes Enhancement projects.

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 are held and used in accordance with the policies of organisations external to Council; for example Council allocates funds on behalf of Creative New Zealand on application for funding. Funding rounds occur approximately two times per year, dependent on funds available.

CASHFLOW HEDGE RESERVE

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Opening balance	(246)	(390)	(246)	(390)
Valuation gains/(losses) taken to equity	156	144	156	144
Closing balance	(90)	(246)	(90)	(246)

FAIR VALUE THROUGH EQUITY RESERVE

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Opening balance	789	87	110	87
Transfers to accumulated funds	-	-	-	-
Valuation gains/(losses) taken to equity	17,451	702	(132)	23
Closing balance	18,240	789	(22)	110

ASSET REVALUATION RESERVES - PROPERTY, PLANT AND EQUIPMENT 2018

Council	2018 asset revaluation reserve for each asset class consist of:						
	Opening balance 01/07/17	Transfers relating to prior period	Transfers between asset classes	Revaluation gains / losses during year	Transfer to accumulated funds on disposal	Other transfers	Closing balance 30/06/18
2018	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Art collections	18,537	-	-	-	-	-	18,537
Buildings	48,584	-	-	-	(165)	-	48,419
Land - operational	7,174	-	-	256	(145)	-	7,285
Land - restricted	4,446	-	-	-	-	-	4,446
Landfill	6,366	-	-	789	215	-	7,370
Library books	335	-	-	-	-	-	335
Parks & reserves	2,030	-	-	-	(8)	-	2,022
Roading and footpaths	102,984	-	-	(2,954)	(195)	-	99,835
Stormwater	59,763	-	-	-	-	-	59,763
Sewerage - other	5,685	-	-	2,312	536	-	8,533
Water - other	41,643	-	-	13,985	(865)	-	54,763
Total	297,547	-	-	14,388	(627)	-	311,308

Group	2018 asset revaluation reserve for each asset class consist of:						
	Opening balance 01/07/17	Transfers relating to prior period	Transfers between asset classes	Revaluation gains / losses during year	Transfer to accumulated funds on disposal	Other transfers	Closing balance 30/06/18
2018	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Art collections	18,537	-	-	-	-	-	18,537
Buildings	48,584	-	-	2,111	(165)	-	50,530
Land - operational	7,174	-	-	256	(145)	-	7,285
Land - restricted	4,446	-	-	14,940	-	-	19,386
Landfill	6,366	-	-	789	215	-	7,370
Library books	335	-	-	-	-	-	335
Parks & reserves	2,030	-	-	-	(8)	-	2,022
Roading and footpaths	102,984	-	-	(2,954)	(195)	-	99,835
Stormwater	59,763	-	-	-	-	-	59,763
Sewerage - other	5,685	-	-	2,312	536	-	8,533
Water - other	41,643	-	-	13,985	(865)	-	54,763
Total	297,547	-	-	31,439	(627)	-	328,359

ASSET REVALUATION RESERVES - PROPERTY, PLANT AND EQUIPMENT 2017

Council and Group	2017 asset revaluation reserve for each asset class consist of:						
	Opening balance 01/07/16	Transfers relating to prior period	Transfers between asset classes	Revaluation gains / losses during year	Transfer to accumulated funds on disposal	Other transfers	Closing balance 30/06/17
2017	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Art collections	18,537	-	-	-	-	-	18,537
Buildings	13,476	-	-	35,115	(7)	-	48,584
Land - operational	-	-	-	7,174	-	-	7,174
Land - restricted	-	-	-	4,446	-	-	4,446
Landfill	7,220	-	-	(663)	(191)	-	6,366
Library books	335	-	-	-	-	-	335
Parks & reserves	2,041	-	-	-	(11)	-	2,030
Roading and footpaths	102,984	-	-	-	-	-	102,984
Stormwater	50,958	-	-	9,147	(342)	-	59,763
Sewerage - other	6,923	-	-	(1,446)	208	-	5,685
Water - other	41,647	-	-	-	(4)	-	41,643
Total	244,121	-	-	53,773	(347)	-	297,547

Group	2017 asset revaluation reserve for each asset class consist of:						
	Opening balance 01/07/16	Transfers relating to prior period	Transfers between asset classes	Revaluation gains / losses during year	Transfer to accumulated funds on disposal	Other transfers	Closing balance 30/06/17
2017	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Art collections	18,537	-	-	-	-	-	18,537
Buildings	13,476	-	-	35,115	(7)	-	48,584
Land - operational	-	-	-	7,174	-	-	7,174
Land - restricted	-	-	-	4,446	-	-	4,446
Landfill	7,220	-	-	(663)	(191)	-	6,366
Library books	335	-	-	-	-	-	335
Parks & reserves	2,041	-	-	-	(11)	-	2,030
Roading and footpaths	102,984	-	-	-	-	-	102,984
Stormwater	50,958	-	-	9,147	(342)	-	59,763
Sewerage - other	6,923	-	-	(1,446)	208	-	5,685
Water - other	41,647	-	-	-	(4)	-	41,643
Total	244,121	-	-	53,773	(347)	-	297,547

ASSET REVALUATION RESERVE - INTANGIBLES

Council and Group

	Opening balance 01/07/17	Revaluation gains / losses during year	Transfer to accumulated funds on disposal	Closing balance 30/06/18
2018	\$000	\$000	\$000	\$000
Carbon credits	16			16
Total	16	-	-	16

Council and Group

	Opening balance 01/07/16	Revaluation gains / losses during year	Transfer to accumulated funds on disposal	Closing balance 30/06/17
2017	\$000	\$000	\$000	\$000
Carbon credits	896	(10)	(870)	16
Total	896	(10)	(870)	16



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26: RECONCILIATION OF NET SURPLUS (DEFICIT) AFTER TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Surplus / (deficit) after tax	(1,617)	(6,820)	(1,084)	(6,141)
Add / (less) non cash items:				
Depreciation	28,116	23,272	30,709	25,905
Amortisation	287	460	289	460
Impairment of PPE / intangible assets	-	-	-	-
Impairment of accounts receivable	564	306	564	308
Impairment of assets held for sale	-	-	-	-
Vested assets and assets recognised for the first time	(443)	(33)	(443)	(33)
(Gains) / losses in fair value of forestry assets	-	-	-	-
Add / (less) items classified as investing or financing activities:				
(Gains) / losses on disposal of property, plant and equipment	2,770	3,175	3,940	3,173
(Gains) / losses on disposal of intangibles	-	2,542	-	2,542
Movement in capital creditors	274	(2,494)	274	(2,494)
(Gains) / losses in fair value of derivatives	-	-	(157)	-
(Gains) / losses in fair value of investments	-	36	550	96
Add / (less) movements in working capital items:				
Debtors and other receivables	2,833	(3,559)	1,407	(717)
Inventories	46	330	36	338
Creditors and other payables	39	3,687	(2,635)	638
Provision for taxation	-	-	797	-
Provisions	(140)	166	(186)	183
Employee benefits	(148)	(255)	(268)	(25)
Net cash inflow / (outflow) from operating activities	32,581	20,813	33,793	24,233

27: CAPITAL COMMITMENTS AND OPERATING LEASES

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Capital commitments				
Buildings	269	5,558	269	5,558
Parks and reserves	665	1,159	665	1,159
Roading	17,418	9,982	17,418	9,982
Stormwater	4,289	27	4,289	27
Wastewater - other	10,404	914	10,404	914
Wastewater treatment	8,083	667	8,083	667
Water - other	179	84	179	84
Water treatment	-	41	-	41
Intangibles	402	965	402	965
Plant and equipment	47	973	868	1,126
Vehicles	108	135	108	135
Total capital commitments	41,864	20,505	42,685	20,658

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 leases are as follows:

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Not later than one year	251	354	602	705
Later than one year but not later than two years	210	199	210	284
Later than two year but not later than five years	311	490	1,077	640
Later than five years	1,107	1,029	1,107	1,029
Total non-cancellable operating lease commitments as lessee	1,879	2,072	2,996	2,658
Total commitments	43,743	22,577	45,681	23,316

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2017: \$nil).

In general, leases can be renewed at the Group's option, with rents set by reference to current market rates for items of equivalent age and condition. For some lease agreements, the Group has the option to purchase the asset at the end of the lease term.

For the majority of lease agreements, there are no restrictions placed on the Group by any of the leasing arrangements.

OPERATING LEASES AS LESSOR

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

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Not later than one year	1,192	1,152	1,192	1,152
Later than one year but not later than two years	1,011	653	1,011	653
Later than two year but not later than five years	2,865	1,311	2,865	1,311
Later than five years	9,234	3,007	9,234	3,007
Total non-cancellable operating leases as lessor	14,302	6,123	14,302	6,123

No contingent rents have been recognised during the period.

28: CONTINGENCIES

CONTINGENT LIABILITIES

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Financial guarantees				
Financial guarantees to community and sporting groups	67	83	67	83
Performance bond				
Performance bond BNZ on behalf of Tourism Rotorua	-	-	-	-
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	5,790	481	5,790	481
Total contingent liabilities	7,389	2,096	7,389	2,096

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.

SUSPENSORY LOAN

The Housing New Zealand suspensory loan has been spent on specific social housing projects in accordance with the loan agreement. The Council is not required to repay the principal, including interest and costs, provided the Council meets the conditions of the loan during a 20 year period commencing December 2005. The loan is secured by first ranking mortgage over the land.

LEGAL PROCEEDINGS

The Council is currently facing six legal claims (2017: six). An estimate of Council's share of exposure is \$5,790,000 (2017: \$481,000), 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 avenues.

UNQUANTIFIED CLAIMS

As disclosed in note 24, a provision of \$75,000 (2017: \$165,000) has been recognised for weathertightness claims. Included in this amount is an estimate of \$Nil (2017: \$75,000) being the 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 the 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.

In April 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and distributed by CHH. The MOE's original claim against CHH was for 833, 16 of which are located within the Rotorua District.

In 2016, CHH commenced proceedings against 48 Councils, including Rotorua District Council, alleging breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates.

During the year the Councils sought to strike out CHH's claim against them. The High Court declined the strike out of the claim, but struck out proceedings in relation to 28 school buildings (13 in the Rotorua District) built outside the 10 year long stop contained within the Building Act 2004. Further, CHH applied for trial staging, with proceedings to commence in relation to 20 buildings. MOE opposed the application, seeking a trial on the determination of whether shadowclad is inherently defective. The High Court accepted the MOE proposal. CHH has appealed this decision. The schools affected in the Rotorua District are Rotokawa School, Mokoia Intermediate School and Westbrook School.

At present, there is still insufficient information to conclude on potential liability and claim quantum, if any.

RiskPool provides public liability and professional indemnity for its members, of which Council is no longer a member. The trust deed of RiskPool provides that, if there is a shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any fund year, then the board may make a call on members in relation to that fund year. No further calls for additional contributions have occurred since 2012-2013 (the year Council exited RiskPool), and RiskPool have advised that, at the time of publication of this report, there will be no need to make a call for funds up to the year the Council exited the scheme. However, it is possible that further calls could still be made relating to those prior fund years, and a liability will be recognised for the future calls when there is more certainty over the amount of the calls.

The Council is a participating employer in the National Provident Fund (NPF) 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 2018 the Scheme had a past surplus of \$6.6 million (106.1% of the liabilities). This amount is exclusive of Employer Superannuation Contribution Tax. This surplus was calculated using a discount rate equal to the expected return on the assets, but otherwise the assumptions and methodology were consistent with the requirements of PBE IPSAS25.

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

LOCAL GOVERNMENT FUNDING AGENCY

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

As at 30 June 2018, the Council is one of 31 local authority shareholders and 45 local authority guarantors of the LGFA. Together with the other shareholders and guarantors, the Council is a guarantor of all of the LGFA's borrowings. At 30 June 2018, the LGFA had borrowings totalling \$8.3 billion (2017: \$7.9 billion).

Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- it is not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to raise sufficient funds to meet any debt obligations if further funds were required.

CONTINGENT ASSETS

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Loan guarantees				
Rotorua Badminton Club Incorporated	223	30	223	30
Rotorua Hockey Trust & BOP Hockey Association	350	108	350	108
Total loan guarantees	573	138	573	138

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 should the club vacate the facility, or defaults on the Council-guaranteed loan. Until this event occurs, these asset are not recognised in the Statement of Financial Position.

As at 30 June 2018 there are two facilities with a book value of \$573,511 (2017: \$138,000).

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Suspensory loans				
John Paul College	35	55	35	55
Total suspensory loans	35	55	35	55
Total contingent assets	608	193	608	193

29: RELATED PARTY TRANSACTIONS

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Council and Group would have otherwise adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council Group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such Group transactions.

	2018	Council
	\$000	2017
		\$000
Key management personnel compensation		
Salaries and other short term employee benefits	2,109	1,227
Other long term benefits	-	32
Termination benefits	-	127
Councillors salaries	672	646
Total Group key management remuneration	2,781	2,032
Total full-time equivalent personnel	20	18

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

30: REMUNERATION

CHIEF EXECUTIVE'S REMUNERATION

The Chief Executive of Rotorua Lakes Council is appointed under Part 4, section 42, of of the Local Government Act 2002. The Chief Executive received the following remuneration:

	2018	Council 2017
	\$	\$
Salary	330,340	325,477
Vehicle (including Fringe Benefit Tax)	16,160	13,105
	346,500	338,582
Other benefits:		
Professional Association Fees	275	275
Superannuation	-	-
Total other benefits	275	275
Total normal remuneration	346,775	338,857
Severance payment	-	-
Payment for accrued leave on cessation	-	-
Total normal remuneration and amount paid	346,775	338,857

ELECTED REPRESENTATIVES

Elected representatives received the following remuneration:

	Honoraria	Other Fees	Total	Total
	2018	2018	2018	2017
	\$	\$	\$	\$
Mayor				
Chadwick S	130,579	-	130,579	128,415
Chadwick S - Mayor's vehicle	5,573	-	5,573	3,654
Councillors				
Bentley P	45,137	-	45,137	44,726
Donaldson D	65,477	-	65,477	57,514
Gould M	45,137	663	45,800	45,032
Hunt K	55,307	15,565	70,872	54,251
Kent R	45,137	2,000	47,137	44,501
Maxwell T H	50,222	-	50,222	48,045
McVicker M (resigned 17/10/16)	-	-	-	14,173
Raukawa-Tait M	55,307	-	55,307	52,396
Searancke G P (resigned 17/10/16)	-	-	-	14,173
Sturt C W	55,307	-	55,307	51,084
Tapsell T	55,307	-	55,307	50,428
Wepa J G (resigned 17/10/16)	-	-	-	16,891
Kumar R (elected 21/11/16)	45,137	-	45,137	26,060
Total Councillor remuneration	653,627	18,228	671,855	651,343
Rotorua Lakes/Rural Community Boards	95,275	-	95,275	80,176
Total Elected Members' remuneration	748,902	18,228	767,130	731,519

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 2017-18. Professional indemnity and trustee liability insurance is also provided to the Councillors against any potential legal litigation which may occur while undertaking Council business.

COUNCIL EMPLOYEES

	Total 2018	Total 2017
Total annual remuneration by band for employees as at 30 June:		
<\$60,000	195	193
\$60,000 - \$79,999	98	96
\$80,000 - \$99,999	51	58
\$100,000 - \$119,999	24	19
\$120,000 - \$139,999	7	6
\$140,000 - \$179,999	8	7
\$180,000 - \$199,999	7	6
>\$200,000	6	6
Total employees	396	391

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 314 (2017: 314) full-time employees, with the balance of staff representing 41.11 (2017: 46.15) full-time equivalent employees. A full-time employee is determined on the basis of a 40 hour working week.

31: SEVERANCE PAYMENTS

During the year, the Council made two severance payments consisting of: \$34,592 and \$2,861 (2017: four payments consisting of \$126,933; \$10,000; \$7,000 and \$4,000).

32: AGENCY RELATIONSHIPS

Council is involved in administering expenditure and revenue on behalf of other organisations as described below.

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

PETROL TAX

	2018 \$000	Percentage %	2017 \$000	Percentage %
Bay of Plenty Local Authority Petrol Tax Distribution for the year ended 30 June:				
Kawerau District Council	68	2.2%	66	2.3%
Opotiki District Council	75	2.5%	72	2.5%
Rotorua District Council	603	20.0%	587	20.1%
Taupo District Council	448	14.8%	443	15.2%
Tauranga City Council	1,062	35.1%	1,007	34.5%
Western BOP District Council	467	15.5%	451	15.5%
Whakatane District Council	299	9.9%	293	10.0%
Total tax distributable to councils	3,022	100.0%	2,919	100.0%

STATE HIGHWAYS ADMINISTRATION

	2018 \$000	2017 \$000
Expenditure on State Highways roading network	661	580
(Reimbursed from New Zealand Transport Agency and Whakatane District Council)		

REGIONAL COUNCIL RATES

	2018 \$000	2017 \$000
Rates were collected on behalf of the following Regional Authorities:		
Bay of Plenty Regional Council	9,448	8,850
	9,448	8,850

33: FINANCIAL INSTRUMENTS

33A: FINANCIAL INSTRUMENT CATEGORIES

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
FINANCIAL ASSETS				
Loans and receivables				
Total cash and cash equivalents (including short-term deposits 3 months or less)	440	1,808	4,961	4,174
Debtors and other receivables (including community loans)	26,725	27,856	10,123	11,176
Borrower notes	2,379	1,819	2,379	1,819
Total loans and receivables	29,544	31,483	17,463	17,169
Fair value through other comprehensive revenue and expense				
Unlisted shares	50,582	33,132	485	495
Total financial assets	80,126	64,615	17,948	17,664
	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Creditors and other payables	16,913	20,257	17,659	20,048
Borrowings:				
Registered debenture stock	35,000	40,000	35,001	40,001
Registered security stock	5,960	14,050	5,960	14,050
LGFA borrowings	148,700	101,700	148,700	114,700
Hedge-accounted derivatives				
Derivative financial instrument liabilities	89	246	-	246
Total financial liabilities	206,662	176,253	207,320	189,045

33B: FAIR VALUE HIERARCHY DISCLOSURES

For those instruments recognised at fair value in the Statement of Financial Position, fair values are determined according to the following hierarchy:

Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets.

Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the Statement of Financial Position:

	Total	Quoted market price	Valuation technique observable inputs	Significant non- observable inputs
2018	\$000	\$000	\$000	\$000
COUNCIL				
Financial assets				
Borrower notes	2,379	-	2,379	-
Shares	50,582	-	-	50,582
Financial liabilities				
Registered debenture stock	35,000	-	35,000	-
Registered security stock	5,960	-	5,960	-
LGFA borrowings	148,700	-	148,700	-
Derivatives	89	-	89	-
GROUP				
Financial assets				
Borrower notes	2,379	-	2,379	-
Shares	495	-	-	495
Financial liabilities				
Registered debenture stock	35,001	-	35,001	-
Registered security stock	5,960	-	5,960	-
LGFA borrowings	148,700	-	148,700	-
Derivatives	89	-	89	-

	Total	Quoted market price	Valuation technique observable inputs	Significant non- observable inputs
2017	\$000	\$000	\$000	\$000
COUNCIL				
Financial assets				
Borrower notes	1,819	-	1,819	-
Shares	33,132	-	-	33,132
Financial liabilities				
Registered debenture stock	40,000	-	40,000	-
Registered security stock	15,050	-	15,050	-
LGFA borrowings	113,700	-	113,700	-
Derivatives	246	-	246	-
GROUP				
Financial assets				
Borrower notes	1,819	-	1,819	-
Shares	495	-	-	495
Financial liabilities				
Registered debenture stock	40,001	-	40,001	-
Registered security stock	15,050	-	15,050	-
LGFA borrowings	113,700	-	113,700	-
Derivatives	246	-	246	-

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

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

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

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Balance at 1 July	33,131	32,174	495	471
Capital movement	125	532	-	-
Change in fair value of investment	17,205	702	(132)	23
Gains and losses recognised in other comprehensive revenue and expense	122	(277)	132	1
Balance at 30 June	50,582	33,131	495	495

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, seeking to minimise any 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 the 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 may require it to enter into transactions denominated in a foreign currency. 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 cashflows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at a variable interest rate expose the Council to cashflow interest rate risk.

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

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

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

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

CREDIT RISK

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

Financial instruments which potentially subject the Council to credit risk consist of bank balances, term deposits, rates, other receivables and 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	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Cash at bank and short-term deposits	440	1,808	4,961	4,174
Debtors and other receivables (including community loans)	26,725	27,856	10,123	11,176
Borrower notes	2,379	1,819	2,379	1,819
Unlisted shares	50,582	33,132	485	495
Financial guarantees	89	246	67	83
Total	80,215	64,861	18,015	17,747

The Council is exposed to credit risk as a guarantor of all of NZ LGFA's borrowings. Information about this exposure is explained in note 28.

CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due or impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Counterparties with credit ratings:				
Cash at bank and term deposits (AA-)	440	1,808	4,961	4,174
Total cash at bank and term deposits	440	1,808	4,961	4,174
Borrower notes (AA+/A-1)	2,379	1,819	2,379	1,819
Total borrower notes	2,379	1,819	2,379	1,819
Counterparties without credit ratings:				
Unlisted shares	50,582	33,132	485	495
Total unlisted shares	50,582	33,132	485	495
Community and related party loans				
Existing counter-party with no defaults in the past	15,151	14,333	151	213
Total community and related party loans	15,151	14,333	151	213

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 concentration 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 \$40 million (2017: \$40 million). There are no restrictions on the use of this facility.

Contractual maturity analysis of financial liabilities

The table below analyses the Council's financial liabilities into relevant maturity groupings based on the remaining period as at 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	Contractual cashflows	Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years
		\$000	\$000	\$000	\$000	\$000
Council 2018						
Creditors and payables	16,913	16,913	16,913	-	-	-
Financial guarantees	573	573	573	-	-	-
Registered debenture stock	35,000	39,184	11,564	16,302	11,318	-
Registered security stock	5,960	6,190	6,190	-	-	-
LGFA borrowings	148,700	182,329	39,286	4,716	48,677	89,650
Derivatives	89	89	89	-	-	-
Total	207,235	245,278	74,615	21,018	59,995	89,650
Group 2018						
Creditors and payables	17,659	17,659	17,659	-	-	-
Financial guarantees	573	573	573	-	-	-
Registered debenture stock	35,001	39,184	11,564	16,302	11,318	-
Registered security stock	5,960	6,190	6,190	-	-	-
LGFA borrowings	148,700	182,329	39,286	4,716	48,677	89,650
Derivatives	-	-	-	-	-	-
Total	207,893	245,935	75,272	21,018	59,995	89,650
Council 2017						
Creditors and payables	20,257	20,258	20,258	-	-	-
Registered debenture stock	40,000	45,787	5,077	10,742	17,211	12,757
Registered security stock	14,050	14,823	14,823	-	-	-
LGFA borrowings	101,700	135,574	13,326	35,699	35,670	50,879
Derivatives	246	390	390	-	-	-
Total	176,253	216,832	53,874	46,441	52,881	63,636
Group 2017						
Creditors and payables	20,048	20,048	20,048	-	-	-
Registered debenture stock	40,001	47,450	5,130	10,795	18,768	12,757
Registered security stock	14,050	14,823	14,823	-	-	-
LGFA borrowings	101,700	135,574	13,326	35,699	35,670	50,879
Derivatives	246	390	390	-	-	-
Total	176,045	218,285	53,717	46,494	54,438	63,636

The Council is exposed to liquidity risk as a guarantor of all of NZ LGFA's borrowings. The guarantee becomes callable in the event of the NZ LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 28.

Contractual maturity analysis of financial assets

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

	Carrying amount	Contractual cashflows	Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years
		\$000	\$000	\$000	\$000	\$000
Council 2018						
Cash and cash equivalents (including short term deposits 3 months or less)	440	440	440	-	-	-
Debtors and other receivables	28,341	28,341	28,341	-	-	-
Other financial assets:						
• Borrower notes	2,379	2,379	528	-	592	1,259
• Unlisted shares	50,582	50,582	50,582	-	-	-
Total	81,742	81,742	79,891	-	592	1,259
Group 2018						
Cash and cash equivalents (including short term deposits 3 months or less)	4,961	4,961	4,961	-	-	-
Debtors and other receivables	10,123	10,123	10,123	-	-	-
Other financial assets:						
• Borrower notes	2,379	2,379	528	-	592	1,259
• Unlisted shares	485	485	485	-	-	-
Total	17,948	17,948	16,097	-	592	1,259
Council 2017						
Cash and cash equivalents (including short term deposits 3 months or less)	1,808	1,808	1,808	-	-	-
Debtors and other receivables	27,856	27,856	27,856	-	-	-
Other financial assets:						
• Borrower notes	1,819	1,819	192	528	480	619
• Unlisted shares	33,132	33,132	33,132	-	-	-
Total	64,615	64,615	62,988	528	480	619
Group 2017						
Cash and cash equivalents (including short term deposits 3 months or less)	4,174	4,174	4,174	-	-	-
Debtors and other receivables	11,176	11,176	11,176	-	-	-
Other financial assets:						
• Borrower notes	1,819	1,819	192	528	480	619
• Unlisted shares	495	495	495	-	-	-
Total	17,664	17,664	16,037	528	480	619

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 exposure as at balance date:

Council	2018 \$000				2017 \$000			
	-100bps		+100bps		-100bps		+100bps	
	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity
Interest rate risk								
Financial assets								
Cash and cash equivalents	(4)		4		(18)		18	
Financial liabilities								
Derivatives that are hedge-accounted		113		(113)		(127)		124
Borrowings:								
• Debenture stock	59		(59)		89		(89)	
• Security stock	54		(54)		129		(129)	
Total sensitivity	109	-	(109)	-	200	(127)	(200)	124

Group	2018 \$000				2017 \$000			
	-100bps		+100bps		-100bps		+100bps	
	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity
Interest rate risk								
Financial assets								
Cash and cash equivalents	(50)		50		(42)		42	
Financial liabilities								
Derivatives that are hedge-accounted		113		(113)		(127)		124
Borrowings:								
• Debenture stock	59		(59)		89		(89)	
• Security stock	55		(55)		129		(129)	
Total sensitivity	64	-	(64)	-	176	(127)	(176)	124

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 of 100bps is equivalent to a decrease in the interest rate of 1%.

The sensitivity for listed shares has been calculated based on a -10%/+10% (2017: -10%/+10%) movement in the quoted bid share price at the end of the year for the listed shares.

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 (2017: -100bps/+100bps) provided by Bancorp Treasury.

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. Ratepayer's 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:

- **Self-funding reserves:** Self-funding reserves are 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.
- **Council-created reserves:** These reserves are established by Council resolution. Transfers to and from these reserves are at the discretion of Council.
- **Restricted reserves:** Restricted reserves are subject to specific conditions set either by legislation, trust or bequests and the purposes may not be changed without reference to the courts or a third party.

Reserves for different areas of benefit are used where there is a discreet 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 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 the trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

There have been no externally imposed capital requirements to which the Council has been subject to.

35: ADDITIONAL EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

STATEMENT OF COMPREHENSIVE REVENUE

Rotorua Lakes Council recorded a deficit of \$1.62 million compared to a budgeted surplus of \$13.8 million. The major reasons for the negative variance between actual and budgeted result of \$15.4 million are discussed below:

Revenue

Overall revenue was lower than budget by \$0.9 million due to the following:

- Rates - \$0.8million favourable due to a higher collection of general rates, and less remission on rates penalties than envisaged.
- Subsidies and grants - \$4.9m unfavourable overall with \$4.6m relating to the construction timing of the Rotoiti/Rotoma waste water treatment plant.
- Other Revenue was \$1.1m favourable, primarily due to an overall gain of \$1.4m on the sale of property.

Expenditure

Overall expenditure was higher than budget by \$14.6 million due to the following

- Loss on disposal/impairment of plant, property & equipment - Was unbudgeted for and resulted in a \$3.8m unfavourable variance.
- Depreciation Expense - Was unfavourable by \$3.6m primarily due to the effect of the 2017 building revaluation. The building depreciation budget was set prior to the revaluation being available.
- Other Expenses - \$6.1m unfavourable overall and mainly driven by the following reasons:
- Personnel cost are \$0.9m higher than budget due larger amounts of overtime being incurred due to unforeseen events. Further increases are explained by the cost of new hires as a result of staff realignment which were not included in budget figures.
- Utilities are \$0.8m unfavourable due to increase in electricity spot rates.
- Waste Services was \$1.15m higher than budget due to higher Domestic waste disposal cost.

Other comprehensive revenue and expenses was \$3.1m favourable against budget primarily due to the revaluation of council infrastructural assets. This is a non-cash movement reflecting the increased value of designated infrastructural assets.

STATEMENT OF FINANCIAL POSITION

Overall Net assets of \$ 1.053 billion are comparable to the budgeted amount of \$1.014 billion. Significant variances are as follows:

Current Assets

- Non-current assets held for sale were \$0.34 million higher than budget reflecting residential and commercial property that is now surplus to Council requirements.

Non- current assets

- Investments in CCO's are higher than budget by \$12.12m mainly reflecting the gains made by Rotorua Regional Airport Ltd.
- Investments in other entities are higher than budget by \$2.8m due to the increase in holdings of Local Government Funding Authority borrower notes.

Current Liabilities

- Payables and deferred revenue are lower than budget by \$3.1m due to the lower than expected completion of capital project work in June that will be due for payment in July.
- The total of current and non-current borrowings is \$15.2 million higher than budget due to funding capital expenditure earlier than planned.

Non- current liabilities

- Non- current borrowings higher than budget due to less debt being held short term

36: JOINT VENTURES

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:

	2018	Council and Group
	\$000	2017
		\$000
Current assets	195	103
Non-current assets		-
Current liabilities	194	102
Non-current liabilities		-
Income	468	546
Expenses	468	542
Group's interest	50.0%	50.0%
Council's capital commitments in relation to the joint venture	-	-
Share of the joint venture's commitments	-	-
Council's contingent liabilities in relation to the joint venture	-	-
Share of joint venture's contingent liabilities	-	-
Other ventures' contingent liabilities the Council is liable for	-	-

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:

	2018	2017
	\$000	\$000
Current assets	210	352
Non-current assets	64	145
Current liabilities	88	66
Non-current liabilities		-
Income	5	5
Expenses	498	555
Group's interest	50.0%	50.0%
Council's capital commitments in relation to the joint venture	-	-
Share of the joint venture's commitments	-	-
Council's contingent liabilities in relation to the joint venture	-	-
Share of joint venture's contingent liabilities	-	-
Other ventures' contingent liabilities the Council is liable for	-	-

37: INSURANCE

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

As at the end of the financial year, Council had the following insurance cover in place. These policies are due for renewal on 1 November 2018:

MATERIAL DAMAGE - \$650,369,169

The Council's 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 the asset(s) as declared. The Fire Policy has a policy limit of \$70,000,000 for each and every loss, and in the annual aggregate.

FINE ARTS - \$40,320,000

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

COMMERCIAL MOTOR VEHICLES - \$2,063,000

Motor vehicle insurance is up to the market value of each individual vehicle covered under the policy.

INFRASTRUCTURE - \$704,822,265

This policy provides cover for 40% of the loss, with the remaining 60% of the loss to be funded by Central Government. The overall limits on this policy for the Group have been increased to \$500,000,000, with Rotorua District Council having a sub-limit of \$250,000,000.

BUSINESS INTERRUPTION - \$4,050,000

This policy provides cover for loss of rents revenue and receivables. There is a shared \$8 million Additional Increased Cost of Working limit with the Regional collective and this provides cover for consequential loss through physical damage to any property used by Council.

SELF-INSURED ASSETS

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

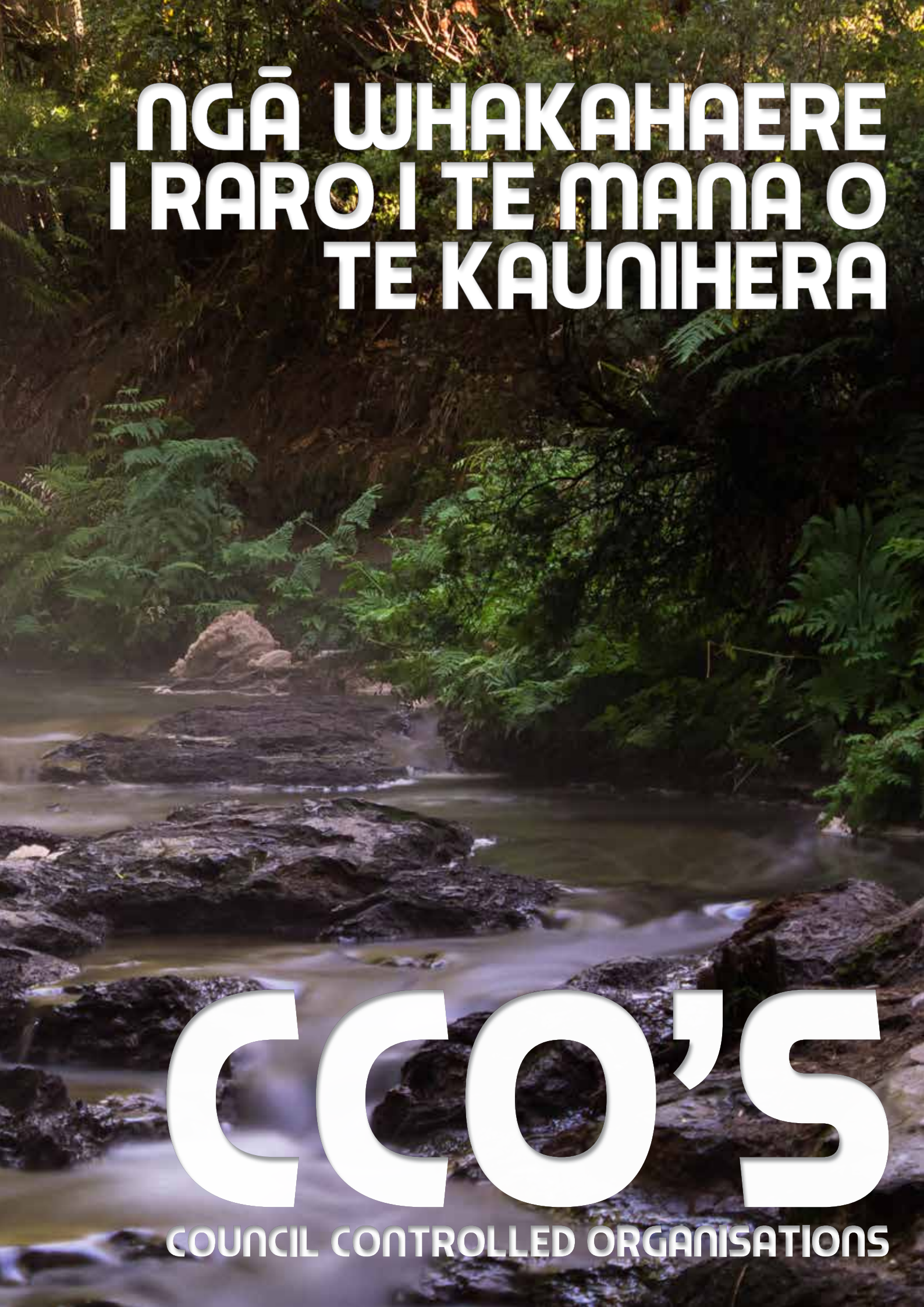
38: EVENTS AFTER BALANCE DATE

There were no significant events after balance date.

ROTORUA LAKES COUNCIL FUNDING IMPACT STATEMENT FOR 2017-2018 FOR WHOLE OF COUNCIL

WHOLE OF COUNCIL	Annual Plan 2016/17 (\$000)	Annual Report 2016/17 (\$000)	Annual Plan 2017/18 (\$000)	Annual Report 2017/18 (\$000)
Sources of operating funding				
General Rates, uniform annual charges, rates penalties	48,304	49,726	51,969	52,975
Targeted Rates	33,122	32,505	33,327	33,006
Subsidies and grants for operating purposes	3,636	4,763	3,759	4,604
Fees and charges	7,902	6,629	8,237	6,330
Interest and Dividends from Investments	100	107	125	579
Local Authorities, fuel tax, fines, infringements fees and other receipts	10,326	10,528	8,206	10,821
Total operating funding (A)	103,390	104,258	105,623	108,315
Applications of operating funding				
Payments to staff and suppliers	74,527	80,782	75,160	83,080
Finance Cost	7,570	7,005	7,457	7,587
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	82,097	87,787	82,617	90,667
Surplus (deficit) of operating funding (A-B)	21,293	16,471	23,006	17,649
Sources of capital funding				
Subsidies and grants for capital expenditure	4,014	6,396	15,642	9,870
Development and financial contributions	-	328	-	741
Increase (decrease) in debt	-	4,650	7,363	20,910
Gross proceeds from sale of assets	1,025	2,278	1,051	1,028
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	5,039	13,652	24,056	32,550
Application of capital funding				
Capital expenditure				
- to meet additional demand	-	-	-	472
- to improve the level of service	8,119	15,078	22,468	31,116
- to replace existing assets	21,481	21,292	24,592	20,048
Increase (decrease) in reserves	(3,268)	(6,486)	2	(3,817)
Increase (decrease) of investments	-	240	-	2,379
Total applications of capital funding (D)	26,332	30,123	47,062	50,198
Surplus (deficit) of capital funding (C-D)	(21,293)	(16,471)	(23,006)	(17,649)
Funding balance ((A-B)+(C-D))	-	-	-	-



A lush green forest with a rocky stream flowing through it. The water is clear and flows over dark, mossy rocks. The surrounding vegetation is dense and vibrant green, with many ferns visible. The lighting is soft, suggesting a shaded forest environment.

NGĀ WHAKAHAERE I RARO I TE MANA O TE KAUNIHERA

CCO'S

COUNCIL CONTROLLED ORGANISATIONS

NGĀ WHAKAHAERE I RARO I TE MANA O TE KAUNIHĒRA

COUNCIL CONTROLLED ORGANISATIONS

ROTORUA REGIONAL AIRPORT LIMITED

OVERVIEW

Rotorua Regional Airport Limited is a limited liability company which trades as Rotorua Airport. It is fully owned by Rotorua Lakes Council, and is a council controlled trading organisation as defined under section 6 of the Local Government Act 2002.

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

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

MANAGEMENT AND GOVERNANCE

The following Directors held office as at 30 June 2018:	Date of appointment
Peter Stubbs (Chairman)	21/05/2014
Wiremu Atetini Kingi	10/12/2002
Stuart Allan Crosby	22/12/2010
Anthony John Marks	01/07/2016

2017-2018 SUMMARY

TOTAL REVENUE

Total revenue for the year was over budget due to better than forecast performance across terminal rental and car parking streams. This resulted from a focused initiative to ensure all rentals were aligned to market levels, representing the unique nature of an airport operating environment.

TOTAL EXPENSES

Total expenses for the year were below budget due to a strong focus on expense minimisation across all airport operations. Further savings will be targeted into FY19 as part of a broader procurement review which is designed to drive cost efficiencies and optimise our working capital.

● ACHIEVED ● NOT ACHIEVED ● NOT MEASURED

PERFORMANCE MEASURES

Non-financial measures	2018 Target	2018 Actual	Performance	2017 Actual
Aircraft movements	6,204	7,246		6,950
Passenger numbers	242,644	246,486		234,929
Customer service & facility rating	7.5 out of 10	7.3		7.5
Number of controllable safety incidents	0	0		0
Number of employee injuries (days off work)	0	1		0

The airport performed well against all non-financial performance measures except for an under-achievement against the Customer Service Rating, being 7.3 versus the target rating of 7.5. This was driven by issues with the current design and condition of the terminal. These issues will be addressed as part of the terminal redevelopment programme, due to commence in late 2018.

In addition, the airport had one employee injury event against a target of zero.

Financial measures	2018 Target	2018 Actual	Performance	2017 Actual
Total Revenue	4,946,340	5,291,904		5,054,044
Total Expenses	4,950,468	4,830,463		4,441,569
Net Surplus (deficit) after tax	-4,128	469,520		612,475
Capital expenditure	4,925,000	1,078,338		438,733

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

NGĀ WHAKAHAERE I RARO I TE MANA O TE KAUNIHERA

COUNCIL CONTROLLED ORGANISATIONS

INFRACORE LIMITED

OVERVIEW

Rotorua Contracting Limited is a limited liability company fully owned by Rotorua Lakes Council, and is a council controlled organisation as defined under section 6 of the Local Government Act 2002. Rotorua Contracting Limited operations are managed by a chief executive reporting to the company's board of directors.

The nature of the business is constructing, maintaining and managing infrastructure and facility assets. Providing high quality cost effective services for the Council in the following areas: three waters, city cleaning, parks operations, civil works, and supply of nursery products.

MANAGEMENT AND GOVERNANCE

The following Directors held office as at 30 June 2017:

Jan Bolton

Ian Boyd

Leith Comer

Israel Hawkins

John McRae

KEY ACHIEVEMENTS

Infracore have achieved nine of the sixteen targets for the year listed in the 2017/18 Statement of Intent. It is only by small margins that seven of the targets have been missed. Of the seven, three are a direct flow on from the profit target not being achieved. For the 2018 year the main financial objective was to target a positive result, as reflected by the \$310k profit target. The final results show the company made a profit of \$66k for the year missing the target by less than 1.7% of total turnover.

The other financial metrics, reported as not achieved, while not in line with the targets originally set, are in line with expectations developed and agreed during the year, reflect the impact of the various decisions taken in consultation with the shareholder regarding debt and equity positions since the start of the year.

KEY ACHIEVEMENTS IN 2017-18 INCLUDED

- Achieving revenue target
- Operate the business in a way that generates appropriate financial returns in accordance with Shareholder objectives
- Be a good employer in providing a safe work environment that recruits, fosters and retains competent, motivated, committed and productive employees

● ACHIEVED ● NOT ACHIEVED ● NOT MEASURED

INFRACORE LIMITED PERFORMANCE MEASURES

Measures	Target	2017/18 Target	2017/18 Result	Status	Comments
Meeting customer's service needs	Average satisfaction ratings from clients for the year that show the business is performing at satisfactory level or better in all its operations. Measured on a scale defined by each client in each area of the business.	Score of 6+	Current average = 7.7	Achieved	As scored by client (Council), averaged across the company's three operational division's - Utilities (the three waters) = 7.2 - Works (Janitorial/Civils/structures/Cityclean) = 8.0 - Parks = 7.8
Cost to serve	Change in total charges for core O&M services to Council, on a like for like, year on year basis show costs move by CPI or less. (budget assumed CPI =1.5%)	<101.1%	98.30%	Achieved	Comparison of charges for core operations and maintenance work for the year as % of same period last year (net of refuse collection work which has been discontinued) Note: Actual annual CPI to Mar 18 Qtr was 1.1%
Ability to win project work	Company tenders for and wins at least 3 pieces of contract project work, with a total combined value in excess of \$1.5m for the year. (both attributes must be met/ exceeded)	\$1.5M	2 Piece Won \$0.6M For 17/18	Not Achieved	\$8.1M of work tendered for in year but only 2 pieces of work won worth \$0.6M for this year thus won't meet targets for year in terms of work won and completed. However, in a good position for the 2018-19 financial year with \$1.7M already won.
Delivery of project work	Achieving both - All projects delivered with timeframes agreed with clients - Project direct costs as % of income across the full project portfolio for the year is equal to, or better (lower) than, the average % targeted for that work in tendering.	<100%	Project work delayed Costs 105% of budget	Not Achieved	Business had two main pieces of contracted project work underway in Q4 and unfortunately both ultimately over ran on time and costs. While some of this was due to delays outside of InfraCore's control there were also ultimately delays due to resourcing issues particularly around skilled staff availability. These delays in turn caused there to be some cost overrun versus budget.
Net Profit Before Tax (NPBT) as a percentage of turnover	NPBT (excluding any budgeted "one off" items) divided by actual turnover is between 2-8%	2-8%	-2.2%	Not Achieved	As noted in the financials with the company making a loss for the year it failed to hit its 2-8% profit target.

Measures	Target	2017/18 Target	2017/18 Result	Status	Comments
Growth in turnover (excluding discontinued services)	Total turnover increase by 5% or more	105%+	100%		InfraCore's turnover for the year was well below budget but overall in line with the turnover for the equivalent services last year. The primary reason for this was the low overall volume of additional tendered works won and as such the company failed to meet its growth target.
Percentage of income not from core O&M services provided to RLC	% of income not from core O&M work is greater than 15%	15%+	21%		Despite the low volume of additional major contract project work the business did pick up a lot of additional minor project work from both Council and 3rd parties to its achieve its overall target.
Charges to Council for core O&M services in dollars per head of population.	\$ value per head of population averages \$152/head or less on an annualised basis. (Assumed 2017 population of 70,500 as per Statistics New Zealand data)	<\$152	\$146.51		Note: Rotorua's latest population estimate is 71,700 which would lower this figure further to around \$144.06 per head of population.
Targeting achieving a ZeroHarm workplace by reducing the company's injury rate and having no serious harm injuries.	Achieving both - A Lost Time Injury Frequency Rate (LTIFR) (per 200,000 hours worked) of 1.5 or less - No serious Harm injuries occurred in current year. This was achieved.	<1.5	6.96		The company has had 14 lost time incidents during the year and while the individual incidents might generally be called relatively minor injuries (strains, sprains etc) in light of the physical work we do, they are all still injuries and the company does not see it as acceptable to have these occurring in the work place. As such the focus is very much on how to bring this injury rate down. In particular in terms of managing strains and sprains the company has an occupational health nurse running programmes with staff on stretching back care and lifting techniques to help raise awareness to prevent these injuries.
Improving staff engagement	Deliver an overall improvement in the externally measured staff engagement score for the company versus the score for the 2016/17 year.	59%+	Not met		Due to the company being in middle of a restructure in June, which would likely unduly distort the results. The decision was made to delay the annual survey, normally conducted in June, until September 2018. As a result the target has to be assumed to have not been met. Result for 2016-17 was 59% a significant improvement on 2015-16 which was at 49%.



GARDENS

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NGĀ WHAKAHAERE I RARO I TE MANA O TE KAUNIHERA

COUNCIL CONTROLLED ORGANISATIONS

ROTORUA ECONOMIC DEVELOPMENT LTD

OVERVIEW

Rotorua Economic Development Limited was created 01 July 2016 following a review of economic development services which resulted in the Council resolving to integrate the functions of the former Economic development CCO Grow Rotorua and Destination marketing business unit Destination Rotorua and Visitor Services (iSITE operations). RED's primary outcome focus is to create value for the Rotorua community through the Rotorua Lakes Council investment in the CCO's activities in partnership with the Rotorua Business community and by being recognised as a key influencer in contributing to the economic transformation components of the Rotorua 2030 vision. The three functional areas of responsibility include business development, investment attraction and tourism growth.

Rotorua Economic Development Limited is a limited liability company and is domiciled in New Zealand.

The Company is a Council Controlled Organisation as defined under Section 6 of the Local Government Act 2002.

STRUCTURE OF THE COMPANY'S OPERATIONS, INCLUDING GOVERNANCE ARRANGEMENTS

The Company comprises of a Board of Directors being:	Date of appointment:
Peter Stubbs - Chairperson	11 May 2016
Michael Barnett ONZM	11 May 2016
Kiri Atkinson-Crean	11 May 2016
Quinton Hall	11 May 2016
Bruce Thomasen	11 May 2016
Mere George	27 July 2016
Christopher Auld	27 July 2016

The following table provides a list of Key Performance Measures (KPM), how achievement will be measured, the results and commentary on RED's business performance for the year ended 30 June. 87% of the KPMs were successfully achieved.

● ACHIEVED ● NOT ACHIEVED ● NOT MEASURED

ROTORUA ECONOMIC DEVELOPMENT PERFORMANCE MEASURES

Key Performance Measure	YE Target June 2018	Result	Comments
Business Development			
Support alignment of Rotorua brand identity and architecture	Complete	Achieved	Engaging with Rotorua Lakes Council for development of Rotorua Brand and alignment with Famously and Elements branding. Attended Council led brand workshops, and briefed Council on our campaign brand activities.
Stakeholder relationship management	Complete	Achieved	Customer Relationship Management (CRM) business rules documented and shared, all relevant staff trained on system – target 100% of key staff.
Service delivery model projects	Complete	Not Achieved	3 out of 4 KPM actions achieved: - Business development clients Net Promotor Score (satisfaction measure) + 90 against target of +60 - Developed action plan on key constraints to business growth - High Performance Business Institute: 3 Fresh Thinking pilot workshops complete - 9 participants in Accelerate growth services (target = 10), another 8 businesses enrolled.
Destination management projects	>=6	Achieved	7 projects delivered: - Manaaki online hospitality training modules - Instagram trail map - Wayfinding analysis - Events leverage and legacy framework - Live, work, study in Rotorua video clips - High net worth and luxury visitor situation analysis - Digital dashboard of key Rotorua information available 24/7 providing relevant information to businesses, investors, talent interested in Rotorua.
Board internships – providing governance experience to young business owners	Complete	Achieved	Programme developed and approved by Board, internship advertised and first intern appointed (Board observer)

Key Performance Measure	YE Target June 2018	Result	Comments
Investment Attraction			
Market analysis reports completed through the new service delivery model and published to DR website with quarterly updates.	>=6	Not Achieved	6 Reports completed for: - Luxury accommodation - Indigenous food - Business relocation - Industrial opportunities - Spa development - Start-ups. Reports completed however due to technical issues they were not published to DR website.
Pre-commercial business cases	>=2	Achieved	2 Pre-commercial business plans completed for: Medical spa and wellness opportunities Luxury lodge development
Provide market intelligence	Complete	Achieved	22 key influencers received information against a target of 20. Shared through mail outs in December 2017 and June 2018, plus individual meetings throughout the year.
Tourism Growth			
Achieved highly satisfied i-Site customers – Net Promoter Score	>=80%	Achieved +92	The Net Promotor Score is a recognised measure of satisfaction. A score of 92 was achieved by the Rotorua i-Site and visitor centres, which are amongst the best performers in the national i-Site customer radar programme.
Market share of NZ multi-day conference delegate days	>=9%	Achieved =9%	Regional multi day conference activity market share of 9.0% for the year ended June 2018.
Contribute to satisfaction with Rotorua Tourism Investment Partnership (RTIP) Programme.	>=60%	Achieved 80%	80% of programme partners agree that RTIP programme has resulted in positive change
Domestic marketing campaign – shift perceptions in target destinations of Auckland and Christchurch. Famously campaign equivalent advertising value greater than cost	>=4% improvement in "Loyalists" >=\$1:\$1.50 EAV	Achieved	Both Auckland and Christchurch loyalists increased by more than 4% according to annual Delve Research survey (Sept 2017) Famously campaign Equivalent Advertising Value (EAV) of campaign activity achieving \$1:\$2.30 against target of \$1:\$1.50
Trade marketing external contribution to key campaign activity in priority markets.	>=30%	44%	Funding contribution from external sources for key campaign activity based on business unit Profit and Loss statement showed high level of industry support in trade and international joint ventures.

Key Performance Measure	YE Target June 2018	Result	Comments
Financially stable organisation			
Deliver a balanced budget	<=\$4.2m	Achieved	Surplus achieved of \$369,000
Deliver a clean audit – Auditors provide an unqualified opinion	Complete	Achieved	That the financial statements present fairly in all material respects the financial position and performance for the year ended 2018 and comply with generally accepted accounting practice. In addition obtained reasonable assurance that the statement of service performance is free from material misstatement whether due to fraud or error.
High performance organisation			
Engaged and aligned team, with improved staff engagement and culture benchmarked against private sector	48.10%	Achieved	Culture survey distributed in May, overall engagement increased to 51.9% against previous target of 48.1% . Benchmarked against CEB Pulse survey Australia and Oceania regions.

NGĀ WHAKAHAERE I RARO I TE MANA O TE KAUNIHERA **COUNCIL CONTROLLED ORGANISATIONS**

BOP LASS LTD

OVERVIEW

Rotorua Lakes Council is a one-ninth shareholder in Bay of Plenty Local Authority Shared Services Ltd (BOP LASS). BOP LASS was incorporated during 2007/08 to investigate, develop and deliver shared services, joint procurement and communications for the participating councils. BOP LASS delivers benefits through improved levels of service, reduced costs, improved efficiency and / or increased value through innovation. Joint procurement includes procurement of services or products by two or more councils from an external provider.

The shareholders are:

Bay of Plenty Regional Council

Gisborne District Council

Kawerau District Council

Ōpotiki District Council

Rotorua Lakes Council

Taupō District Council

Tauranga City Council

Western Bay of Plenty District Council

Whakatāne District Council

The directors are the chief executives from each of the shareholder councils.

● ACHIEVED ● NOT ACHIEVED ● NOT MEASURED

BOP LASS LTD PERFORMANCE MEASURES

Target 17/18	Result	Narration
<p>Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.</p> <p>Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration.</p> <p>A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.</p>	Achieved	<p>Joint procurement initiatives undertaken for:</p> <p>Health, Safety & Risk Management Software – A project to investigate collective procurement of health and safety risk management software to provide improved functionality and cost savings for councils. Also included Waikato councils.</p> <p>Infrastructure Insurance – BOPLASS represented a collective group of 41 councils in negotiations for placement of councils' infrastructure insurance in the London markets. Requirements included increased limits and higher insured values for BOPLASS councils. Very competitive pricing achieved at rates up to 30% cheaper than had councils insured individually.</p> <p>Health & Safety in Design – BOPLASS facilitated the opportunity for councils' to participate in using design services to minimise health and safety risks of council driven projects.</p> <p>Enterprise Content Management / EDRMS Strategic Review – BOPLASS councils collectively reviewed vendor offerings and options for electronic document management systems. Ongoing reviews underway to determine benefits from collective approach to vendors.</p> <p>Managing Contractors' Onsite Safety - BOPLASS investigated the opportunity for councils to participate in joint procurement of the Forsite contractor management system to assist with managing contractors' onsite safety. It was determined that the system was not currently required by all councils and individual contracts would be pursued rather than entering into a collective agreement.</p> <p>Video Conferencing – A project to review options for councils' desktop and meeting room video conferencing systems included a review and testing of multiple providers. Zoom selected as preferred supplier to BOPLASS and councils.</p> <p>Contract provides for cost savings, standard solution across councils and simplification of video conferencing for desktop or meeting-room calling.</p> <p>Drug and Alcohol Testing – BOPLASS investigated the opportunity to establish a collective agreement and secure improved pricing from the incumbent supplier to the majority of the BOPLASS and Waikato councils to provide cost savings and common standards. Still under action.</p> <p>Occupational Health Service Preferred Supplier – Following the completion of a tender Waikato Occupational Health Consultancy (WOHC) were appointed as the preferential Health Service supplier for the BOPLASS councils. Access to improved and consistent levels of service achieved at significantly reduced costs through a collaborative agreement. Waikato LASS also with the same provider.</p>

Target 17/18	Result	Narration
		<p>Media Distribution Services – BOPLASS is investigating opportunities for regional coordination for the release and distribution of media notifications through common software and standardisation of services.</p> <p>Training – Collaborative training has been arranged across a number of areas of council business, providing for discounted rates, reduced staff travel (as trainer is prepared to travel to region for a larger group), opportunity to network with peers from other councils and development of tailored material.</p>
<p>Provide support to BOPLASS councils that are managing or investigating Shared Services projects.</p> <p>BOPLASS to provide 0.25 FTE resource and expertise to assist councils in Shared Services developments and projects.</p> <p>Quarterly satisfaction reviews with participating councils. Resource assignment measured from project job tracking.</p>	<p>Achieved</p>	<p>0.46 FTE provided through BOPLASS staff engagement committed directly to support of council shared service projects or individual council support – measured by fortnightly timesheets.</p> <p>Support provided to councils in development of the following services:</p> <p>GIS Centralised Data Repository / Shared SDE – Establishment of central GIS storage services for councils. BOPLASS also investigated setting up a SDE (spatial data enterprise) on behalf of its councils. Following completion of initial architecture, it was determined that this was not feasible as it would require too much effort in terms of resource.</p> <p>Radio Telephony (RT) strategy – A region-wide strategy has been developed by BOPLASS for the sharing and utilisation of Radio Telephone services and technologies. This is considered to be of significant importance in shared civil defence strategies.</p> <p>GIS Operating Guide for Civil Defence Emergency Events – Developed by BOPLASS councils to capture learnings from the Edgecumbe event and as a reference to support collaborative working. Operating guide shared with the Local Government Geospatial Alliance and is now being developed into a national reference document through this national GIS collaborative group.</p> <p>Online Natural Hazards Mapping – Developed as a shared data initiative with App available to BOPLASS councils to notify owners as hazards such as tsunami or flooding. Regional / Cross-Regional Approach to Licensing and Data</p> <p>Collection for Waste Operator – Scoping of a project to provide a consistent approach to licensing of private waste operators and standards within the industry, while enabling improved data collection for councils' waste planning. Project also covers Waikato councils.</p> <p>Diversion of Organic Waste from Landfill – Investigation of opportunities for the facilitation and development of a regional shared food waste collection service for BOPLASS councils. Initial scoping phase undertaken.</p> <p>Solid Waste Regional Infrastructure Strategy – A regional or cross-regional approach to planned and potential waste infrastructure developments within the region. Project identified to be progressed with Waikato councils.</p> <p>Sustainable Procurement Research Project – BOPLASS facilitated council participation in this project in conjunction with the Sustainable Business Network and Toi Ohomai. Collective project benefitted councils by assisting in establishing how current local government procurement policies and practices are aligned with national objectives of sustainability, and where improvements might be made.</p> <p>Support of Video Conferencing services for councils – Ongoing support for councils in-house and external video conferencing services. Central management of virtual meeting rooms and directories.</p>

Target 17/18	Result	Narration
		<p>Review of Inter-Council Network (ICN) suppliers and services A full review of the ICN was undertaken, with a number of providers changed, new services established, and new contracts negotiated on behalf of the councils participating in this shared service.</p> <p>Improved levels of service achieved, additional services added, and \$97,635 in annual savings achieved:</p> <ol style="list-style-type: none"> 1. Wireless WAN solution for ICN in Opotiki – Evolution Networks project to replace GWS server and develop Wireless WAN in Opotiki (ICN – new contract signed). 2. Increase of fibre pipeline from Opotiki – Termination of service with Vocus and commission of service with Alchemy. 3. Migration off of the One.Govt service for ICN Whakatane & Rotorua – Termination of One.Govt contract and migration of accounts to Vocus for links. 4. Establishment of community internet backhaul for Kawerau – New service for Kawerau community. 5. Alchemy Network Service – Opotiki fibre (ICN – new contract signed with new supplier of existing service). 6. Vocus Communications – Fibre pipeline services for Whakatane, Rotorua, Kawerau (ICN – new contract signed with new supplier). Reduction in cost of services. Addition of new links (migrated from One-Govt). 7. Cybersmart – Support of the ICN (ICN – new contract signed with new supplier). New service to provide technical support services. <p>Audit and Risk Insights Panel Sessions – BOPLASS coordinated workshops with senior leaders of the KPMG advisory team to provide councils their insights and experience in the areas of:</p> <ul style="list-style-type: none"> • Internal Audit Trends, • Enabling Data Analytics in Internal Audits, • Cyber Security, • and Fraud Awareness <p>Workshops provided at no cost to councils and included inter-council sharing of invaluable information.</p> <p>Joint Development of Health & Safety Policies and Terms of Reference – BOPLASS H&S group facilitated the sharing of existing H&S procedures or shared development of new procedures across the BOPLASS and Waikato councils. Includes H&S in procurement, common documentation, processes, H&S liabilities and standard reporting measures for councils and governance. Provides for reduced effort for all councils and ability to share best practice.</p> <p>Support for Shared Services projects identified and reviewed by BOPLASS Operations Committee – Projects under review or progressed as opportunities for further council collaboration in Shared Services:</p> <ul style="list-style-type: none"> • GIS - Further opportunities to align and share services / resources • Digitalisation - Development of standard process and shared software and/or infrastructure • Shared Data Centre - Utilisation of shared infrastructure by multiple BOPLASS councils • Accounts Payable - Development of standard process and shared software and/or infrastructure • Debt Management/Collections - Development of shared service • Building Consents - Development of standard processes across councils and opportunities for sharing of resource • Capex projects - Alignment or sequencing of capital projects

Target 17/18	Result	Narration
<p>Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration.</p> <p>Provide access to the Collaboration Portal for councils outside of BOPLASS and utilise technologies to provide secure access. Proactively market the benefits to councils.</p> <p>All NZ councils are made aware of the Collaboration Portal and its benefits. Portal is operational outside of the LASS groups with a minimum of ten additional councils or local government related organisations having utilised the portal.</p>	<p>Achieved</p>	<p>Project completed to review usage of the Collaboration Portal and opportunities to further develop the Portal to increase the support for collaboration across local government in New Zealand. User survey undertaken along with a review of best practice methodologies.</p> <p>Design-thinking workshop run, with council staff reviewing opportunities to improve the user experience while providing direct input into developing improvements.</p> <p>Ongoing promotion and profiling of the Collaboration Portal has resulted in new councils and local government related organisations joining the Collaboration Portal</p> <p>On-boarding and training provided to new councils to maximise usage and ensure increased uptake.</p> <p>Collaboration Portal membership has increased by 13 local government organisations over the last year. There are now: 72 councils or local government related organisations registered on the Portal and 569 users.</p>

Target 17/18	Result	Narration
<p>Ensure appointed vendors remain competitive and continued best value is returned to shareholders.</p> <p>Manage and/or renegotiate existing contracts.</p> <p>Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors.</p>	<p>Achieved</p>	<p>Contracts negotiated and/or renewed for:</p> <p>Councils' liability insurance – Providers reviewed and renewed. Solutions proposed and reviewed from alternative brokers and insurers.</p> <p>GIS software and services –</p> <ul style="list-style-type: none"> • Geocortex Essentials • Geocortex Optimizer • FME • X-Tools • NZAA <p>Contracts renegotiated and renewed – no alternative suppliers.</p> <p>Print Media Copyright Agency (PMCA) – Contract and requirements reviewed. Re-signed with PMCA – sole NZ provider.</p> <p>ESRI Enterprise Licensing Agreement – Renegotiated and renewed. No alternative provider in NZ.</p> <p>Insurance brokerage services – A review of options for the appointment of an insurance broker to the BOPLASS councils was undertaken. Aon reappointed for a further two year period, as provided for under the agreement. A full tender for brokerage services will be undertaken by BOPLASS at the conclusion of this extension.</p> <p>Aerial Photography – BOPLASS contract extended as flying not completed within existing programme.</p> <p>Media Monitoring services – Contract with iSentia was reviewed and renewed. Services reviewed from two companies.</p> <p>New contracts negotiated for Inter-Council Network – All ICN contracts were reviewed and, where there were alternative options, tested in the market. Several providers were changed; providing for improved service levels or cost savings for participating councils.</p> <p>Insurance Forum – BOPLASS hosted a forum which included presenters from London and Australia. This gave an opportunity for the London underwriter to get a better understanding of the regions they insure and for councils to meet with the underwriters and to gain a better understanding of the challenges facing the insurance industry. Ultimately leading to improved services and rates for BOPLASS councils.</p>
<p>Complete independent review of governance performance and structure to ensure it supports BOPLASS' strategic direction.</p> <p>Engage external party to complete independent review of BOPLASS governance.</p> <p>Affirmative feedback received from shareholding councils following 2017/18 governance review.</p>	<p>Not Achieved</p>	<p>Governance review initiated. After preliminary review of governance, Board made decision to complete a strategic review of BOPLASS and include governance structure as an important aspect of this full review. A shortlist of independent consultants identified by BOPLASS Board.</p> <p>Review put on hold as a strategic alliance with Waikato LASS was proposed. Consultant engaged to review and facilitate the opportunity for the two LASS to develop a jointly aligned strategy. Review also covered LASS governance. BOPLASS and Waikato Boards completed collective evaluation.</p> <p>Decision made to proceed with independent reviews of the two LASS. BOPLASS progressing strategic review and independent governance review.</p>

Target 17/18	Result	Narration
<p>Communicate with each shareholding council at appropriate levels.</p> <p>Meeting with each Executive Leadership Team.</p> <p>At least one meeting per year.</p>	Achieved	<p>Executive-level meetings held with councils. Five Operations Committee meetings held during the year with executive level input provided by all shareholding councils. Executive Leadership Team representation and attendance at one or more meetings from every council.</p>
<p>Ensure current funding model is appropriate.</p> <p>Review BOPLASS expenditure and income and review council contributions and other sources of funding.</p> <p>Performance against budgets reviewed quarterly. Company remains financially viable.</p>	Achieved	<p>Council contributions levied.</p> <p>Contributions received from activities producing savings.</p> <p>Vendor rebates collected.</p> <p>Monthly and quarterly performance reviewed.</p> <p>Financial statements reported and reviewed at Board meetings.</p> <p>Financial position year end 30 June 2018: \$10,794 deficit.</p>

COLLABORATION

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NGĀ WHAKAHAERE I RARO I TE MANA O TE KAUNIHERA

COUNCIL CONTROLLED ORGANISATIONS

WAIKATO LASS

OVERVIEW

The Waikato Local Authority Shared Services Ltd (WLASS), incorporated in December 2005, was established as a control controlled organisation under the Local Government Act for the 13 Waikato/Rotorua councils. Rotorua Lakes Council has an approximately a 7% shareholding in the company.

During the past year, the Company has continued to focus on demonstrating the value that WLASS delivers to the shareholding councils. The Board has continued to focus on improving the efficiency and effectiveness of the existing shared services, as well as initiating new projects and work streams, and facilitating the Waikato Mayoral Forum work streams. The Company continues to work collaboratively with other local authority shared service companies, most particularly with our neighbour, BOPLASS.

GOVERNANCE

WLASS has twelve Directors with each Director representing a shareholder Council. It is up to each shareholding Council to decide on their representative. In addition, the Board may appoint up to three professional directors to supplement the Directors' expertise. There are currently no independent Directors.

Over the period that the company has been operating, a variety of benefits have been delivered in the form of:

- Improved levels and quality of service
- Co-ordinated 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
- Leveraging procurement opportunities through economies of scale resulting from a single entity representing councils

● ACHIEVED ● NOT ACHIEVED ● NOT MEASURED

WAIKATO LASS PERFORMANCE MEASURES

Target	Method	Measure	Outcome	Status
Procurement				
Joint procurement initiatives for goods and services for WLASS councils will be investigated and implemented.	Procurement is from sources offering best value, service, continuity of supply, and/or opportunities for integration.	Implement the recommendations of the Procurement review, as approved by the Board.	Achieved In line with the recommendations: - a procurement specialist has been engaged to assist Councils; and - work has commenced on developing a standard procurement framework, policies, templates and supporting tools which will be applied across Councils.	
		New suppliers are awarded contracts through a competitive tender process.	Achieved New shared service contracts were procured following competitive tender processes for On-line Driver Assessment and Training Services and Occupational Health Services, and Vehicle Fleet Management and Maintenance (where WLASS agreed to exercise the contract right of renewal).	
Collaborative Projects				
Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.	The focus is on shared services which will benefit all councils.	A minimum of three priority projects for collaboration are identified per annum. If considered of value, business cases are developed for approval by the Board, and the projects are implemented.	Achieved Board approved business cases to: • develop the Waikato Data Portal • execute the digital strategy • transform WLASS into a service delivery agent • establish a new platform for shared valuation data A single suite of resource consent applications was developed. Regional Infrastructure Technical Specifications relating to the design and construction of infrastructure assets was completed.	

Target	Method	Measure	Outcome	Status
WLASS Contracts				
Existing contracts are managed and renegotiated as required.	Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.	The WLASS Contracts Register is maintained and managed.	Achieved Contracts risk register is maintained.	
		Contracts which are due for renewal are tested for competitiveness and either renegotiated or retendered through a competitive process.	Achieved Throughout the period 18 contracts due for renewal were reviewed and where appropriate renegotiated prior to extension.	
Cashflow				
The company shall maintain a positive cashflow position.	The Financial Accountant reviews cashflow monthly.	The WLASS Board reviews the financial statements quarterly.	Achieved The cash surplus for the period was ~ \$616k, although this is largely a result of revenue being invoiced in advance. The Board received management accounts at each Board meeting.	
Cost Control				
Administration expenditure shall be managed and monitored.	The Financial Accountant and Chief Executive review expenditure monthly. The WLASS Board reviews the financial statements quarterly.	Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.	Achieved Company administration costs were ~ \$54k less than budgeted – 83% of the budgeted amount. Specific line items materially greater than budget were approved by the Board in advance.	
Reporting				
Six monthly reports provided to Shareholders.	The Chief Executive prepares a written report for the WLASS Board every meeting. One 6-monthly and one Annual Report are prepared for shareholders.	The Board shall provide a written report on the business operations and financial position of WLASS to the shareholders every six months.	Achieved Completed via Half and Full-year report prepared and circulated to shareholding Councils.	
		Every second report shall be the Annual Report, which includes a report that all of the statutory requirements of the WLASS are being adhered to.	Achieved Completed as set out in this annual report.	

Target	Method	Measure	Outcome	Status
Waikato Mayoral Forum				
The company shall provide administrative support to the Mayoral Forum work streams and to the Mayoral Forum.	Mayoral Forum projects shall be managed financially through the WLASS.	Approved invoices for Mayoral Forum projects are paid by the 20th of the month following their receipt.	Achieved	
Shared Valuation Data Services (SVDS)				
The SVDS is reliable, well maintained and available to all users.	A Contract Manager is appointed for SVDS.	The SVDS is available to users at least 99% of normal working hours.	Achieved The SVDS was available 99.84% of business hours during the year.	
	The Contract Manager monitors performance of the contractors and reports quarterly to the SVDS Advisory Group.	All capital enhancement work is supported by a business case and approved by the SVDS Advisory Group.	N/A There were no capital enhancements during the period.	
		The SVDS Advisory Group meets at least 6-monthly.	Achieved The Advisory Group had four scheduled meetings throughout the year. There was an additional meeting in April 2018 to discuss the business case for the SVDS replacement.	
Insurance				
Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with Aon.	The Insurance Broker delivers on the terms of their contract and provides value to the participating councils.	Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.	Achieved Based on the shareholders' survey undertaken in March 2018, all respondents regarded the advice as either satisfactory or very satisfactory.	
		The day-to-day service provided by Aon is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.	Achieved All respondents regarded the advice as either satisfactory or very satisfactory.	

Target	Method	Measure	Outcome	Status
Road Asset Technical Accord (RATA)				
All stakeholders are kept informed about RATA's projects and achievements.	Six monthly and annual reports are provided to all stakeholders.	Reports presented to WLASS Board as at 30 December and 30 June, and circulated to stakeholders.	Achieved Half and full-year reporting presented to Board (half year reporting on 13 April 2018 and final report on 28 September 2018 as part of year end reporting).	
	Annual Forward Works Programme tours are completed, to provide opportunities for councils' roading staff to share their knowledge and experience.	Reports include a summary of savings and achievements.	Achieved Reports presented savings to Councils.	
		All RATA councils participate in the tour.	Achieved The tours were undertaken in August/September 2017.	
		Report on tour outcomes prepared by 31 December each year and circulated to stakeholders.	Partially achieved Report on outcomes completed and shared but in January 2018.	
Sub-regional data collection contracts deliver good quality data on roading assets.	Data collection contracts (minimum of two across the region) are managed in accordance with best practice.	Contracts which are due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.	Achieved The three RATA contracts related to High Speed Data Collection, Condition Rating Surveys and Traffic Counting awarded during the year follow tender process and contract renewals were reviewed and renegotiated. All suppliers are operating in accordance with contract requirements.	
	Data supplied by contractors is of good quality and meets all councils' requirements.	Any data issues are identified and resolved, with any incidents reported to stakeholders.	Achieved All performance criteria met with no data issues identified.	

Target	Method	Measure	Outcome	Status
Waikato Regional Transportation Model (WRTM)				
The WRTM is reliable, well maintained and available to all users.	RATA manages the WRTM on behalf of the participating councils, and monitors the performance of the model supplier (currently Traffic Design Group).	All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.	Achieved Stantec (previously the known as the Traffic Design Group) provide to customers under contract to WRTM all modelling reports requested. The WRTM commercial manager oversees this contract and establishes a schedule at the beginning of each financial year. Further, there are meetings held with Stantec every six weeks that review performance plus formal quarterly reporting. During the year 22 reports have been completed.	
	RATA reports quarterly to the WRTM Project Advisory Group.	A report from RATA on any new developments and on the status of the model is provided to the WLASS Board at least every six months.	Achieved Land use and low population projections included in the model. Half and full-year reporting presented to Board (half year reporting on 13 April 2018 and final report on 28 September 2018 as part of year end reporting).	
		The quality of the base model complies with NZTA guidelines (as set out in the NZTA's Economic Evaluation Manual), and is independently peer reviewed each time the model is updated.	Achieved The model has been developed in accordance with an agreed approach with the NZTA, and it has been peer reviewed by an independent traffic modelling consultant. NZTA have received the peer review and have endorsed the model.	
Waikato Building Consent Group				
Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.	Develop and maintain a quality assurance system for building consents, that meets statutory compliance and supports excellence and consistency in customer service and business practice.	Internal audits are completed annually for each Group member.	Not Achieved Lack of resource has compromised the audit programme. This issue is being addressed as part of the WBCG strategy for FY19.	
		Group members are provided with a joint quality assurance system that meets statutory compliance.	Achieved QA manual, standard documents and public information on www.Buildwaikato.co.nz has been signed off by IANZ at 6 assessments since 1 July 2017. Only minor changes required.	
		Report at least six monthly to the WLASS Board on the Group's activities.	Achieved Reporting to WLASS Board provided in January 2018 and September 2018 as part of the year end process.	

Target	Method	Measure	Outcome	Status
Future Proof				
All stakeholders are kept informed about Future Proof's projects and achievements.	Six monthly and annual reports are provided to all stakeholders.	Reports presented to WLASS Board as at 30 December and 30 June and circulated to stakeholders.	Achieved Six monthly reports presented at the December 2017 and July 2018 Board meetings	
Shareholder Survey				
Shareholders are satisfied with the performance of WLASS.	An annual survey of shareholders is undertaken to assess satisfaction levels with WLASS.	A survey of shareholders is undertaken each year, and the results are reported to all shareholders.	In Progress The survey has been completed although the response rate was low, at 42%. Results are being reported to shareholders as part of this annual report.	
Review of Benefits				
Shareholders are informed of the benefits being provided to shareholding councils by WLASS.	The benefits of WLASS (including financial and nonfinancial achievements) are regularly analysed and reported to shareholders.	Information on the financial and nonfinancial benefits being achieved by WLASS are included in the 6-monthly and Annual Report to shareholders.	Achieved Benefits are set out in the Statement of Intent.	
		The "Collaboration in Action" document, which summarises the achievements of WLASS, is updated and circulated to shareholders by 31 December 2017.	Partially achieved The Collaboration in Action document is complete and included on WLASS's website, with shareholding Council's being notified, although this occurred in the first half of 2018.	

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TAUĀKĪ PUAKANGA



**DISCLOSURE
STATEMENT**

TAUĀKĪ PUAKANGA DISCLOSURE STATEMENT

Annual report disclosure statement year ending 30 June 2018

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.

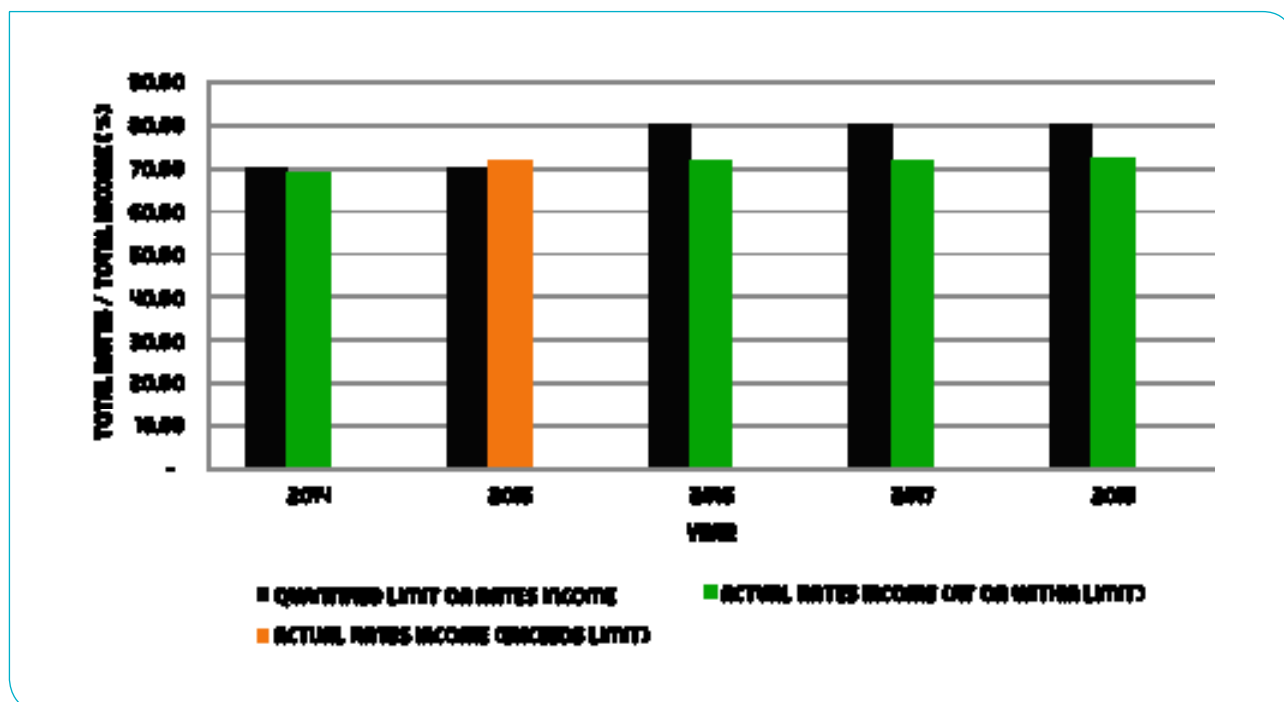
RATES AFFORDABILITY BENCHMARK

The council meets the rates affordability benchmark if:

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

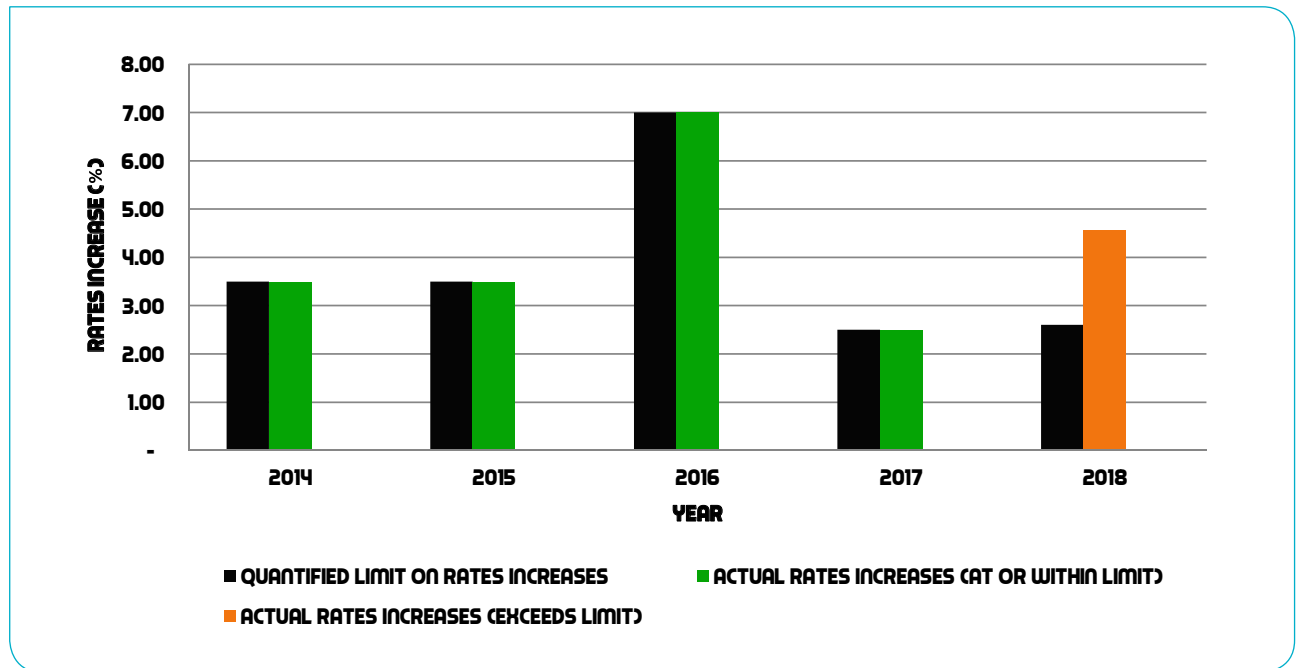
RATES (INCOME) AFFORDABILITY

The following graph compares the council's actual rates revenue with a quantified limit on rates contained in the financial strategy, included in the Long-term Plan. The quantified limit is that council will limit total rates as a proportion of total revenue to less than 80% (previously 70%).



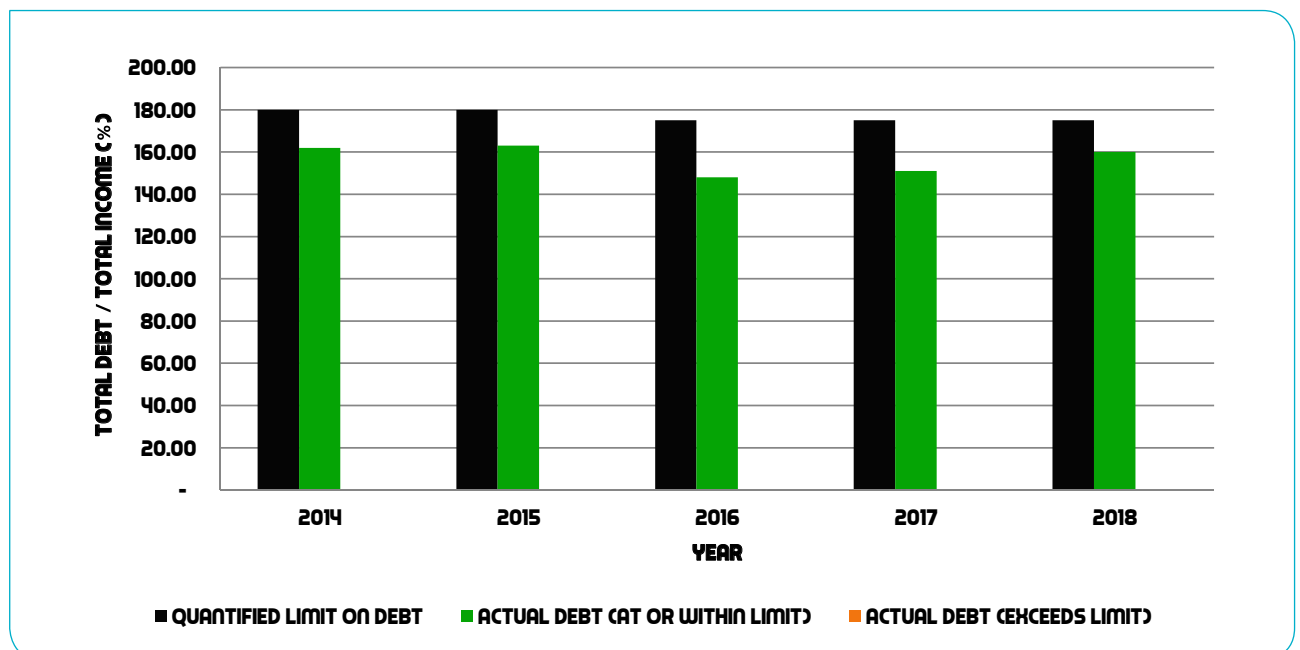
RATES (INCREASES) AFFORDABILITY

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Long-term Plan. The quantified limit is a one-off 7% increase in the first year, and from year two onwards at the prevailing rate of inflation applied to our cost base (previously capped at 3.5%).



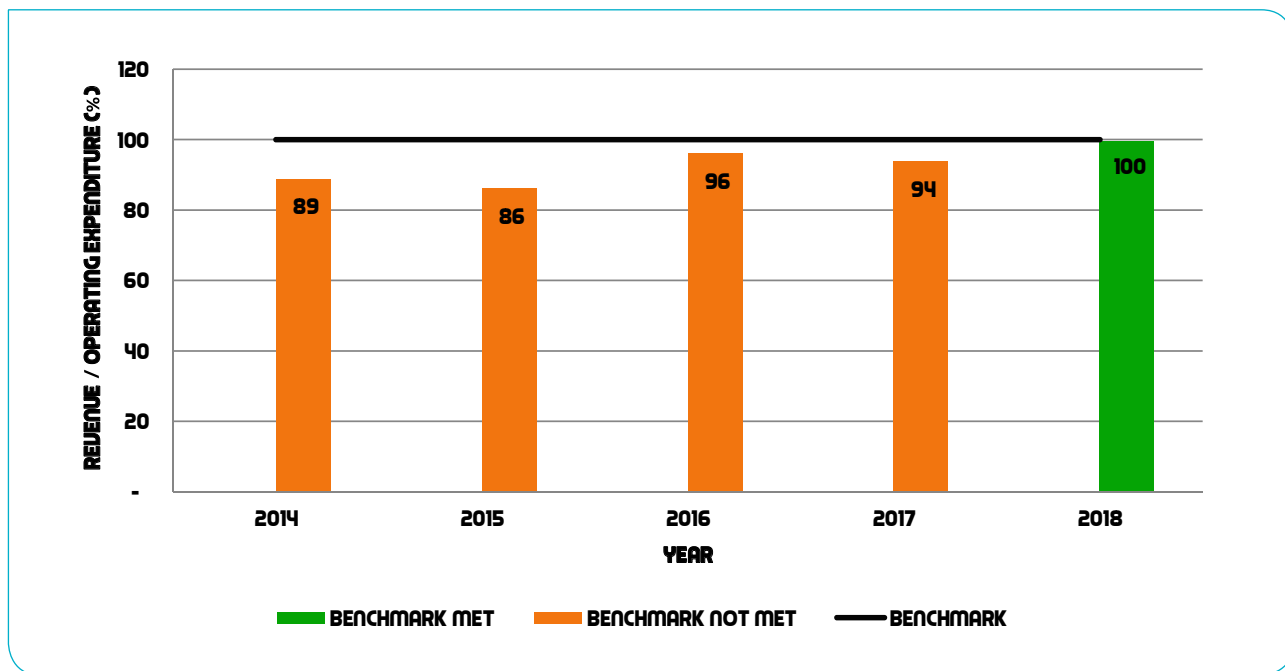
DEBT AFFORDABILITY BENCHMARK

The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the long-term plan. The quantified limit is that total debt will be lower than 175% of total income (previously 180%).



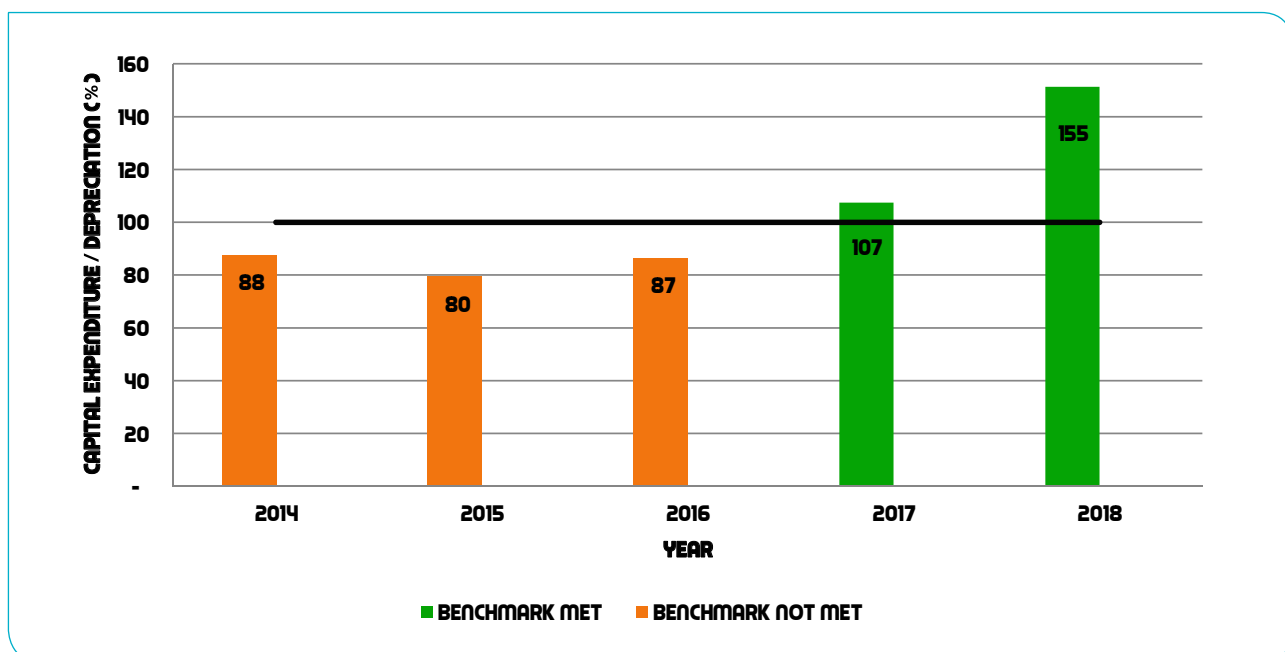
BALANCED BUDGET BENCHMARK

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 proportion of planned 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.



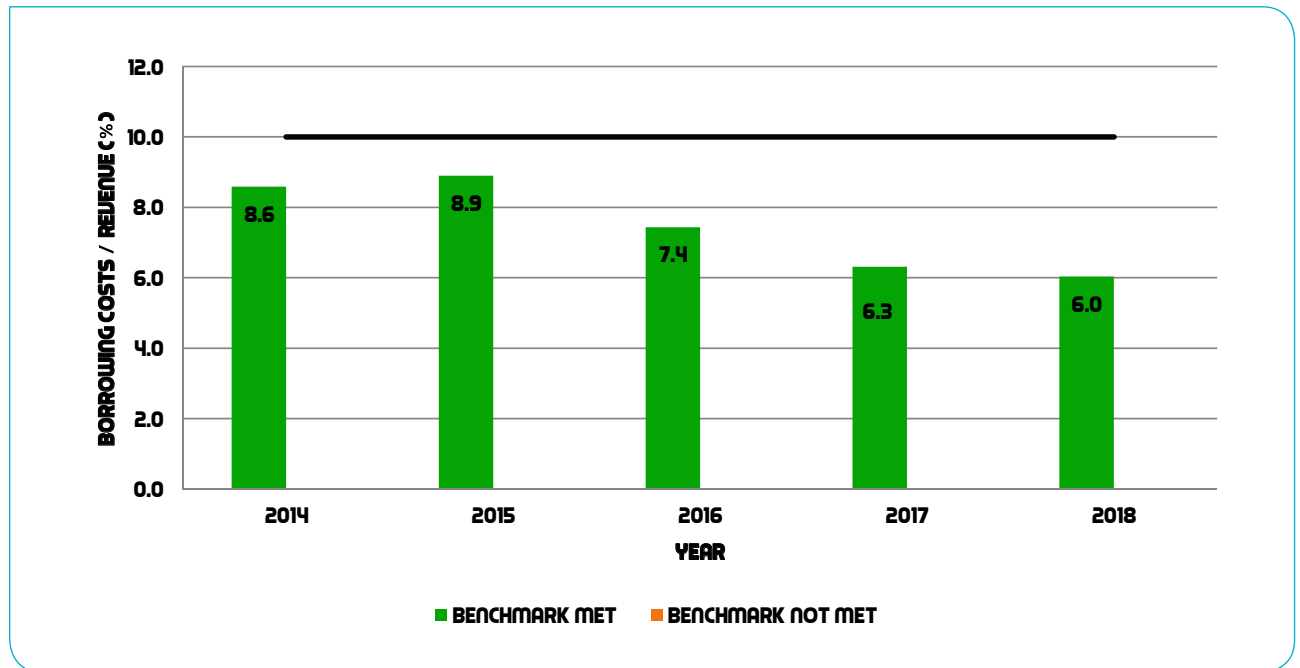
ESSENTIAL SERVICES BENCHMARK

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.



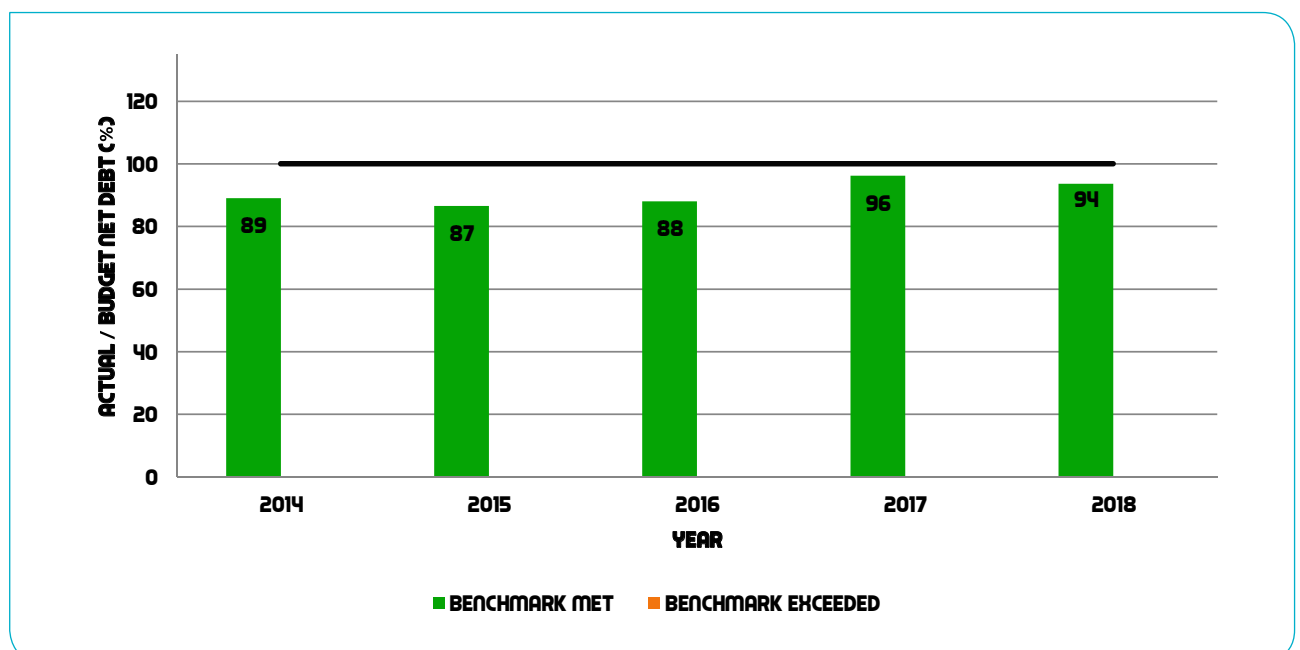
DEBT SERVICING BENCHMARK

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 revaluations of property, plant, or equipment). Because Statistics New Zealand projects the council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



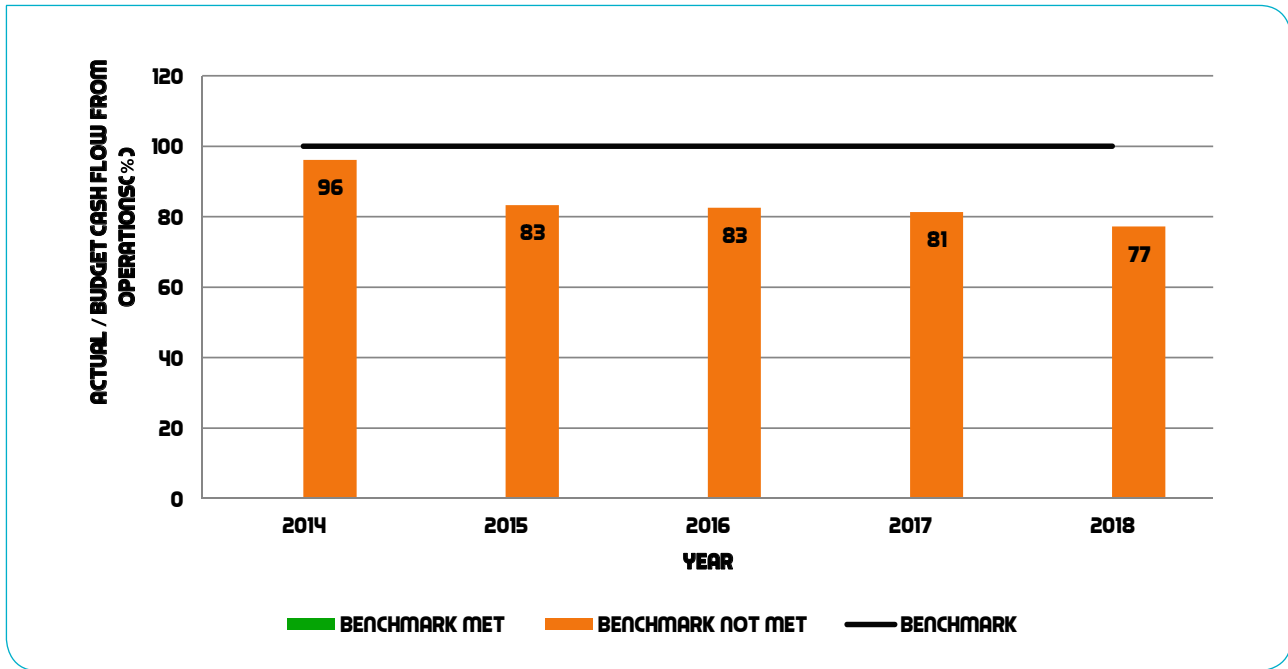
DEBT CONTROL BENCHMARK

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



OPERATIONS CONTROL BENCHMARK

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



KUIRAU

KUIRAU

KUIRAU

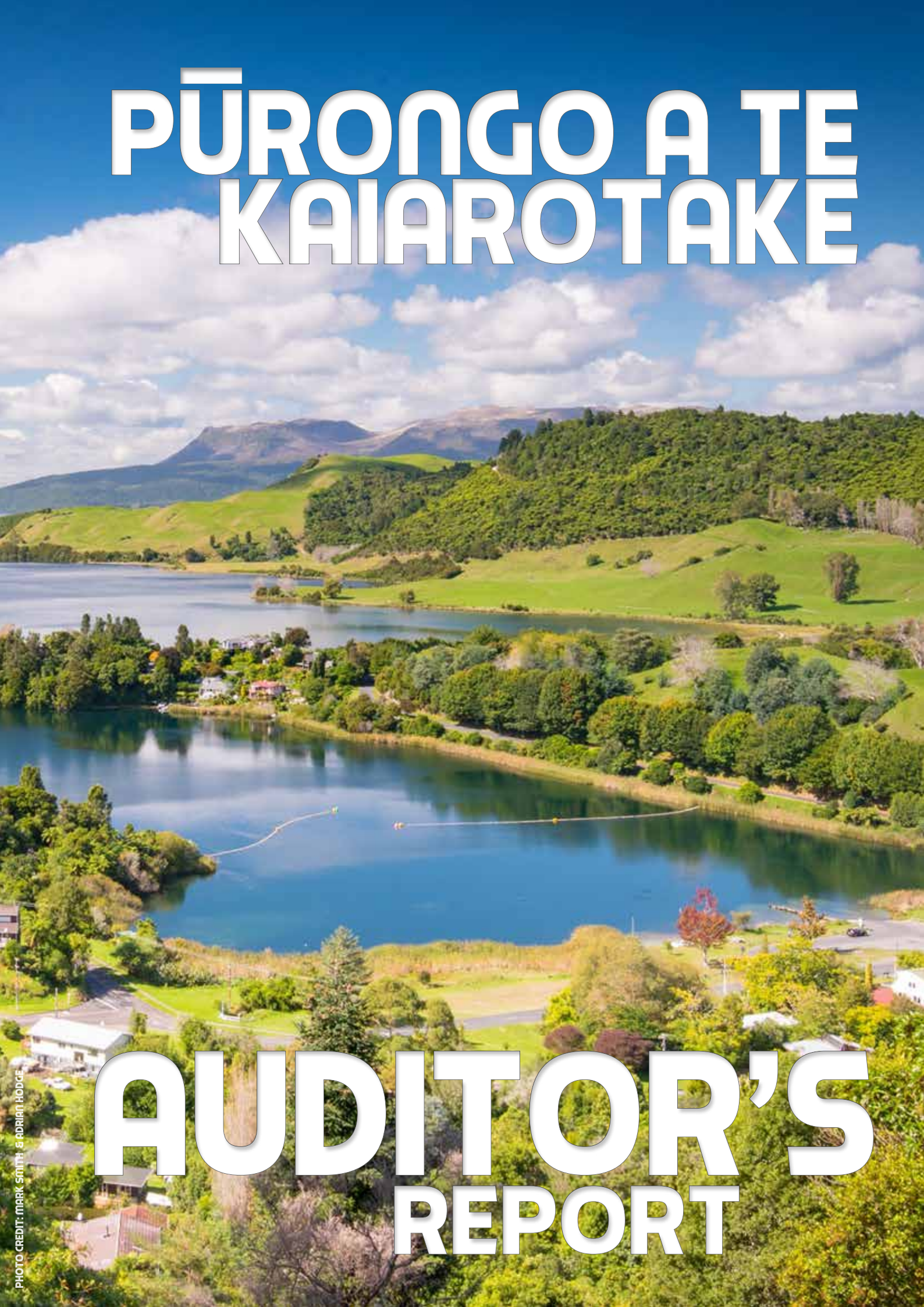
KUIRAU

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PŪRONGO A TE KAIAROTAKE



AUDITOR'S REPORT

PHOTO CREDIT: MARK SMITH & ADRIAN HODGE

PŪRONGO Ā TE KAIAROTAKE

AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To the readers of Rotorua Lakes Council's annual report
for the year ended 30 June 2018

The Auditor General is the auditor of Rotorua Lakes Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 25 October 2018. This is the date on which we give our report.

OPINION ON THE AUDITED INFORMATION

In our opinion:

- the financial statements on pages 150 to 210 and pages 212 to 236:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2018;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 237, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the service performance on pages 82 to 147:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2018, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 89 to 147, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Rotorua Lakes Council's annual plan; and
- the funding impact statement for each group of activities on pages 89 to 147, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long term plan.

REPORT ON THE DISCLOSURE REQUIREMENTS

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 274 to 278, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's long term plan and annual plans.

BASIS FOR OUR OPINION ON THE AUDITED INFORMATION

We carried out our audit in accordance with the Auditor General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

RESPONSIBILITIES OF THE COUNCIL FOR THE AUDITED INFORMATION

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDITED INFORMATION

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists.

Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error.

Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the service performance, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER INFORMATION

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 81, 148 to 149, 211, 238 to 273, and 279 to 293 but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENCE

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have audited the District Council's 2018-28 long term plan, performed a limited independent assurance engagement in relation to the District Council's Debenture Trust Deed, which is compatible with those independence requirements. Other than the audit, our report on the disclosure requirements and this engagement we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.



CLARENCE SUSAN

AUDIT NEW ZEALAND

ON BEHALF OF THE AUDITOR GENERAL

TAURANGA, NEW ZEALAND



KUPUTAKA ME NGĀ KUPUTOHU

**GLOSSARY
& INDEX**

KUPUTAKA GLOSSARY

A

ACTIVITY

The goods or services the council provides.

ADVOCACY

The act of speaking or arguing in favour of something, such as a cause, idea, or policy. In the context of the Strategic Priorities it refers to another sphere of government or organisation delivering a service or outcome for the district.

AMORTISATION

The systematic allocation of the value of an intangible asset over its useful life.

ANNUAL PLAN

Our Annual Plan is our budget, showing the expected cost of running Council for the financial year, and how the costs will be funded. An Annual Plan is not prepared in years when a Long-term Plan is prepared.

ANNUAL REPORT

A document that tracks the Group and the council's annual performance and reports against the relevant annual budget.

B

BENCHMARKING

A process of comparing performance with standards achieved in a comparable environment with the aim of improving performance.

BIODIVERSITY

The variety of all living things including plants, animals and microorganisms, their genes and the ecosystems of which they are a part.

BOPRC

Bay of Plenty Regional Council

BUSINESS CONTINUITY PLAN

A clearly defined and documented plan that provides the guidelines that establish the ground rules for the critical operations of the Rotorua Lakes Council. It contains the guidelines for the business to continue to operate within a defined timeframe utilising a set of predefined resources and workarounds.

C

CAPITAL EXPENDITURE (CAPEX)

Spending on buying or building new assets and renewing existing assets such as buildings, vehicles, equipment, or land.

COUNCIL-CONTROLLED ORGANISATION (CCO)

A company or other entity under the control of local authorities through their shareholding of 50 per cent or more, voting rights of 50 per cent or more, or right to appoint 50 per cent or more of the directors. Some organisations may meet this definition but are exempted as CCOs.



DEPRECIATION

Depreciation includes amortisation of intangible assets unless otherwise stated. This is an expense charged each year to reflect the estimated cost of using our assets over their lives. Depreciation relates to physical assets and amortisation relates to intangible assets.



EEO

Equal Employment Opportunity

ET

Rotorua Lakes Council Executive Team is led by the Chief Executive and comprises five groups: Business Solutions, Office of the Chief Executive, Infrastructure, Operations, Strategy



FAIR VALUE

Fair value essentially reflects the market value of assets or liabilities.

FINANCIAL YEAR

The financial year we are reporting on in this annual report is the period from 1 July 2017 to 30 June 2018

FTE

Full-time equivalent. In relation to staff numbers this refers to a figure that is based on the wages for full-time staff



GOVERNANCE

Setting and monitoring the direction of an organisation.

GRANTS AND SUBSIDIES

Revenue received from an external agency to help fund an activity or service that the council provide.



H&S

Health and Safety



MOU

Memorandum of Understanding



LOCAL GOVERNMENT ACT 2002 (LGA 2002)

The act that defines the powers and responsibilities of territorial local authorities such as the council.

LOCAL GOVERNMENT FUNDING AGENCY (LGFA)

An organisation jointly owned by most local authorities in New Zealand and the Crown to borrow on behalf of the sector.

LOCAL GOVERNMENT OFFICIAL INFORMATION AND MEETINGS ACT (LGOIMA)

These requests are governed by the Local Government Official Information and Meetings Act 1987. Under this act, everything we do is public information and our books have to be open and freely available.

LOCAL GOVERNMENT (RATING) ACT 2002 (LGRA)

Defines how territorial local authorities such as Auckland Council can set, assess and collect rates.

LONG-TERM PLAN (LTP)

Long-term Plans meet a legislative requirement for local authorities and replace what was previously referred to as Ten Year Plans (or more formally Long Term Council Community Plans or LTCCPs).



OPERATING EXPENSES (OPEX)

Expenditure resulting from normal business operations.



PARTNERING

A structured approach to working together with other parties to achieve a mutually beneficial outcome

PERFORMANCE

The results of activities and progress in achieving the desired outcomes over a given period of time

PERFORMANCE INDICATOR

Objective evidence on the extent of, or progress towards, achievement of a desired outcome

PRIVACY REQUESTS

These requests are governed by the Privacy Act 1993 and means that you have the right to request, view and correct any information we hold about you.

PROVINCIAL GROWTH FUND (PGF)

Central Government has committed to investing \$3 billion over three years in regional economic development. The PGF aims to lift productivity in the provinces.

Its priorities are to enhance economic development opportunities, create sustainable jobs, enable Māori to reach full potential, boost social inclusion and participation, build resilient communities, and help meet New Zealand's climate change targets.



RATES

A charge against the property to help fund services and assets the council provides. Council rates are among the few revenue sources local authorities can use to fund services to their communities. Other sources of income include fees and charges, subsidies and grants.

RLC

Rotorua Lakes Council

ROTORUA 2030 - THE ROTORUA WAY

Provides clear strategic direction for the long term, and identifies the main priorities, aspirations and future vision of the community

RISK MANAGEMENT

A discipline for developing appropriate procedures to reduce the possibility of adverse effects from future events



SUSTAINABLE DEVELOPMENT

Development that meets the needs of the present generation without compromising the capacity of future generations to meet their needs



TARGET

A goal to be reached by a specific date which may be higher than the forecasted performance. It aims to continually improve performance



VISION

A statement that embraces the desired future for the community that the organisation is working towards



WRC

Waikato Regional Council

KUPUTOHU INDEX

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WHAKAPĀ MAI CONTACT US

Many of the district's services and projects are listed in this Annual Report but if you need further assistance or information on a service or facility not listed, simply contact us via one of the following easy ways:

CONTACT INFORMATION

WEBSITE

www.rotorualakescouncil.nz

SOCIAL

www.facebook.com/RotoruaLakesCouncil

www.instagram.com/rotorualakescouncil/

twitter.com/rotoruaCouncil

TELEPHONE

Call (64 7) 348 4199 our call centre is open 24 hours, seven days a week.

POST

Write to us at:
Rotorua Lakes Council
Private Bag 3029
Rotorua Mail Centre
Rotorua 3046

FAK

Send us a fax on (64 7) 346 3143

EMAIL

Send us an email at info@rotorualc.nz

MAYOR AND COUNCILLORS

Contact details for the Mayor and Councillors are available on www.rotorualakescouncil.nz or contact the Customer Service Centre on (64 7) 348 4199.

IN PERSON

You can visit our Customer Service Centre located at:
1061 Haupapa Street
Rotorua

Opening Hours (except public holidays) 8am to 5pm -
Monday to Friday

ACKNOWLEDGEMENTS

Rotorua Lakes Council would like to acknowledge all staff who contributed to the completion of this Annual Report, including those whose hard work throughout the year provided the material for the preparation of the report.

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ME**



ANNUAL REPORT 2018