

ANNUAL REPORT

2018/2019



ROTORUA
LAKES COUNCIL
Te Kaunihera o ngā Roto o Rotorua

Progress & Highlights 2018/19

- Retained AA- Fitch rating
- Spatial Plan adopted
- Rural waster collection rolled out
- CLM commenced management of Aquatic Centre
- Child equity programme commenced – Sunset Primary
- Treatment plant for East Rotoiti | Rotomā Sewerage Scheme treatment plant completed
- Provincial Growth Fund announcement - \$27.4 million lakefront and Whakarewarewa Forest
- Housing First contract signed with central government
- Royal Visit - Harry and Meghan
- Westbrook sports field development netball – completed
- Rotorua Trust grant \$10 million towards Rotorua Museum project
- Lakefront development commences removal of Sea Scout Hall
- Kuirau House removal
- Long-tailed bats found in Sanatorium Reserve
- Ranolf to CBD shared path added to urban network
- Unveiling of Te Arawa Soldiers' Memorial
- Ngongotahā Community Reference Group established - future flood risk mitigation options
- Landfill capped and sealed reducing carbon emissions and leachate
- Developments at entrance to Redwoods forest commenced



Image credit: Mark Smith

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Te Ngako o tēnei Pūrongo

About this report

This annual report covers the performance of Rotorua Lakes Council Group for the period 1 July 2018 to 30 June 2019. Rotorua Lakes Council Group includes the council organisation and council-controlled organisations (CCOs).

The report reflects success and the challenges that Council has faced in delivering against year one of the Long-term Plan 2018-28 and our progress against Rotorua Vision 2030. It also includes a snapshot of our performance (both highlights and challenges), our progress and expenditure.

The group is required by legislation to produce both a summary annual report and a full annual report.

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 the staff of the Rotorua Lakes Council with information on how well we have performed over the year and how their efforts have contributed towards achieving the vision.



Mai i te toihautū Chief Executive's Message

Ngā mihi manahau. On behalf of the council and the council organisation, I am pleased to present the Annual Report for 2018/19. This report reflects both the success and challenges that we have faced in delivering year one of our Long-term Plan 2018-28.

The section 'connecting vision to action' outlines the key projects and what has been achieved, whilst the financial performance of the organisation is detailed under the heading 'managing our money'.

One of the most significant assumptions underpinning the Long-term Plan was the need to secure substantial external investment into key place making projects like the Lakefront, Whakarewarewa Forest, Museum and Sir Howard Morrison Performing Arts Centre. Council has worked vigorously throughout the year to secure external funding in order that these projects can proceed.

In September 2018, Council was successful in securing funding for the Lakefront Redevelopment and Whakarewarewa Forest projects from the government's Provincial Growth Fund.

The funding in the order of \$27 million was the largest contribution to any New Zealand district/city at the time.

At the end of the financial year, work had significantly commenced along Long Mile Road, the entrance into the forest.

In December 2018, another successful funding announcement was made. RECT announced their contribution of \$10 million towards the restoration and reopening of the Museum.

At the close of the financial year, negotiations were still underway with central government, on the funding required to progress this project.



An announcement in mid-August 2019 confirmed that combined funding of \$26 million from Lotteries, Ministry of Culture and Heritage and the Provincial Growth Fund now making this project fully funded also.

The closure of the Sir Howard Morrison Performing Arts Centre for earthquake strengthening provided the opportunity to review the future value proposition of the arts and culture offerings in Rotorua. Initially Council committed to funding of \$4.5 million alongside some significant external funding including \$3 million from Owen Glenn.

In February 2018 Council had to dig deep, committing to an additional \$7 million towards the asset repair and required earthquake strengthening. A final injection of funding from Lotteries of \$4 million now ensures that the facility can be created as a fit-for purpose performing arts centre.

Working towards and delivering on the goals and aspirations of Vision 2030 is only achievable when council acts in the most appropriate way; as the stewards for the community now and in the future. Having a robust and tested financial strategy provides the certainty that planned levels of investment are prudent and sustainable.

The objectives of Council's 2018-2028 financial strategy are based on:

- Maintaining existing infrastructure so it is fit-for-purpose now and into the future
- Providing infrastructure to accommodate a growing district
- Investing in the future of the district
- Keeping rates affordable and managing debt

Council continues to deliver those objectives by keeping a focus on three key components that support a prudent financial position - funding (revenue), capital spend and borrowing.

Balancing these will help to ensure the future sustainability of services and finances.

For the third year in a row we have demonstrated that this approach is prudent and sustainable and this is supported by our retention of an AA- credit rating from Fitch International.

Our section on 'managing the money' goes into detail on the revenue and expenses over the past year.

In this financial year we have also reviewed our rating framework. This work focused on the foundations of our rating framework to define best practice rating principles. Each time revaluations, new services and new projects are considered the principles will be tested to make sure rating is in accordance with the principles. The debate surrounding rates being too high was also tested.

Of the 67 territorial local authorities across New Zealand, the average rates in Rotorua rank 35 as published in the annual Taxpayers Union report, September 2018.

This report is published after reviewing data published in all territorial Annual Reports.

It has been another busy year and productive year and I would like to thank staff for their continued efforts in supporting Council to achieve the results reflected in this report. My special thanks to Mayor Chadwick and the elected members who have worked tirelessly to represent the views of the community.

I look forward to new challenges that await us in 2019/20, in which we will remain focused on working with our community and partners to ensure that the Rotorua Vision is achieved.



Geoff Williams

Chief Executive

He kupu nā te Manukura **Mayor's Message**

E ngā iwi puta noa i tō tatau rohe o Rotorua, Tēnā tatau.

I am delighted to present the Rotorua Lakes Council's Annual Report for 2018/19. This report reflects the success and challenges that we have faced in delivering against year one of our Long-term Plan 2018-28.

Our Long-term Plan (LTP) is the action plan that connects our service delivery and key projects to our vision for the district.

Vision 2030, the Long-term Plan and the Spatial Plan combined are providing the road map for the next decade on how we shape the future we want for our district.

Partnerships have been the big theme for the past year, resulting in good progress on key work programmes and unlocking funding for transformational projects. The Lakefront Redevelopment, Sir Howard Morrison Performing Arts Centre, Whakarewarewa Forest and the Museum Restoration and Re-opening are now fully funded realities thanks to funding from central government, funding agencies, trusts and philanthropists.

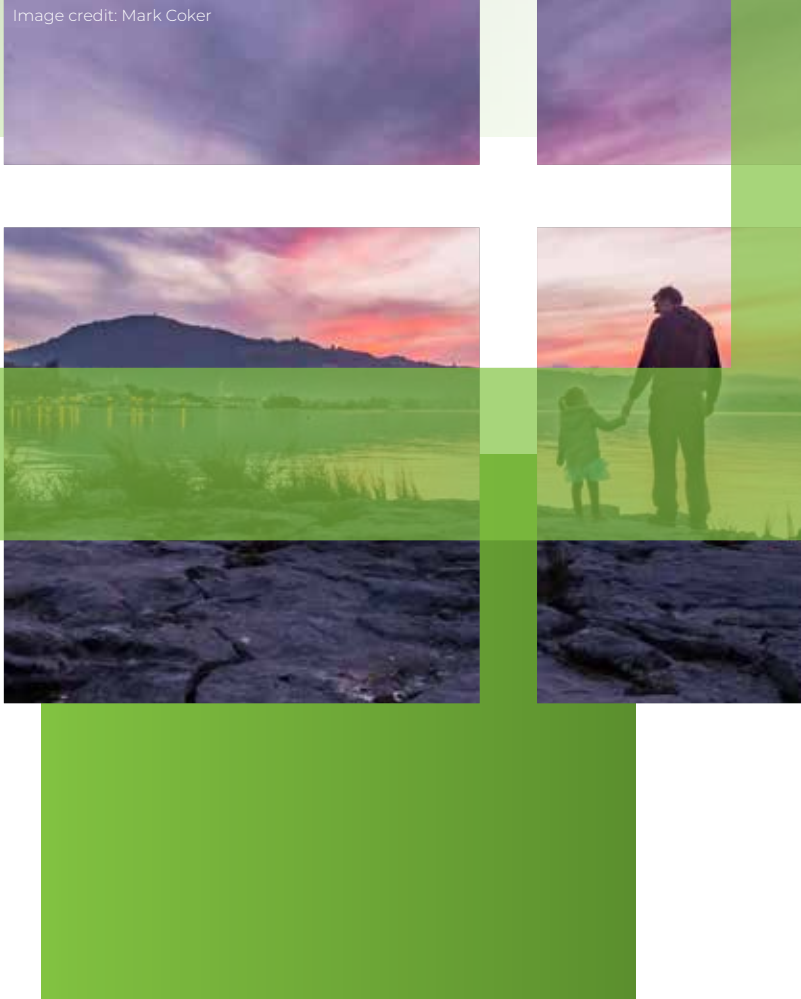
Through the Provincial Growth Fund and Ministry for Culture and Heritage investment alone, approximately \$46.9 million dollars will be invested into our district. This level of external funding demonstrates that Rotorua is a district on the move and a place worthy of significant investment.

Significant progress was made on a treatment plant for the East Rotoiti/Rotoma sewerage scheme, a hugely important project that has been progressed alongside iwi and other community representatives over several years.

We adopted a district spatial plan to ensure future growth is planned and sustainable, work got underway with a community reference group to review management of the Ngongotaha catchment, preservation work in our unique Sanatorium Reserve started and improvements were completed at lakes recreation areas and Waipa Valley.

A highlight was the launch of a Child Equity pilot programme in partnership with Sunset Primary School. Positive impact is already evident and partnerships and collaboration are proving key. This work may also provide the basis for the lead role Council will need to play in facilitating local solutions that improve the social, economic, environmental and cultural wellbeing of our district.

With these key place making projects going ahead, we can now focus our efforts on finalising business cases and securing funding where needed, for Kuirau Park and Skate Park, the Aquatic Centre, and the Tarawera sewerage scheme.



As Mayor, I see these projects as promoting inclusiveness and access to sporting and public facilities, parks and walkways, whilst helping to ensure we have a thriving city centre and great neighbourhoods.

As a Council we have worked hard to balance the community expectations and priorities with the increasing demand for services and infrastructure, along with the need for ongoing financial prudence.

This report shows Council remains committed to delivering high-quality services for our diverse and vibrant community.

We have remained focused on the direction supported by a strong framework of key strategic plans that work together to achieve the goals of the Rotorua 2030 vision.

I would like to acknowledge and thank Chief Executive Geoff Williams and his staff for their hard work and dedication to making a difference for our residents.

I also thank my fellow elected members – councillors, community board members and Te Tatau o Te Arawa, for their ongoing support and commitment to achieving the aspirations of our district.

Mā te mahi tahi, kia tutuki ai ngā moemoeā.
Working together, we can achieve our aspirations..

Hon Steve Chadwick (JP)
Mayor of Rotorua



Our council



Rotorua Lakes Councillors 2016-19

From left to right: Hon Steve Chadwick - Mayor of Rotorua, Deputy Mayor Dave Donaldson QSM, Cr Peter Bentley, Cr Mark Gould (JP), Cr Karen Hunt, Cr Rob Kent, Cr Rajmesh Kumar, Cr Trevor Maxwell MNZM, Cr Merepeka Raukawa-Tait, Cr Charles Sturt, Cr Tania Tapsell.

Community Boards



Rotorua Lakes Community Board

From left to right: Phill Thomass (Chair), Jim Stanton (Deputy Chair), Nick Chater, Fred Stevens, Cr Tania Tapsell.



Rotorua Rural Community Board

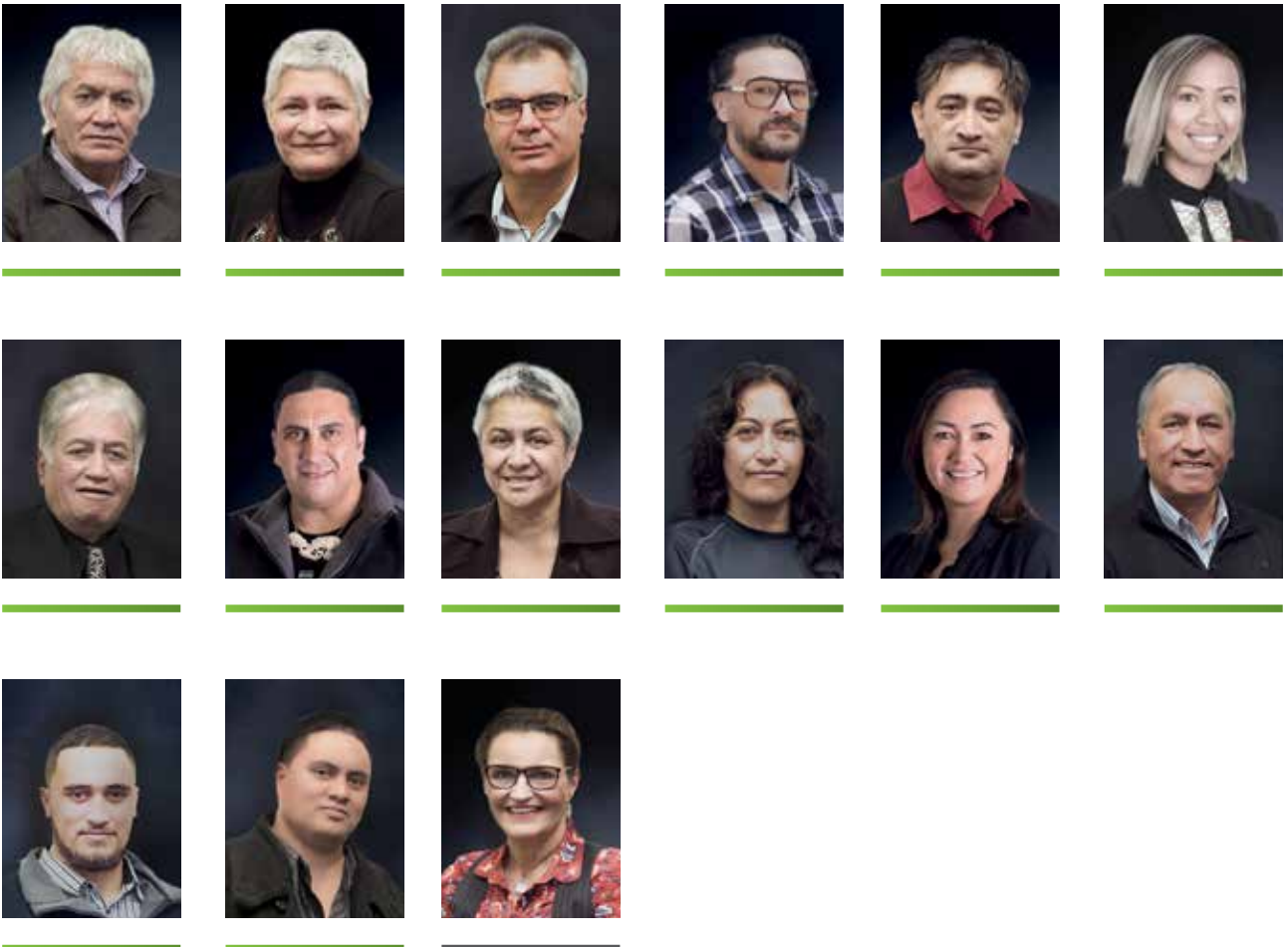
From left to right: Shirley Trumper (Chair), Chris Sutton (Deputy Chair), Bryce Heard, Bob Martin, Cr Mark Gould (JP).

Te Tatau o Te Arawa Te Arawa Partnership Board

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 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 and one executive officer, representative of a cross section of Te Arawa stakeholders including koeke (elders), Ngāti Whakaue, Te Arawa iwi and hapu, land trusts and incorporations, pan-Te Arawa entities and rangatahi (youth).

The Board



From left to right: Te Taru White (Chair), Ngaroma (Mala) Grant (Deputy Chair), Eugene Berryman-Kamp, Potaua Biasiny-Tule, Kingi Biddle, Ngahuia Hona-Paku (Rangatahi), Dr Ken Kennedy (Te Pukenga Koeke Representative), Eraia Kiel, Raina Meha-Rangitauira, Gina Mohi, Ana Morrison, Geoffrey Rolleston, Te Mauri Tait Kingi (Rangatahi), David (Rawiri) Waru, and Jude Pani (Executive Officer).

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.

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 hapu 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.

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 hapu of the district.

Tirohanga Whakamua 2030 **Vision 2030**



Image credit: Te Puia

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 āhuatanga 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

Vision 2030 + community outcomes

Our community outcomes are our vision 2030 goals.

Vision 2030 goals



PAPA WHAKATIPU

Outstanding places to play



WAAHI PŪMANAWA

Vibrant city heart



HE HĀPORI PŪMANAWA

A resilient community



KĀINGA NOHO, KĀINGA HAUMARU

Homes that match needs



WHAKAWHANAKE PĀKIHI

Business innovation and prosperity



HE HUARAHI HOU

Employment choices



TIAKINA TO TAIAO

Enhanced environment

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.

Vision 2030 and the Long-term plan

The Long-term Plan is our action plan, setting out how we will deliver and fund what we have set out to achieve. It is Council's commitment to the community to deliver services and projects that contribute towards the vision and the district's strengths in a financially prudent way, balancing the challenges of affordability in the present while meeting the demands for future progress.

Te Mana Kaunihera

How we govern

Delegating decision-making

Councils make lots of decisions. Ensuring that decisions are made at the appropriate level is vital to ensure the efficient and effective operations of local government. Councils have broad powers of delegation, as described in clause 32 of Schedule 7 of the Local Government Act 2002. Other Acts also contain powers of delegation, although these are specific to the particular powers in those Acts, such as the Building Act 2004. Certain decisions however, must be exercised by the full council and cannot be delegated. These include:

- 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

Twelve Council meetings were held from 1 July 2018 to 30 June 2019. Attendance at Council, Strategy Policy and Finance and Operations and Monitoring Committee meetings are listed in the table that follows.

Councillor attendance

	Council meetings attended		Council Committee meetings attended	
	Number	%	Number	%
Hon Steve Chadwick - Mayor	12	100%	18	90%
Cr Dave Donaldson - Deputy Mayor	12	100%	20	100%
Cr Peter Bentley	12	100%	19	95%
Cr Mark Gould	12	100%	17	85%
Cr Karen Hunt	12	100%	17	85%
Cr Rob Kent	11	92%	15	75%
Cr Raj Kumar	9	75%	17	85%
Cr Trevor Maxwell	10	83%	17	85%
Cr Merepeka Raukawa-Tait	11	92%	17	85%
Cr Charles Sturt	11	92%	18	90%
Cr Tania Tapsell	9	75%	19	95%

Te Mana Kaunihera

2018/19 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 chair: Clr Gould

Members: Juanita Conder, Alastair Gibson, Jane Eynon-Richards, Trevor Owen

The purpose of the District Licensing Committee is to:

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

RMA Policy Committee

Chairperson: Clr Hunt

Members: Clr Kent and 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. The committee also assists 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 and 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

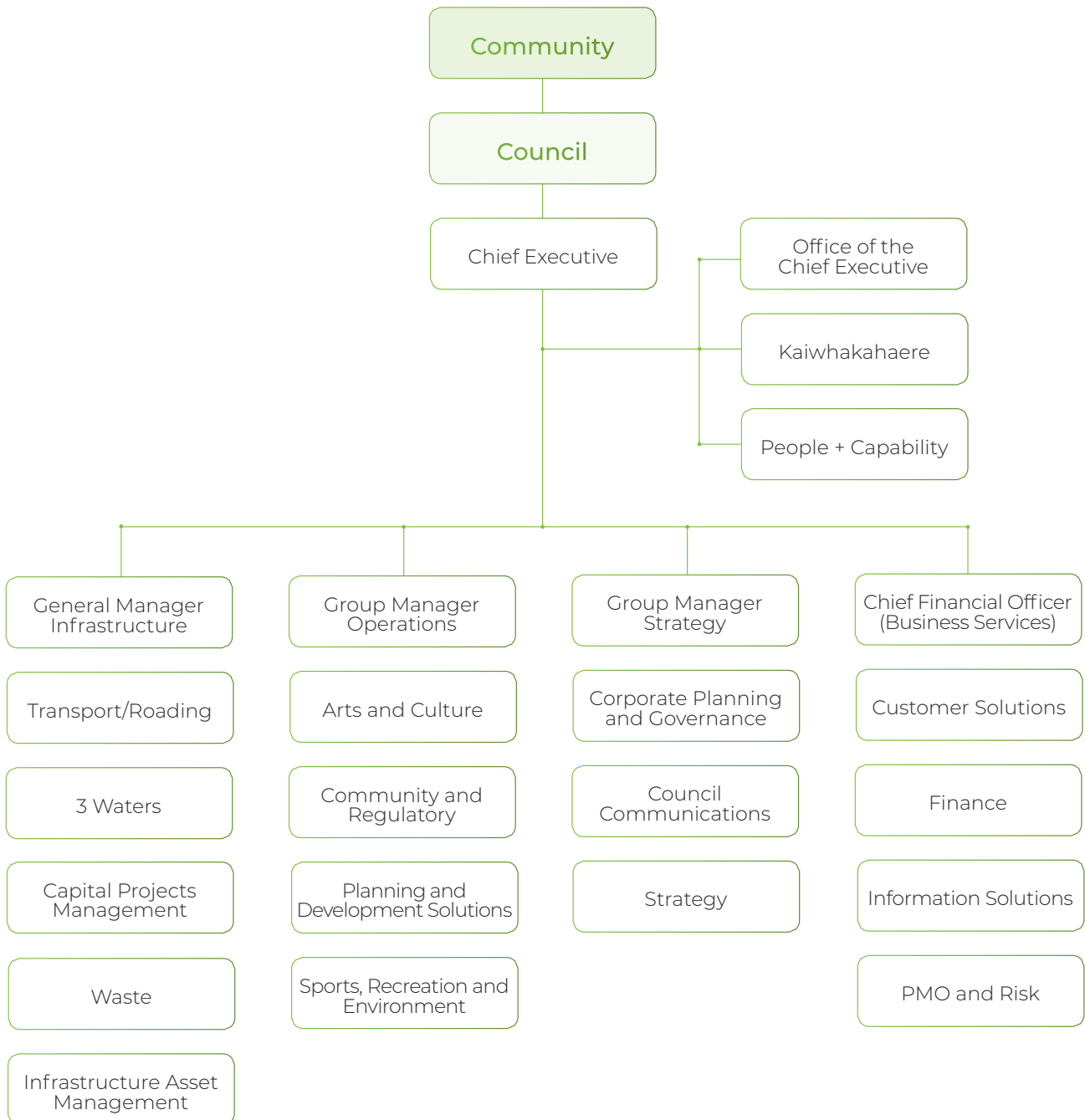
Members: Clr Raukawa-Tait, Clr Sturt, Mr White, Mrs Trumper, Mr Thomass

The purpose of this committee is to review the performance of the Chief Executive annually and establish performance targets for each year. The committee also undertakes the legislative requirements in relation to the Chief Executive's performance.

The Committee makes recommendations to council, who then decide upon final performance and remunerations outcomes.

Te Ohu Manahautū

Organisational Leadership



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

1. Business Services
2. Infrastructure
3. Office of the Chief Executive
4. Operations
5. 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 are 20 Business Units that delivered services and projects made up of 336 FTE (full time equivalent) employees.

EXECUTIVE TEAM

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
Kaiwhakahaere Māori	GINA RANGI
Manager Office of the Chief Executive	CRAIG TIRIANA

He aronga poto: Te whakahaere pūtea

At a glance: Financial performance

	Actual	Budget
Operating surplus (\$million)	8.09	20.21
Revenue	138 146	137 260
Expenditure	130 059	117 046
Revenue – from rates	91 818	92 518
Revenue – from all other sources	46 328	44 742
Capital expenditure (\$ million)	56.1	77.6
Net debt (\$ million)	199.8	203.5
Credit Rating	Aa- Fitch International	
Outlook	Stable	

The 2018/2019 financial year surplus of \$8.09m is positive in light of the financial pressures that council faced which included but were not limited to i) volatile electricity spot prices since October 2018 ii) higher than anticipated maintenance costs e.g. Museum artefact moving and restoration and iii) lower parking revenue due to the delay in roll out of updated technology.

However, these pressures were somewhat offset by i) higher rates revenue due to growth in the region and ii) cost saving and other efficiencies. In spite of these savings and imposed efficiencies council ensured essential services to the community were maintained, roads were repaired and recreational areas improved or renewed.

Liquidity remains a top council focus and in 2018/2019 a net debt increase of just over \$14m had been planned, however, actual performance for Cash and borrowing ended \$3.7m better than budget. This was driven by i) timing on key projects e.g. SHMPAC and ii) Cash reserves being \$5.6m higher than expected as a result of subsidies received. Even though the net result is \$3.7m better than budget, council still ensured a complimentary level, 72%, of Capex was completed. This included achieving 75% of planned spend to improve services and ~70% of planned Infrastructural renewal works going ahead.

Te Whakahaere Pūtea

Managing the money

Rotorua Lakes Council has spent over \$130 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 \$56 million has been spent on capital works to renew assets or create new facilities and amenities for our future Rotorua.

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.

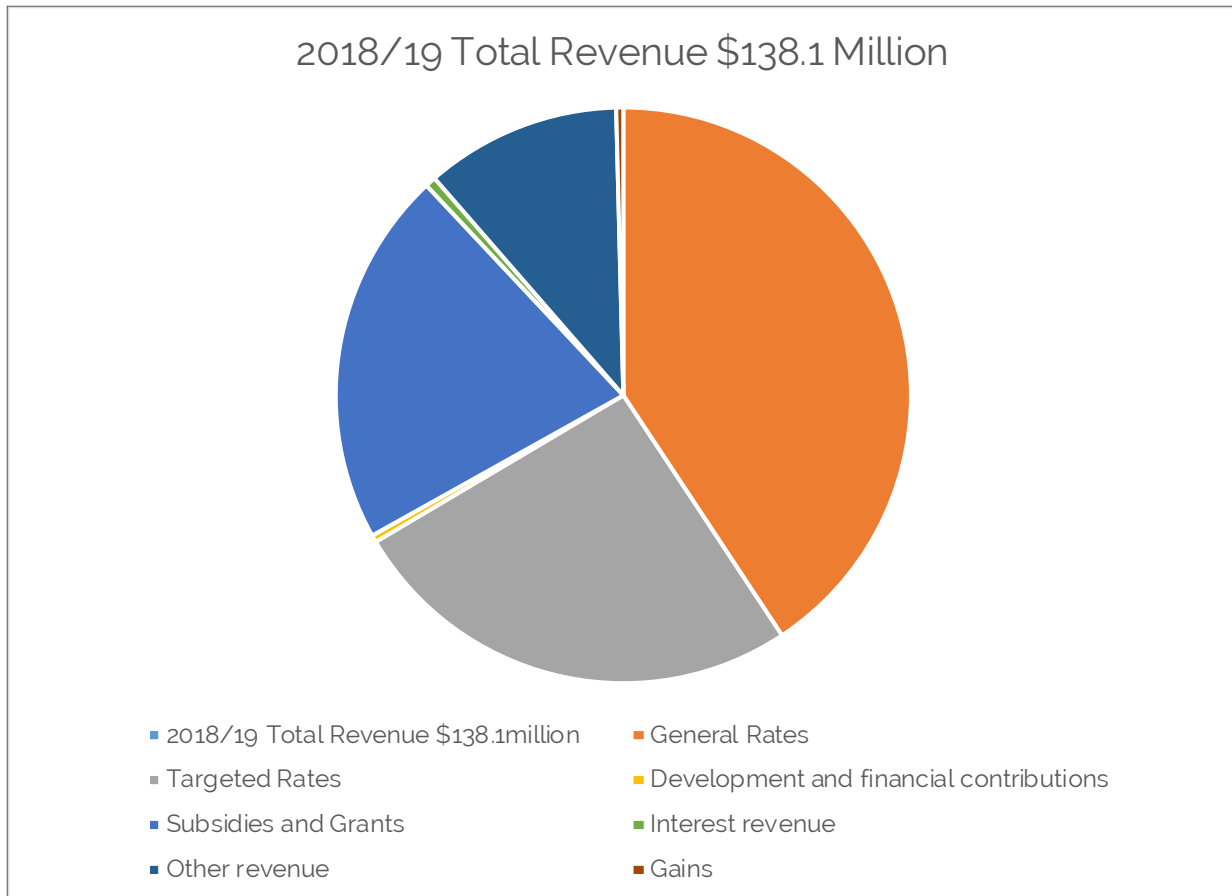
Money comes in from rates on property, government grants, user charges and fees, and sometimes from Council's own businesses.

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.

Full details of Council's Financial Statements are available from page 70.

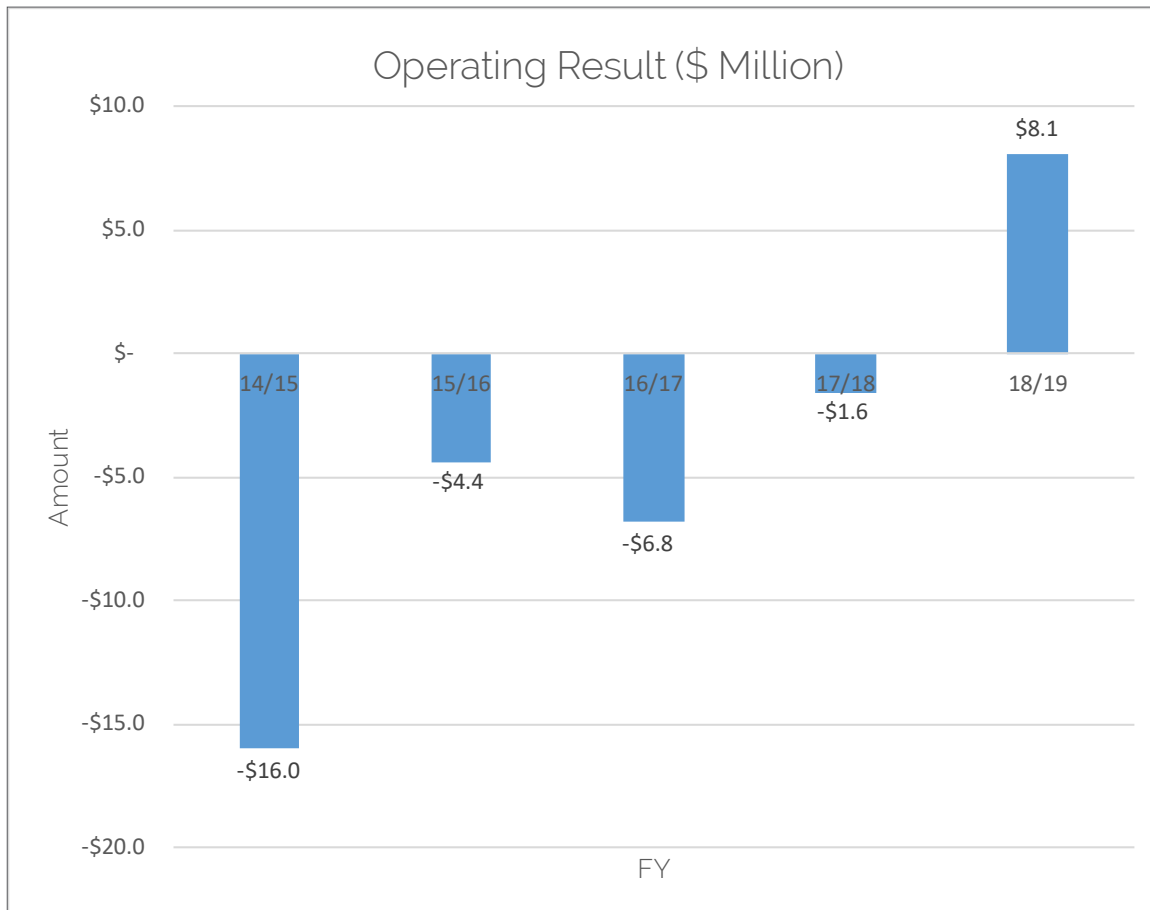
Where did our money come from?

This year income from rates (from both general and targeted) contributed \$91.8 million or 67% of total operating revenues (2017/18 \$86.0 million; 71 %). In addition to this, income was generated from fees and charges \$5.65 million; 4%, (\$5.73 million: 5% 2017/18) and Central Government grants and subsidies. \$29.2 million; 21%, (\$14.5 million: 12% 2017/18).



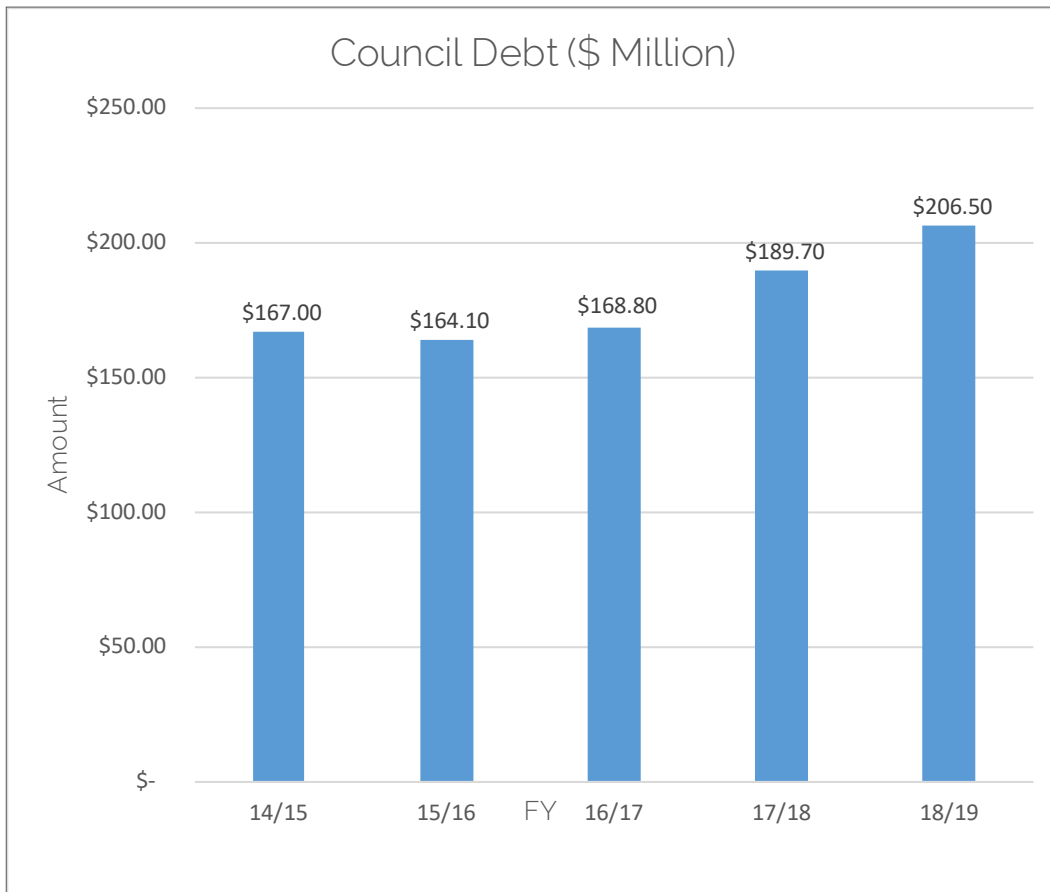
How does our performance compare with previous years?

We have generated a net surplus of \$8.09 million in 2018/19. The surplus is the reported revenue (\$138.1 million) less reported expenses (\$130 million) which includes depreciation.



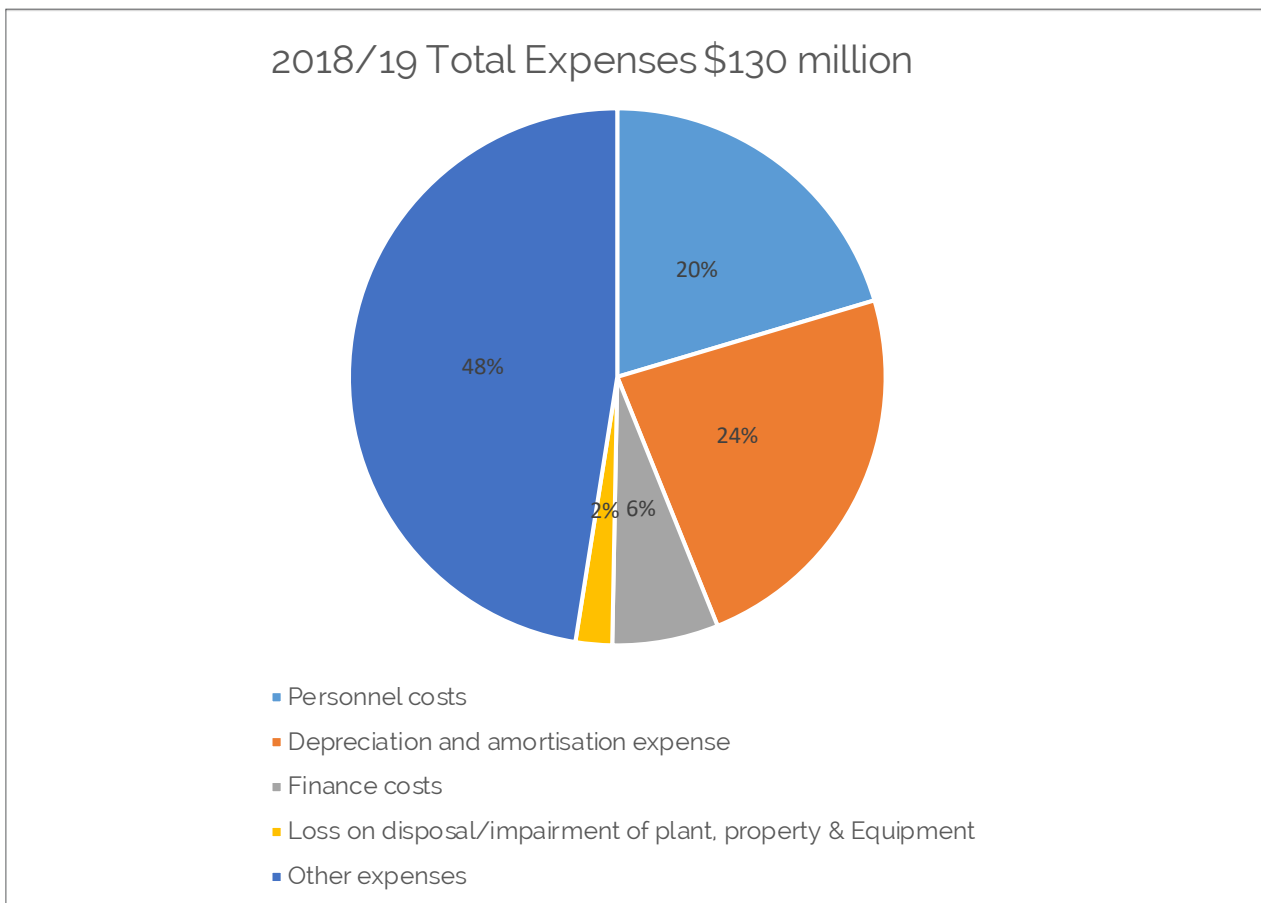
Council Debt

Debt increased by \$16.85 million from prior year to \$206.5 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.

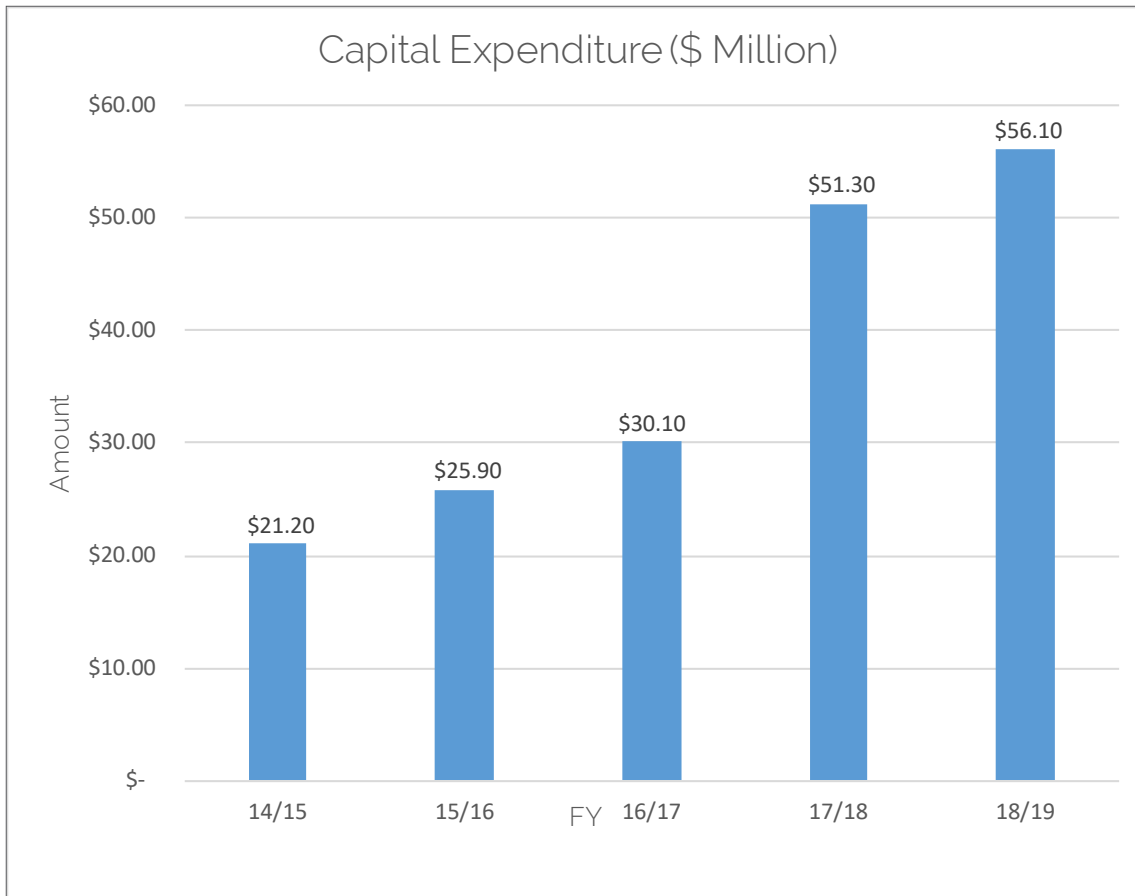


Where was the money spent?

The increase in borrowing was driven by capital expenditure on a few large projects, namely the Rotoiti/Rotoma sewage works of \$17.4m, various roading repairs and upgrades costing in the region of \$13m, ensuring a stable water supply network \$4.3m as well as over \$7m on maintaining recreational parks and reserve areas.



Capital Expenditure (\$ Million)



Overall we spent \$56 million on projects that renewed our assets (\$19.2m), increased their level of service (\$35m) or expanded them due to growth in our district (\$1.9m). This was \$21.6 million lower than our planned budget of \$77.6 million and was largely driven by a few key projects such as the Aquatic Centre, Kuirau Park and the Sir Howard Performing Arts centre that were deferred as investigation works and additional planning were carried out. In addition, in order to prevent undue disturbance to residents and visitors some water and drainage works were also deferred in order to coincide with expected NZTA road works i.e. Te Ngai Road. These plus some other important projects have been identified below in the Capital pressures table.

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.

Project	\$ spend 18/19 '000	Comment – note over or under budget and why
Rotorua Museum	719	Broadly in line with budget and although the material spend is expected over the next few years more than \$30m of funding has been secured.
Sir Howard Morrison Performing Arts Centre	840	Under budget - Further investigative and planning work has resulted in this project being deferred to the next financial year.
Aquatic Centre	290	Under budget – further clarification of the project scope as a result of investigative works which highlighted previously unknown issues resulted in deferment.
Lake Front	1,798	Over Budget – This number reflects the capital expenditure however MBIE funding is based on a 50/50 split and therefore net cost to council is only 50% of any stated expenditure
Whaka Forest	1,980	Under budget - Slightly under budget due to timing across the financial year and MBIE funding received with key works focused around Long Mile Road, Tarawera Road and Forest Hub 2 construction
Wastewater treatment plant	2,035	Over budget – part of the preliminary design and work for the proposed WWTP upgrade and water discharge . Any overspend within the projects is being managed across Sewerage to maintain costs in line with LTP
Rotoiti/Rotoma Sewerage	17,440	Under budget – over the life of the project spend is expected to be in line with LTP. The current year spend was driven by construction and reticulation works. The timing of works starting and contractor availability has resulted in the budget variance.

Te tūhono i te tirohanga ki te mahi **Connecting vision to action**

Key projects identified in the Long-term Plan 2018-2028 enhance Rotorua's strengths and offer opportunities to bring about further change, encourage future investment and raise the quality of life within our district.



Te whakaora i ō tātau taonga **Reviving our facilities**

OUR COMMITMENT: Ensure our facilities are modern, safe, fit-for-purpose and meet our needs and our lifestyle.



Te Toitūtanga o te Taiao **Environmental sustainability**

OUR COMMITMENT: Enhance the environment that defines Rotorua; a unique volcanic landscape characterised by lakes, rivers, mountains and geothermal features.



Te Whakawhanake i to tātau Rohe **Growing our district**

OUR COMMITMENT: Increase the resilience and vibrancy of our communities and villages by ensuring our land, housing and infrastructure is in the best condition it can be to meet the present and future needs of growth.



Tuia te kawē, tairanga te kawē, ko te kawē o te haere **Keeping the foot on the pedal of progress**

OUR COMMITMENT: 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.



Rotorua Museum

The museum is part of Rotorua's history and a facility we all take great pride in as a place that tells the stories of our district and of Te Arawa. Restoration and re-opening of our whare taonga is vital for both our community and as a visitor attraction. Following the Kaikoura earthquake in November 2016 the Museum had to be closed. Extensive investigations have been undertaken to fully understand the condition of the building, which was constructed in 1908, and ground conditions. Council is committed to restoring our world renowned Museum. This requires seismic strengthening of the building and corrective measures to address issues regarding the age of the building, environmental impacts and deferred maintenance.

A year of considerable behind the scenes work has seen the completion of all seismic assessment work on the museum. Developed design work has been completed giving us a clear understanding of the scope of the work, the costs and the architectural look and feel. A resource consent has been obtained that covers all the heritage impacts and concept designs for all aspects of the project. In addition to this significant funding from the Rotorua Energy Charitable Trust (\$10m) and Lotteries Grant (\$6m) has been secured. At the close of the financial year, we were still awaiting the outcome of a funding request to government for the balance of the construction costs. In August funding of \$20 million from the Provincial Growth Fund and Ministry of Culture and Heritage was formally announced.



Aquatic Centre

Rotorua is surrounded by lakes and rivers as part of our active environment. It is imperative that our children have access to safe, fun aquatic facilities for both access to water safety programmes and for leisure. The centre:

- Has the only outdoor heated (geothermal) 50m pool in the country
- Is popular for training camps and competitions
- Attracts 350,000 visitors a year
- Teaches more than 11,000 children annually in learn-to-swim programmes

Council will develop a masterplan that will focus on bringing the service up to the level our community expects, including:

- Fixing and deepening the outdoor 50m heated outdoor pool (now 43 year old)
- Replacing roofing, installing a new hi-vac system and upgrading the main pool hall
- Constructing a dedicated learn-to-swim pool
- Enhancements to the main entrance and changing facilities.

More investment and additional features like a bomb pool, water slides and outdoor play areas will be reliant on establishing partnerships with external investors.

A conceptual masterplan has been developed for the Aquatic Centre. This will focus on bringing the facility and service up to the level our community expects. The past 12 months have seen a focus on building a detailed understanding of the condition of the facility (including land stability). This has included extensive investigations of the roof structure of the main building and the ground conditions under the existing 50m pool.



Sir Howard Morrison Performing Arts Centre

Closure of the Sir Howard Morrison Performing Arts Centre for earthquake strengthening has provided the opportunity to review the future value proposition of the arts and culture offerings in Rotorua. There are two key objectives for this project:

- Establishing the facility as a fit-for-purpose performing arts centre while protecting what is a Category One heritage building; and
- Addressing long-term issues of earthquake strengthening, repairs (including from previous additions to the building) and deferred maintenance.

Detailed work on the condition of the building has been undertaken and a resource consent for the rebuild has been obtained so that work can begin by the end of 2019. All preliminary design work has been completed and the final funding that was needed to complete the rebuild has been secured through the confirmation of \$4 million from Lottery's and \$7 million from the council.



Wastewater treatment plant upgrade

Council signed a deed with Central North Island Iwi Limited (CNI) in 2014 to end treated effluent disposal in Whakarewarewa Forest by December 2019 as the forest system is considered unsustainable. Council has since worked with key stakeholders including iwi to explore and identify a better, more sustainable wastewater treatment and management alternative. The preferred, alternative to the forest discharge, solution agreed by the majority of parties includes a full upgrade of the existing wastewater treatment plant to a full membrane bioreactor plant with provision for improved nutrient removal, an ultraviolet disinfection system and significantly increased treatment capacity to cater to future projected demand arising from growth.

The design of the proposed new treatment plan has been completed and accurate costs for its construction have been determined through competitive tendering. A resource consent application has been lodged for the proposed new plant. The consent application is being processed through the Environment Court. Depending on the outcome of the consent application, the proposed treatment plant will either be upgraded as per the proposed design or it may be modified to meet any new consent conditions that the Environment Court may stipulate. Council is now awaiting the outcome of the consent application before is in a position to determine final construction timeframes.



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. With significant support from the community the scheme has proceeded. There are approximately 700 properties in the service area for this scheme, which will replace current septic tanks. Properties will connect, through a mains reticulation network, to a stand-alone wastewater treatment plant which will treat wastewater to a very high standard and in compliance with granted resource consent conditions, before it is discharged to land.

During the 2018/19 year the mains reticulation system in Rotoma and to the treatment plant has been completed. About 90% of all Rotoma on property pre-treatment systems have been installed and are ready to connect to the mains network. The waste water treatment plant that we service both the Rotoma and Rotoiti communities has been constructed and commissioned. Presently the plant is going through testing and calibration to commence receiving pre-treated waste water from the Rotoma sector of the scheme.

The mains reticulation network construction contract for Rotoiti has been awarded and installation has commenced; and the procurement process to obtain the right on-property pre-treatment system for Rotoiti has commenced. Tenders are expected to be called in the near future.





Lakefront redevelopment

A bold vision for the lakefront has been created to enhance this important recreational area for the benefit of locals and visitors. The design will create spaces for recreation, entertainment, cultural experiences, improved visitor operations and commercial operations and will represent our unique cultural identity and tell our stories.

The Lakefront Reserve is a significant recreation and economic asset for Rotorua. In 2006 an upgrade was identified as part of ongoing city development and our district's standing as one of New Zealand's most popular tourist destinations. The plan was not able to proceed as joint funding opportunities did not exist then.

The lake edge will be improved with a boulevard style pathway for pedestrians and cyclists, roading changes will include moving and improving visitor and coach parking, a new waka house will be constructed, public toilets will be upgraded and an enhanced childrens play area created. The plan also includes creation of a building site for commercial operations where investors could establish restaurants, cafés, kiosks and ticketing offices for lake activities.

The plan creates a destination to align with the quality aspirations of surrounding private investments already underway or planned.

In October 2018 the Government's Provincial Growth Fund granted \$19.9 million towards the project a substantial investment into the economic objectives of the project. The resource consent application for stage 1 (lake edge) was lodged with the Bay of Plenty Regional Council and Council has also lodged an application to Te Arawa Lakes Trust for a license to occupy the lake front for the new jetties.

Site works commenced with the demolition and site clearance in the area that was the old Scout den and tenders were called for and engaged for the stage one works. This will commence once the resource consent is confirmed. A number of workshops for children were run in order to develop ideas and concepts for the proposed childrens' playground area. This led to the completion of the detail design for stage two (the playground and carpark on memorial drive).





Whakarewarewa Forest

Whakarewarewa Forest is locally and internationally renowned as an outstanding recreation area for mountain biking, walking, running and events and is an important recreational area for our community. The trails attract an estimated 230,000 people annually for mountain biking alone and between 600-800,000 other visitors every year. Most of this recreation area is also a working forest with recreational use fitting around forest operations. A master plan identifies key recreational, cultural and commercial development opportunities, specifically in the Tokorangi block that includes the Redwoods area and the project will integrate trails, develop an outdoor event area, playground and picnic areas and improved parking.

In October 2018 the Government's Provincial Growth Fund granted \$7.0 million towards the project, driven by strong evidence supporting strengthened economic development and tourism, as well as the benefits of enhanced recreational opportunities. The Provincial Growth Fund grant investment supports Council's investment of \$7.5 million.

Initial work started on the Long Mile Road entrance, and access for coach and public parking progressed into development of a shared path and lighting installation along Long Mile Road. Resource consent was obtained for the Tarawera Road forest hub and the construction contract for forest hub 2 was issued.



Ngā Matahiapo **Awards and Recognition**

We received the following awards and commendations during 2018/19:



Winner - Māori Language Awards
for Council's Te Amorangi ki Mua Te Hāpai o Ki Muri Unit

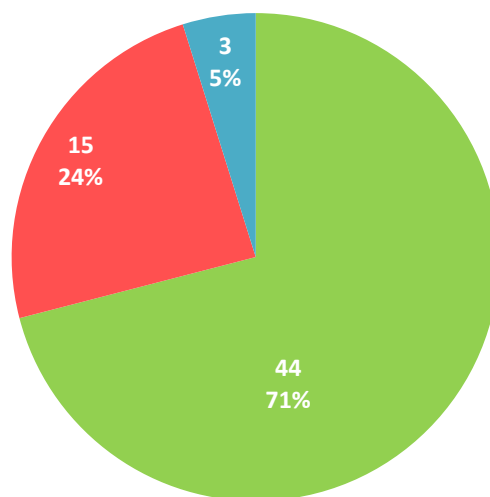
He aronga poto: Te āhua o ngā Ratonga

At a glance – Service Performance

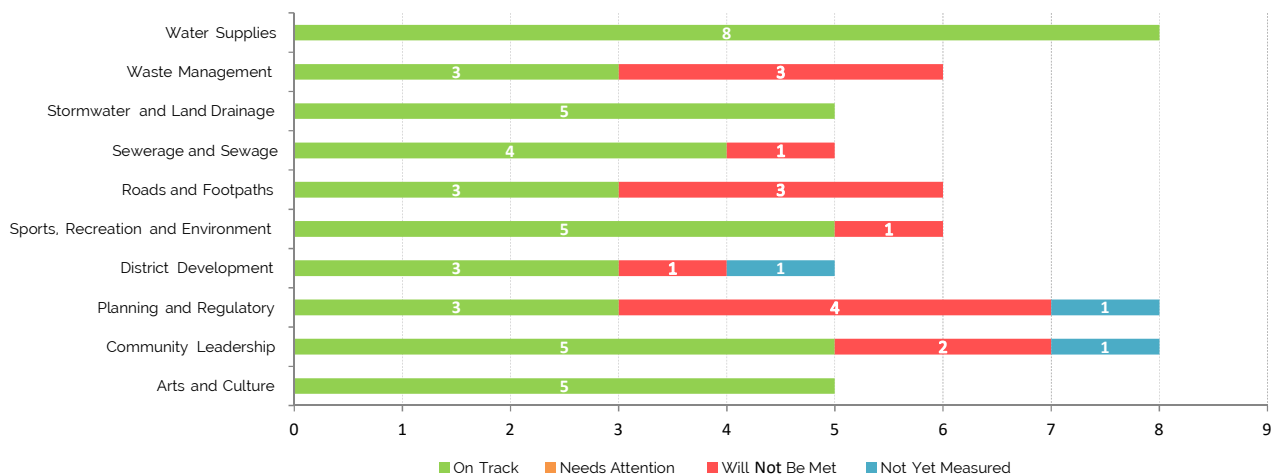
The 2018-28 Long-term Plan arranges Council's services into 10 activities, setting 62 KPIs to measure the performance of its services. For this financial year 59 KPIs have been reported on, with 3 KPIs that have not been able to be measured.

Performance Targets Summary

■ On Track ■ Needs Attention ■ Will Not Be Met ■ Not Yet Measured



Key Performance Targets by Activity Group





Mahi Toi Arts and Culture

Rotorua Vision 2030 Goals



PAPA WHAKATIPU

Outstanding places to play



WAAHI PŪMANAWA

Vibrant city heart

Why we do it – How does this affect you?

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

What we do

- 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.
- Support and grow a sense of belonging and identity.
- Help people find their place within our society (Museum, Library) – connecting communities, places and people.

Activities include:

- District Library
- Rotorua Museum
- Sir Howard Morrison Performing Arts Centre
- Energy Events Centre
- Markets, Events and Festivals

Our Highlights for 2018/2019

- Architect appointed for Sir Howard Morrison Centre project
- Architect appointed for restoration and development of Rotorua Museum
- Unveiling of Te Arawa Soldiers' Memorial

Measuring our performance

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.

Activity	Level of service	How will it be measured?	2018/19 Target	2018/19 Result	Comment as at 30 June 2019	2017/18 Result
Energy Events Centre	Utilisation	Community hire days of venues	≥330	352		406
Arts + Culture	Utilisation	Number of People visiting Arts and Culture Venues (Made up of figures from Library, Museum, SHMPAC, EEC)	Establish Baseline	401,287	Library = 77,440 EEC = 21,358 Museum (Outside the Walls)= 463 SHMPAC = Closed	n/a (new measure in 2019)
	Customer satisfaction	Percentage of customers very/fairly satisfied with Arts and Culture Offerings	Establish Baseline	87% (YTD Average)	Library only (Museum and SHMPAC both closed)	n/a (new measure in 2019)
	Customer satisfaction	Percentage of customers very/fairly satisfied with quality of Markets, Events and Festivals	Establish Baseline	89% (YTD Average)		n/a (new measure in 2019)
Library	Utilisation	Percentage increase of growth of the Māori collections issued within a year	1.2%	16%	The method of measurement for this target has been revised following the positive tracking of results after the first quarter of the year. The next LTP will reset the targets to above 10%.	n/a (new measure in 2019)

KEY: not measured ● needs attention ● achieved ● not achieved ●

Rotorua Lakes Council: Funding Impact Statement for 2018/19 for Arts & Culture

Arts and Culture	Long-term Plan	Actual	Actual
	2018/19 (\$000)	2018/19 (\$000)	2017/18 (\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	12,053	11,617	11,068
Targeted Rates	-	-	-
Subsidies and grants for operating purposes	550	444	647
Fees and charges	1,991	1,758	(139)
Internal charges and overheads recovered	16	27	16
Local Authorities, fuel tax, fines, infringements fees and other receipts	-	308	1,970
Total operating funding (A)	14,611	14,154	13,562

Applications of operating funding			
Payments to staff and suppliers	9,724	9,743	9,575
Finance Cost	604	595	742
Internal charges and overheads applied	1,984	2,093	1,386
Other operating funding applications	-	-	-
Total applications of operating funding (B)	12,313	12,430	11,703

Surplus (deficit) of operating funding (A-B)	2,298	1,724	1,860
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Sources of capital funding			
Subsidies and grants for capital expenditure	3,750	1,412	2,079
Development and financial contributions	-	-	-
Increase (decrease) in debt	5,097	2,841	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	8,847	4,253	2,079

Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	8,750	1,485	8,426
- to replace existing assets	2,395	1,124	1,507
Increase (decrease) in reserves	-	3,369	(5,994)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	11,145	5,977	3,939

Surplus (deficit) of capital funding (C-D)	(2,298)	(1,724)	(1,860)
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Funding balance ((A-B)+(C-D))	-	-	-
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Te Hautūtanga a te Hapori **Community Leadership**

Rotorua Vision 2030 Goals



PAPA WHAKATIPU
Outstanding places to play



WAAHI PŪMANAWA
Vibrant city heart



HE HĀPORI PŪMANAWA
A resilient community



KĀINGA NOHO, KĀINGA HAUMARU
Homes that match needs



WHAKAWHANAKE PĀKIHI
Business innovation and prosperity



HE HUARAHĪ HOU
Employment choices



TIAKINA TO TAI AO
Enhanced environment

Why we do it – 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 Māori to contribute to decision-making and supporting strong and efficient leadership.

What we do

This activity covers a range of specific functions and is also the home of corporate leadership and governance, civil defense and the technical and administrative support for Council's many services.

- Enable and support good decision making processes of the mayor, elected members, and committees
- Enable the organisation to deliver Vision 2030 to the district
- Enable and support organisational efficiency and decision-making through a strong business analysis approach, and the application of effective project management principles.
- Ensure business assurance, integrity and transparency.
- Nurture sustainable relationships that allow people to participate
- Support engagement between Council and Māori communities, marae, runanga, iwi, hapu and whanau, and facilitating Māori input into council decision-making.
- Provide leadership, advice, planning and resources to enable the community to respond to and recover from any significant disaster that could affect the area.
- Manage the council's property portfolio, ensuring that the investments that have been made provide a gross return that is sustainable and meets the needs of our community.

Activities include:

- Chief Executive Group
- Communications
- Corporate planning
- Governance
- Customer Centre
- Finance (Financial services, rates, treasury, project management, risk and contract management)
- Information Services
- Emergency Management
- Kaitiaki Māori
- Organisational Development and Capability

Our Highlights for 2018/2019

- Joint venture with Western Heights Community to deliver the Kai Rotorua Western Heights Reinvigoration project
- Spatial plan adopted
- Rating Review commenced
- Māori language speed sign unveiled
- Provincial Growth Fund announcement - \$27.4 million lakefront and Whakarewarewa Forest
- Flood affected residents in Ngongotaha starting to return home (August onwards)
- MBIE funding \$453,250 allocated to infrastructure improvements at Lake Ōkareka
- Housing First contract signed with central government
- District Plan Change 6 - Holiday Rentals becomes operative
- Royal Visit - Harry and Meagan
- Menz Shed - Lease on Pererika Street Reserve renewed for 20 years
- Waikite Thermal Pools new 20 year leases approved
- Amendments to Rotorua Te Arawa Lakes Strategy Group Agreement and Terms of Reference adopted
- Annual Report 2017/18 adopted
- Winner Māori Language Awards for Council's Te Amorangi ki Mua, Te Hāpai ō Ki Muri Unit,
- Rotorua Trust grant \$10 million towards Rotorua Museum project
- Rotorua child equity programme commences
- Rates review outcomes supported
- Funding contracts with MBIE for Rotorua Lakefront and Whakarewarewa Forest Projects approved by council
- Ngongotahā Community Reference Group established to provide advice for future flood risk mitigation options
- Retention of AA- credit rating by Fitch international
- Annual Plan 2019/20 adopted
- Lakefront -lake edge, boardwalk and landscaping contract awarded
- Draft Climate Action Plan

Measuring our performance

Community Leadership

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 Māori to contribute to decision-making and supporting strong and efficient leadership.

Activity	Level of service	How will it be measured ?	2018/19 Target	2018/19 Result	Comment as at 30 June 2019	2017/18 Result
Governance	Satisfaction/ Value/ Reliability	Percentage of residents who are satisfied with the Let's Talk platform - quality and reliability, and value	Establish Baseline	71%	The Let's Talk platform is Council's online engagement tool introduced in 2017. This is the first year satisfaction of the tool has been measured. Direct users of the platform have been surveyed.	n/a (new measure in 2019)
	Residents' confidence and engagement	Percentage of residents who feel they can participate in decision-making	>60%	57%	This is believed to be a positive result. More than half of the community were very satisfied/satisfied with the feeling of being able to participate in decision making. Council is always looking to find the correct balance as to levels of consultation/information sharing and raising awareness. This is also a significant positive increase from 2017/18	42%
	Satisfaction	Percentage of residents who feel we are delivering and moving towards the 2030 goals.	Establish Baseline	60%	This is believed to be a good result with more than half the community feeling we are delivering and moving towards the goals in Vision 2030.	Not measured
Communications	Residents' confidence and engagement	Resident's (%) who agree that Council information is easy to access (via website, libraries, social media, newspaper etc)	Establish Baseline	57%	Council provides a number of ways people can access information and continually is looking at ways to provide information to people in a form they wish to receive it be it via social media, print or the web.	n/a (new measure in 2019)
	Residents' confidence and engagement	% who feel Council keeps the community well informed	Establish Baseline	36%	It appears from these results that information is accessible (see measure above), however the information may not be the type of information that keeps the community knowledgeable and informed. Further work will need to be undertaken to distinguish between access to information and keeping the community well informed.	n/a (new measure in 2019)
Te Arawa Partnerships	Residents' confidence and engagement	Proportion of Māori groups who consider Council to be a good partner.	Establish Baseline	Not Measured	A new measure. The methodology was refined during the year and as a result has meant that by 30 June the actual survey has not been undertaken. The survey will be undertaken in the first half of 2020.	n/a (new measure in 2019)
	Bilingual Rotorua	Residents (%) who feel that Māori culture and te reo is appropriately recognised and visible in the city	Establish Baseline	86%	New measure. A good result. This shows that the commitment to being a bicultural city and organisation is noticeable in our community.	n/a (new measure in 2019)
Civil Defence	Reliability/ Quality	Emergency Operation Centre staff capacity and capability is developed as measured through the professional capability matrix.	85%	72%	The target is related to the BOP CDEM Plan to be achieved at the end of the 3 year planning period. We expect to achieve 85% by Year 2 (the end of the next financial year).	77%

KEY: not measured ● needs attention ● achieved ● not achieved ●

Rotorua Lakes Council: Funding Impact Statement for 2018/19 for Community Leadership

Community Leadership	Long-term Plan	Actual	Actual
	2018/19 (\$000)	2018/19 (\$000)	2017/18 (\$000)
Sources of operating funding			
General Rates, uniform annual charges, rates penalties	8,663	8,349	8,137
Targeted Rates	-	-	
Subsidies and grants for operating purposes	499	170	283
Fees and charges	-	2,368	1,135
Internal charges and overheads recovered	22,607	16,785	13,185
Local Authorities, fuel tax, fines, infringements fees and other receipts	2,353	706	3,178
Total operating funding (A)	34,122	28,378	25,918

Applications of operating funding			
Payments to staff and suppliers	22,040	21,586	19,962
Finance Cost	1,221	1,078	490
Internal charges and overheads applied	8,533	1,523	706
Other operating funding applications	-	-	-
Total applications of operating funding (B)	31,794	24,187	21,158

Surplus (deficit) of operating funding (A-B)	2,328	4,191	4,760
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Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	808	450	20,910
Gross proceeds from sale of assets	2,000	510	1,024
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	2,808	960	21,934

Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	3,985	408	136
- to replace existing assets	1,150	4,696	8,446
Increase (decrease) in reserves	-	(2,812)	15,733
Increase (decrease) of investments	-	2,859	2,379
Total applications of capital funding (D)	5,135	5,151	26,694

Surplus (deficit) of capital funding (C-D)	(2,328)	(4,191)	(4,760)
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Funding balance ((A-B)+(C-D))	-	-	0
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Te Whakamahere me te Whakature **Planning and Regulatory**

Rotorua Vision 2030 Goals



PAPA WHAKATIPU

Outstanding places to play



WAAHI PŪMANAWA

Vibrant city heart

Why we do it – How does this affect you?

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

What we do

- Develop the District Plan that will support integrated solutions that encourage and support growth and investment
- **Develop and align policy and bylaws to focus delivery of services towards achievement of the Rotorua 2030 vision**
- Deliver efficient and effective consent process for all land development and building projects

Activities include:

- Animal Control
- District Plan policy, development and implementation
- Inspection/Compliance
- Building Services – consenting, inspections
- Consenting – Resource Management Act

Our Highlights for 2018/2019

- Inner city Parklet trial completed
- Disposal of service lane, Fenton Street to assist WD Holmes 2000 Trust with redevelopment of their adjacent site
- Rollout of new parking system commenced
- Earthquake Prone Building Identification Process Update and Decision on Priority Routes
- Public Places Liquor Control Bylaw 2009 replaced with Alcohol Ban Bylaw
- Alcohol Ban Bylaw adopted
- Prostitution Bylaw review - consultation
- Deliberations and Proposal for New Prostitution Bylaw 2019

Measuring our performance

Planning and Regulatory

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

Activity	Level of service	How will it be measured?	2018/19 Target	2018/19 Result	Comment as at 30 June 2019	2017/18 Result
Animal Control	Compliance	100% of known dogs registered or served with a notice to register by 30 June annually.	100%	102%	11,823 dogs registered at 30 June based upon the 11,582 dogs listed in the RLC dog database	100%
Inspection	Compliance	100% of all licensed premises in the very high or high risk category are inspected under the Sale and Supply of Alcohol Act twice annually.	100%	110%	A total 77 out of 70 inspections have been completed. During the year the risk category for some premises has changed meaning the total number of required premises is 70. Some premises may have been inspected prior to the risk category changing.	100%
	Compliance	100% of all licensed premises in the high risk category are inspected under the Food Act twice annually.	100%	Not Measured	A change to the Food Act legislation has now been implemented which means the methodology behind this measure is no longer required. The method has changed from inspections/risks to verifications therefore the ranking system is now different. This KPI will be deleted in future years.	100%
	Customer satisfaction	Percentage of noise control complainants very/fairly satisfied with the complaint handling process.	90%	88%	A solid result. The major reasons why people may have been unsatisfied were the length of time responding to complaints and causes of excessive noise. A business improvement process is being introduced that will look at the response time.	n/a (new measure in 2019)
Planning/Policy and Consenting	Timeliness	Percentage of consents processed within 15 working days. (Land Use)	≥60%	37% (YTD Average)	The time taken on resource consents is largely dependent on complexity of the application and input required. The new District Plan no longer requires consent for a number of straightforward activities and this means a higher percentage of applications are now more complex. Improvements to the process are being developed to better streamline the process which should aid in better results going forward.	38%
	Timeliness	Percentage of consents processed within 15 working days. (Subdivision)	≥25%	16% (YTD Average)	Due to the complex nature of subdivisions there is a requirement for input from external providers and we often provide draft conditions which impact on the statutory working days. Currently there are larger subdivision applications with complex issues involving stormwater and geotechnical issues. Improvements to the process are being developed to better streamline the process which should aid in better results going forward.	18%
	Timeliness	Percentage of consents processed within 15 working days. (Building Consents)	≥60%	64% (YTD Average)	While the volume of building consents is increasing, we are continuing to track above the 60% target and are continuing to look at ways to improve this further.	70%
	Customer satisfaction	Percentage of customers very/fairly satisfied with the consenting process.	≥80%	50%	Satisfaction with the consenting process has been 50/50 this year. The major reasons for dissatisfaction included cost, time and being a stressful process.	85%

KEY: not measured ● needs attention ● achieved ● not achieved ●

Rotorua Lakes Council: Funding Impact Statement for 2018/19 for Planning and Regulatory

Planning and Regulatory	Long-term Plan	Actual	Actual
	2018/19 (\$000)	2018/19 (\$000)	2017/18 (\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	2,393	2,306	2,198
Targeted Rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	4,261	4,382	3,892
Internal charges and overheads recovered	59	75	20
Local Authorities, fuel tax, fines, infringements fees and other receipts	1,673	1,946	1,403
Total operating funding (A)	8,386	8,709	7,514

Applications of operating funding			
Payments to staff and suppliers	6,221	7,055	4,994
Finance Cost	3	3	1
Internal charges and overheads applied	2,147	2,180	1,657
Other operating funding applications	-	-	-
Total applications of operating funding (B)	8,371	9,238	6,653

Surplus (deficit) of operating funding (A-B)	15	(529)	861
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Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	85	47	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	85	47	-

Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	100	212	82
Increase (decrease) in reserves	(0)	(693)	779
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	100	(482)	861

Surplus (deficit) of capital funding (C-D)	(15)	529	(861)
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Funding balance ((A-B)+(C-D))	-	-	-
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Tō Tātau Whanaketanga District Development

Rotorua Vision 2030 Goals



PAPA WHAKATIPU

Outstanding places to play



WAAHI PŪMANAWA

Vibrant city heart

Why we do it – How does this affect you?

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

What we do

We work with external agencies to develop and improve the local economy. This includes the work led by Council under its Vision 2030 goals and economic growth portfolio.

This activity also includes the work Council contracts to our council controlled organisation; Rotorua Economic Development and the initiatives being developed through them. 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.

We also work with external agencies to develop and improve the local economy.

Activities include:

- Big move/key project planning linked to Rotorua Vision 2030
- Tourism
- Economic Development
- Airport

Measuring our performance

District Development

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

Activity	Level of service	How will it be measured?	2018/19 Target	2018/19 Result	Comment as at 30 June 2019	2017/18 Result
Airport	Utilisation	Number of passenger movements at the Rotorua Airport	242,664	265,443		246,486
Economic Development	Prosperity	Rotorua's GDP growth is above the average GDP growth of New Zealand.	Achieved	Not Achieved	The method for measuring GDP has been changed which has resulted in showing the GDP in Rotorua being lower than the national average. The method of measurement has changed nationally as a result of the Infometric model being changed across all local authorities. A new measure for distinguishing prosperity will need to be developed.	Achieved
	Satisfaction	The business confidence within the Rotorua district is above the average business confidence across New Zealand.	Achieved	Achieved	Business confidence index for Rotorua was +12.5, compared to -31.1 for NZ.	Achieved
	Utilisation	Number of Retail and Office spaces not tenanted in the CBD	130	112	An annual survey undertaken by TelferYoung - CBD Vacancy survey (December 2018). 112 vacant retail and office tenancies (59 retail, and 53 office)	n/a (new measure in 2019)
	Utilisation	Number of electronic transactions in the CBD	Establish Baseline	Not measured	Data for this measure needs to be purchased externally. The cost for this data set proved to be prohibitive for a one-off result. Current work is underway to look at other measures for commercial/retail utilisation/activity.	n/a (new measure in 2019)

KEY: not measured ● needs attention ● achieved ● not achieved ●

Rotorua Lakes Council: Funding Impact Statement for 2018/19 for District Development

District Development	Long-term Plan	Actual	Actual
	2018/19 (\$000)	2018/19 (\$000)	2017/18 (\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	3,703	3,569	3,403
Targeted Rates	5,505	6,031	5,832
Subsidies and grants for operating purposes	29	(4)	4
Fees and charges	-	-	4
Internal charges and overheads recovered	-	-	(4)
Local Authorities, fuel tax, fines, infringements fees and other receipts	648	408	0
Total operating funding (A)	9,886	10,005	9,239
Applications of operating funding			
Payments to staff and suppliers	8,992	8,861	8,599
Finance Cost	(11)	482	989
Internal charges and overheads applied	560	561	407
Other operating funding applications	-	-	-
Total applications of operating funding (B)	9,542	9,904	9,996
Surplus (deficit) of operating funding (A-B)	344	101	(757)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	1,083	113
Development and financial contributions	-	-	-
Increase (decrease) in debt	(805)	(449)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(805)	634	113
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	140	-	-
Increase (decrease) in reserves	-	735	643
Increase (decrease) of investments	(600)	-	-
Total applications of capital funding (D)	(460)	735	643
Surplus (deficit) of capital funding (C-D)	(345)	(101)	757
Funding balance ((A-B)+(C-D))	-	-	-

Ngā Hākinakina, Te Mahi ā Rēhia me te Taiao

Sports, recreation & environment

Rotorua Vision 2030 Goals



PAPA WHAKATIPU

Outstanding places to play



WAAHI PŪMANAWA

Vibrant city heart

Why we do it – 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 and beautification of our CBD and surrounds and preserving our green network, all of which lead to increased inner wellbeing and pride in how our district looks.

Activities include:

- Garden's, Reserves and Sportsgrounds
- Aquatic Centre

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. The council is responsible for maintenance of walking and mountain bike trails in the Tokorangi Forest, famous for the magnificent stands of towering Californian Coastal Redwoods. The tracks in the adjacent Whakarewarewa Forest are maintained by volunteer track sponsors. The council is charged with maintaining and enhancing the landscape, recreational potential and aesthetic value of the forest as a significant backdrop to Rotorua.

The Aquatic Centre caters for local, regional and national aquatic sports, and provides recreational, health, fitness and leisure programmes and services. Sporting and physical activity opportunities include recreational programmes such as aqua jogging and aerobic classes, Aqua Mums, Green Team holiday programme and Flippa Ball (mini water polo). Other activities include swimming, water polo, canoe polo, outriggering (waka ama), underwater hockey, 'learn to swim' programmes, playground and inflatable fun, volleyball and onsite cardio studio.

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

Measuring our performance

Sports Recreation and Environment

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 and beautification of our CBD and surrounds and preserving our green network, all of which lead to increased inner wellbeing and pride in how our district looks.

Activity	Level of service	How will it be measured?	2018/19 Target	2018/19 Result	Comment as at 30 June 2019	2017/18 Result
Gardens, Reserves and Sportsgrounds	Utilisation	The number of Gardens, Reserves and Sportsgrounds bookings	≥1,650	2,662	Year end results are slightly up on 2018 year end (2634) This is due to better utilisation and booking management of reserves, increasing usage.	2634
	Customer satisfaction	Percentage of customers very/fairly satisfied with Gardens, Reserves and Sportsgrounds.	85%	88%		84%
Aquatic Centre	Utilisation	Number of visitors to the aquatic centre per year.	≥350,000	337,947	CLM commenced management of the facility 15 days into the year. Those 15 days have not been counted in the final result. Based on this and the growth in visitor numbers seen in the last quarter of the year, it is expected the target will be reached next financial year.	307,543
	Customer satisfaction	Percentage of customers very/fairly satisfied with Aquatic Centre.	70%	71%		63%
	Utilisation	Number of lessons in Learn to Swim School programmes per term	≥11,000	Achieved 15,828	Each term the swim school has delivered results above the target of 11,000 lessons per term. The result is up 12.7% overall on last year.	14,044
	Customer satisfaction	Percentage of users that are satisfied with the swim school level of service	≥80%	86%		n/a (new measure in 2019)

KEY: not measured  needs attention  achieved  not achieved 

Rotorua Lakes Council: Funding Impact Statement for 2018/19 for Sports, Recreation & Environment

Sport, Recreation and Environment	Long-term Plan	Actual	Actual
	2018/19	2018/19	2017/18
	(\$000)	(\$000)	(\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	14,016	13,509	12,611
Targeted Rates	-	-	-
Subsidies and grants for operating purposes	3	204	62
Fees and charges	-	673	768
Internal charges and overheads recovered	7	65	16
Local Authorities, fuel tax, fines, infringements fees and other receipts	801	297	1,558
Total operating funding (A)	14,827	14,748	15,014

Applications of operating funding			
Payments to staff and suppliers	10,523	10,583	11,849
Finance Cost	1,239	1,220	1,004
Internal charges and overheads applied	869	942	1,112
Other operating funding applications	-	-	-
Total applications of operating funding (B)	12,631	12,745	13,965

Surplus (deficit) of operating funding (A-B)	2,196	2,003	1,049
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Sources of capital funding			
Subsidies and grants for capital expenditure	375	1,830	1,114
Development and financial contributions	-	555	739
Increase (decrease) in debt	10,419	5,808	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	10,794	8,193	1,853

Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	9,608	6,547	3,610
- to replace existing assets	3,382	803	408
Increase (decrease) in reserves	-	2,846	(1,116)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	12,990	10,196	2,902

Surplus (deficit) of capital funding (C-D)	(2,196)	(2,003)	(1,049)
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Funding balance ((A-B)+(C-D))	-	-	-
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Ngā Huarahi me ngā Ara Roads and Footpaths

Rotorua Vision 2030 Goals



PAPA WHAKATIPU

Outstanding places to play



WAAHI PŪMANAWA

Vibrant city heart

Why we do it – 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.

Activities include:

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

Our Highlights for 2018/2019

- Speed Limit Bylaw - new speeds on Hamurana Rd and many other district streets
- Ranolf to CBD cycleway/shared path completed adding to the urban cycleway network
- Tarawera Road slip from the April 18 flood emergency restored
- Adoption of traffic bylaw
- Paradise Valley Road slip restored
- Long Mile Road/Tarawera Road intersection upgrade
- Te Ngae/Owhata Road slip lane upgrade
- Rural school zone road safety/speed review announced

Measuring our performance

Roads and Footpaths

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.

Activity	Level of service	How will it be measured?	2018/19 Target	2018/19 Result	Comment as at 30 June 2019	2017/18 Result
Roads and Footpaths	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	3 more fatal and 4 more 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 2017/18 - Fatal 3 Serious Injuries 9 2018/19 - Fatal 6 Serious Injuries 13 Police crash reports have not identified road condition as a contributing factor, however if any road conditions were to be a contributing factor correction actions would be taken.	1 more fatal but 8 fewer serious injury crashes during the financial year
	Condition	The average quality of ride on a sealed local road network, measured by smooth travel exposure.	≥75%	89%	Result indicates that Council's road reseals and reseals design achieve the target surface condition. NZTA's technical evaluation supports this outcome.	84%
	Maintenance	The percentage of the sealed local road network that is resurfaced.	≥8%	7.6%	98% of our target reseals programme of 67km (8% of our sealed network of 872kms), 66km has been completed. The balance of 1km has been deferred to 2019/2020.	6.2%
	Condition	The percentage of footpaths that are condition four (4) or better.	≥98%	98%		99.9%
	Response time	The percentage of customer service requests relating to roads and footpaths which are responded to within five (5) working days.	≥90%	75% (YTD Average)	All 815 'public' maintenance requests and 7771 (dispatches) received an immediate response through logging directly to the Asset Management System. Of the 686 'Transport' complaints and/or new service requests, 321 were responded to within five working days. Therefore 76% of the total 1501 enquires were responded to within five working days. The balance to the target relates to enquiries or requests that were assessed as not requiring immediate action due to low safety risk.	90%
	Utilisation	Number of Cyways users (Average Daily use)	Establish Baseline	279 (YTD Average)		n/a (new measure in 2019)

KEY: not measured ● needs attention ● achieved ● not achieved ●

Rotorua Lakes Council: Funding Impact Statement for 2018/19 for Roads and Footpaths

Roads and footpaths	Long-term Plan	Actual	Actual
	2018/19 (\$000)	2018/19 (\$000)	2017/18 (\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	10,530	10,149	10,985
Targeted Rates	-	-	-
Subsidies and grants for operating purposes	3,031	3,589	3,608
Fees and charges	-	141	-
Internal charges and overheads recovered	27	93	97
Local Authorities, fuel tax, fines, infringements fees and other receipts	2,280	682	1,630
Total operating funding (A)	15,868	14,654	16,320

Applications of operating funding			
Payments to staff and suppliers	8,654	9,554	9,154
Finance Cost	2,213	2,179	1,861
Internal charges and overheads applied	2,307	2,512	646
Other operating funding applications	-	-	-
Total applications of operating funding (B)	13,174	14,245	11,659

Surplus (deficit) of operating funding (A-B)	2,695	409	4,661
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Sources of capital funding			
Subsidies and grants for capital expenditure	8,131	7,106	4,834
Development and financial contributions	-	19	-
Increase (decrease) in debt	1,381	770	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	9,512	7,894	4,834

Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	2,220	3,665	8,383
- to replace existing assets	9,986	9,356	5,639
Increase (decrease) in reserves	-	(4,718)	(4,234)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	12,206	8,304	9,788

Surplus (deficit) of capital funding (C-D)	(2,695)	(409)	(4,955)
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Funding balance ((A-B)+(C-D))	-	-	-
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Parakaingaki me te Wai-para **Sewerage and sewage**

Rotorua Vision 2030 Goals



TIAKINA TO TAIKO
Enhanced environment

Why we do it – 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.

Activities include:

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

Our Highlights for 2018/2019

- East Rotoiti | Rotomā Sewerage Scheme Treatment Plant construction completed

Measuring our performance

Sewerage and Sewage

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.

Activity	Level of service	How will it be measured?	2018/19 Target	2018/19 Result	Comment as at 30 June 2019	2017/18 Result
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.	≤ 5 / 1000 connections	2.21 / 1000 connections	55 overflows reported from 24,891 properties rated for sewer.	2.0 / 1000 connections
	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	No abatement or infringement notices, enforcement orders or convictions were received.	0
	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.	≤60 minutes	37 minutes		37 minutes
	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 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.	≤ 180 minutes	125 minutes		146 minutes
	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	≤ 10 / 1000 connections	9 odour 266 faults 75 blockages 1 response complaints Total 14.47 / 1000 connections	351 complaints and service faults received from 24,891 properties rated for sewer. Important to note, that of the total faults recorded, 248 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 full result. This anomaly will be rectified during the next LTP.	1 odour 297 faults 120 blockages 14 response complaints Total 17.8 / 1000 connections

KEY: not measured ● needs attention ● achieved ● not achieved ●

Rotorua Lakes Council: Funding Impact Statement for 2018/19 for Sewerage and Sewage

Sewerage and Seweage	Long-term Plan	Actual	Actual
	2018/19 (\$000)	2018/19 (\$000)	2017/18 (\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	-	-	-
Targeted Rates	14,109	15,038	14,591
Subsidies and grants for operating purposes	-	-	-
Fees and charges	694	684	661
Internal charges and overheads recovered	417	180	317
Local Authorities, fuel tax, fines, infringements fees and other receipts	39	8	9
Total operating funding (A)	15,260	15,910	15,579

Applications of operating funding			
Payments to staff and suppliers	6,021	6,429	6,065
Finance Cost	1,636	1,611	535
Internal charges and overheads applied	2,664	2,863	3,869
Other operating funding applications	-	-	-
Total applications of operating funding (B)	10,322	10,903	10,469

Surplus (deficit) of operating funding (A-B)	4,938	5,007	5,110
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Sources of capital funding			
Subsidies and grants for capital expenditure	12,285	12,304	795
Development and financial contributions	-	-	-
Increase (decrease) in debt	9,186	5,120	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	21,471	17,424	795

Application of capital funding			
Capital expenditure			
- to meet additional demand	120	-	-
- to improve the level of service	20,000	20,084	8,797
- to replace existing assets	6,289	1,647	1,682
Increase (decrease) in reserves	-	700	(4,574)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	26,409	22,431	5,905

Surplus (deficit) of capital funding (C-D)	(4,938)	(5,007)	(5,110)
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Funding balance ((A-B)+(C-D))	-	-	-
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Wai Āwhā

Stormwater and Land drainage

Rotorua Vision 2030 Goals



TIAKINA TO TAIAO
Enhanced environment

Why we do it – 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 run-off on the District's lakes and waterways.

Activities include:

- 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.

Measuring our performance

Stormwater and Land Drainage

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

Activity	Level of service	How will it be measured?	2018/19 Target	2018/19 Result	Comment as at 30 June 2019	2017/18 Result
Stormwater Operations	System adequacy	The number of flooding events that occur in a territorial authority district.	≤ 2	1	1 habitable building flooding was advised to the council (flooding event definition: where water enters a habitable building).	2
	System adequacy	For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system).	≤ 0.5 / 1000 rated properties	0.04 / 1000 rated properties	1 flooding event reported from 28,376 properties connected.	6.3 / 1000 rated properties. Target was not met due to 2 flooding events on 18 December and 209 April. This resulted in a total of 179 buildings being affected out of 28,378.
	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	No abatement or infringement notices, enforcement orders or convictions were received during the period.	0
	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.	≤ 60 minutes	50 mins	1 flooding events, median response time, (flooding event definition: where water enters a habitable building).	Not measured
	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.	≤ 20 / 1000 rated properties	1.9 / 1000 rated properties	55 service requests / complaints received from 28,378 rated properties.	37.4 / 1000 properties. Not achieved. 148 normal service requests/ complaints received from 28,378 rated properties. In addition a further 913 calls/ complaints resulted from the civil emergency on 29 April 2018.

KEY: not measured ● needs attention ● achieved ● not achieved ●

Rotorua Lakes Council: Funding Impact Statement for 2018/19 for Stormwater & Land Drainage

Stormwater and Land Drainage	Long-term Plan	Actual	Actual
	2018/19	2018/19	2017/18
	(\$000)	(\$000)	(\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	5,122	4,937	3,767
Targeted Rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1	-	-
Internal charges and overheads recovered	-	62	97
Local Authorities, fuel tax, fines, infringements fees and other receipts	-	17	-
Total operating funding (A)	5,123	5,016	3,865

Applications of operating funding			
Payments to staff and suppliers	1,269	1,319	962
Finance Cost	420	413	621
Internal charges and overheads applied	1,792	1,935	249
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,480	3,667	1,832

Surplus (deficit) of operating funding (A-B)	1,643	1,349	2,032
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Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,934	1,078	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	1,934	1,078	-

Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	650	1,658	829
- to replace existing assets	2,927	149	176
Increase (decrease) in reserves	(0)	621	1,027
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	3,577	2,427	2,032

Surplus (deficit) of capital funding (C-D)	(1,643)	(1,349)	(2,032)
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Funding balance ((A-B)+(C-D))	-	-	-
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Te Whakahaere Para **Waste management**

Rotorua Vision 2030 Goals



TIAKINA TO TAIKO
Enhanced environment

Why we do it – How does this affect you?

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

Activities include:

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

Our Highlights for 2018/2019

- Rural waste collection rollout
- Landfill capped and sealed reducing carbon emissions and the production of leachate

Measuring our performance

Waste Management

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

Activity	Level of service	How will it be measured?	2018/19 Target	2018/19 Result	Comment as at 30 June 2019	2017/18 Result
Waste Management	Sustainability	Number of tonnes per annum of green + wood waste recovered.	≥7,000 tonnes	4,718 tonnes	Total weight fell short of the target by 2,282 tonnes. It is believed that more residents undertake on site green waste composting and the volume of wood diversion is dependant on demolition/ renovation works. In addition there are other wood recovery operations in the district separately from the Council's landfill for which no data exists.	5,179 tonnes
	Sustainability	Number of tonnes per annum of concrete waste recovered.	≥1,500 tonnes	2,207 tonnes	The reduction of concrete recovered from the previous year relates and is impacted by the types of demolitions taken place in the district. i.e. less concrete demolition than the previous year.	2626 tonnes
	Sustainability	Increasing number of tonnes per annum of recycled material recovered.	≥5,000 tonnes	5,695 tonnes	This is an increase in waste recovered for recycling and is a result of better education and improved service.	4,988 tonnes
	Sustainability	Reduce the amount of rubbish/waste that is collected from kerbside collection per household.	≤ 320 kg / household - Per Year	459kg per household	Target has been exceeded by 139kg per household per year. The decrease from last year is the result of increased recycling collected and improved awareness of the community in waste minimisation through their purchasing activities. It is believed that improved economic activity generates more waste. The target is challenging but Council will continue to encourage more waste diversion.	532kg per household
	Customer satisfaction	% residents very/ fairly satisfied with Waste Management Systems	90%	91%		93% refuse collection 76% recycling
	Compliance	Compliance with resource consent conditions at the landfill	100%	1 failure	Wet weather caused contaminated stormwater to enter a settlement pond which is contrary to the resource consent conditions. This was a technical breach that resulted in no pollution in the receiving environment.	n/a (new measure in 2019)

KEY: not measured ● needs attention ● achieved ● not achieved ●

Rotorua Lakes Council: Funding Impact Statement for 2018/19 for Waste Management

Waste Management	Long-term Plan	Actual	Actual
	2018/19	2018/19	2017/18
	(\$000)	(\$000)	(\$000)
Sources of operating funding			
General Rates, uniform annual charges, rates penalties	1,465	1,412	521
Targeted Rates	5,765	5,290	4,399
Subsidies and grants for operating purposes	-	277	-
Fees and charges	931	-	-
Internal charges and overheads recovered	-	-	-
Local Authorities, fuel tax, fines, infringements fees and other receipts	-	772	1,273
Total operating funding (A)	8,161	7,751	6,193

Applications of operating funding			
Payments to staff and suppliers	6,999	8,326	7,069
Finance Cost	45	44	823
Internal charges and overheads applied	689	569	451
Other operating funding applications	-	-	-
Total applications of operating funding (B)	7,732	8,939	8,343

Surplus (deficit) of operating funding (A-B)	429	(1,189)	(2,151)
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Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(429)	(239)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(429)	(239)	-

Application of capital funding			
Capital expenditure			
- to meet additional demand	-	(74)	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	(1,354)	(2,151)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	-	(1,428)	(2,151)

Surplus (deficit) of capital funding (C-D)	(429)	1,189	(2,151)
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Funding balance ((A-B)+(C-D))	-	-	-
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Te Tuku Wai Water supplies

Rotorua Vision 2030 Goals



KĀINGA NOHO, KĀINGA HAUMARU
Homes that match needs

Why we do it – How does this affect you?

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

Activities include:

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.

Our Highlights for 2018/2019

- Boundary Backflow Prevention Policy adopted to further safeguard the quality of our water supply
- Mamaku water treatment plant upgrade complete all our water sources meeting water quality standards

Measuring our performance

Water Supplies

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

Activity	Level of service	How will it be measured?	2018/19 Target	2018/19 Result	Comment as at 30 June 2019	2017/18 Result
Water Supply	Safety of drinking water	Compliance with: <ul style="list-style-type: none"> · part 4 of the drinking-water standards (bacteria compliance criteria), and · part 5 of the drinking-water standards (protozoal compliance criteria) 	Achieved for all supplies	<p>Bacterial Compliance</p> <p>All ten treatment plants = Yes</p> <p>Protozoal Compliance</p> <p>Mamaku = No</p> <p>Other nine treatment plants = Yes</p> <p>Note: These results are provisional, as obtained from the Ministry of Health compliance database. They will not be final until the annual compliance report is issued by the independent Drinking Water Assessor.</p>	All actual water supplied is fully compliant with the Drinking Water Standards for NZ. The 10 treatment plants are: Deep Creek, Hamurana, Mamaku, Matipo, Reporoa, Rotoiti, Rotoma, Taniwha Springs, Utuhina, Whakarewarewa Forest Springs. Of these, the Mamaku Plant did not meet the protozoal compliance target for the first six months of the compliance year. Additional treatment processes were installed and have been operational since December. Protozoal compliance was achieved for both the March and June quarters.	<p>Bacterial Compliance</p> <p>Hamurana = No Other nine treatment plants = Yes</p> <p>Protozoal Compliance</p> <p>Mamaku = No Hamurana = No</p> <p>Other eight treatment plants = Yes</p> <p>Note: The results reported in 2018 were provisional, and incorrectly stated that all treatment plants including Hamurana achieved bacterial compliance. The final result for 2018 was that Hamurana did not achieve bacterial compliance due to an incorrect operator response to a UV treatment fault on one day.</p>
	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).	≤ 25%	19.1%	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.	21.9%
	Fault response times	In response to a fault or unplanned interruption to its networked reticulation system, the 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	≤ 60 minutes	27 minutes		22 minutes

KEY: not measured ● needs attention ● achieved ● not achieved ●

Activity	Level of service	How will it be measured?	2018/19 Target	2018/19 Result	Comment as at 30 June 2019	2017/18 Result
Water Supply	Fault response times	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.	≤ 210 minutes	73 minutes	A slight increase in the response time from last year is related to a dry summer where increased water demand and service calls stretched available resources. Result is still well within the target response times.	72 minutes
	Fault response times	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	≤ 1 day	5 hours 14 minutes	An increase in the response time compared to last year is due to the dry summer. Increased demand on urgent cases necessitated prioritisation of resources to urgent cases thus non-urgent faults took longer to be addressed. Still well within the target KPI.	2 hours 55 minutes
	Fault response times	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.	≤ 3 days	22 hours 5 minutes	Noting the dry summer and the dedication of resources to address increased demand and respond to urgent calls to rectify faults, resolution on non-urgent call outs was assigned lower response priority. The actual performance is well within th target KPI.	18 hours 59 minutes
	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.	≤ 10 /1000 connections	1 clarity 3 taste 1 odour 43 pressure or flow 59 continuity complaints 22 service complaint. Total = 5.0 /1000 connections	129 complaints from 26,040 connected properties- (Figures differ slightly from previous data as vetted more closely - excluded some that were counted previously ie. private contractor cause etc)	0 clarity 10 taste 0 odour 20 pressure or flow 69 continuity complaints 8 service complaint. Total = 4.3 /1000 connections
	Demand management	The average consumption of drinking water per day per resident within the territorial authority district.	≤ 320 litres per person per day	320 litres per person per day	Figures based on domestic residential consumption using a sample of residential water meters which have been installed.	292 litres per person per day

KEY: not measured ● needs attention ● achieved ● not achieved ●

Rotorua Lakes Council: Funding Impact Statement for 2018/19 for Water Supplies

Water Supplies	Long-term Plan	Actual	Actual
	2018/19 (\$000)	2018/19 (\$000)	2017/18 (\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	-	-	-
Targeted Rates	9,194	9,612	8,469
Subsidies and grants for operating purposes	-	-	-
Fees and charges	8	13	10
Internal charges and overheads recovered	357	1,060	392
Local Authorities, fuel tax, fines, infringements fees and other receipts	408	216	378
Total operating funding (A)	9,967	10,901	9,248

Applications of operating funding			
Payments to staff and suppliers	4,774	5,199	4,851
Finance Cost	685	676	521
Internal charges and overheads applied	1,856	1,867	1,955
Other operating funding applications	-	-	-
Total applications of operating funding (B)	7,315	7,742	7,328

Surplus (deficit) of operating funding (A-B)	2,653	3,159	1,920
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Sources of capital funding			
Subsidies and grants for capital expenditure	-	3	935
Development and financial contributions	-	-	3
Increase (decrease) in debt	2,553	1,423	-
Gross proceeds from sale of assets	-	-	4
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	2,553	1,426	942

Application of capital funding			
Capital expenditure			
- to meet additional demand	300	1,991	472
- to improve the level of service	2,000	1,099	936
- to replace existing assets	2,906	1,214	2,107
Increase (decrease) in reserves	-	281	(653)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	5,206	4,585	2,862

Surplus (deficit) of capital funding (C-D)	(2,653)	(3,159)	(1,920)
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Funding balance ((A-B)+(C-D))	-	-	-
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Financial statements

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Statement of compliance and responsibility

Compliance

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

Responsibility

The Council and management of Rotorua Lakes Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them. The Council and management of Rotorua Lakes Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. In the opinion of the Council and management of Rotorua Lakes Council, the annual Financial Statements for the year ended 30 June 2019 fairly present the financial position and operation of Rotorua Lakes Council.

Steve Chadwick

Mayor

30 October 2019

Geoff Williams

Chief Executive

30 October 2019

Statement of Comprehensive Revenue and Expense

for the year ended 30 June 2019

	Notes	Council			Group	
		2019	2019	2018	2019	2018
		actual	budget	actual	actual	actual
		\$000	\$000	\$000	\$000	\$000
Revenue						
Rates	2	91,818	92,518	85,982	91,722	85,885
Development and financial contributions	5	574	-	741	574	741
Subsidies and grants	3	29,202	28,653	14,475	29,202	14,475
Interest revenue	4	858	134	578	346	111
Other revenue	6	15,184	15,955	17,594	21,646	22,931
Gains	7	510	-	1,028	510	1,050
Total revenue		138,146	137,260	120,398	144,001	125,193
Expenses						
Personnel costs	8	26,594	25,509	25,971	39,330	37,567
Depreciation and amortisation expense	19	30,503	23,774	28,419	33,300	30,998
Finance costs	4	8,300	8,054	7,583	8,300	7,583
Loss on disposal/impairment of plant, property & equipment	9	2,825	-	3,798	2,847	3,940
Other expenses	9	61,837	59,709	56,244	52,605	46,197
Total expenses		130,059	117,046	122,015	136,382	126,285
Surplus/(deficit) before tax						
Surplus/(deficit) before tax		8,087	20,214	(1,617)	7,619	(1,092)
Income tax expense	10	-	-	-	(63)	(8)
Surplus/(deficit) after tax		8,087	20,214	(1,617)	7,682	(1,084)
Other comprehensive revenue and expense						
Items that could be reclassified to surplus/(deficit):						
Net change in fair value of hedges	25	89	-	156	89	156
Net change in fair value of investment	25	2,179	-	17,451	(1)	(132)
Items that will not be reclassified to surplus/(deficit):						
Revaluation on property, plant & equipment	25	3,992	15,860	14,388	6,578	31,439
Revaluation on intangibles	25	73	-	-	73	-
Total other comprehensive revenue and expense		6,333	15,860	31,996	6,740	31,464
Total comprehensive revenue and expense		14,420	36,074	30,379	14,421	30,380

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

Statement of Changes in Equity

for the year ended 30 June 2019

Notes	Council			Group	
	2019	2019	2018	2019	2018
	actual	budget	actual	actual	actual
	\$000	\$000	\$000	\$000	\$000

Balance as at 1 July	1,053,363	1,005,761	1,022,984	1,053,365	1,022,985
Surplus (deficit) after tax	8,087	20,214	(1,617)	7,682	(1,084)
Other comprehensive revenue and expense	6,333	15,860	31,996	6,740	31,464
Balance as at 30 June	1,067,783	1,041,835	1,053,363	1,067,786	1,053,365

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

Statement of Financial Position

as at 30 June 2019

	Notes	Council			Group	
		2019	2019	2018	2019	2018
		actual	budget	actual	actual	actual
		\$000	\$000	\$000	\$000	\$000
Assets						
Current assets						
Cash & cash equivalents	11	6,727	1,154	440	8,725	4,961
Debtors & other receivables	12	18,797	17,275	14,103	17,424	12,649
Inventories	15	87	-	97	923	1,042
Non-current assets held for sale	16	200	4,000	340	200	340
Provision for taxation	10	-	-	-	-	-
Total current assets		25,811	22,429	14,980	27,273	18,992
Non-current assets						
Loans & receivables	12	14,548	14,400	15,151	148	151
Property, plant and equipment	17	1,210,476	1,202,230	1,183,324	1,278,052	1,246,748
Intangible assets	18	3,699	4,280	3,692	4,244	4,129
Other financial assets						
- Investment in CCO's and other similar entities	14	52,331	34,950	50,166	85	69
- Investment in other entities	14	3,364	-	2,795	3,364	2,795
Total non-current assets		1,284,419	1,255,860	1,255,128	1,285,893	1,253,892
Total assets		1,310,230	1,278,289	1,270,108	1,313,166	1,272,884
Liabilities						
Current liabilities						
Payables and deferred revenue	21	29,504	26,111	21,572	29,867	22,375
Provisions	24	68	200	95	87	123
Employee entitlements	23	3,019	3,173	3,021	4,175	4,166
Borrowings and other financial liabilities	22	17,810	32,400	48,960	18,211	48,961
Derivative financial instruments	13	-	-	89	-	89
Total current liabilities		50,401	61,884	73,737	52,340	75,714
Non-current liabilities						
Payables and deferred revenue	21	-	-	-	-	-
Provisions	24	3,283	2,235	2,200	3,283	2,200
Employee Entitlements	23	91	105	109	91	109
Borrowings and other financial liabilities	22	188,700	172,230	140,700	188,700	140,700
Deferred Tax	10	-	-	-	997	797
Total non-current liabilities		192,074	174,570	143,009	193,071	143,806
Total liabilities		242,475	236,454	216,746	245,411	219,520
Net assets (assets minus liabilities)		1,067,755	1,041,835	1,053,362	1,067,755	1,053,364
Equity						
Accumulated funds	25	727,112	726,615	717,717	727,112	717,719
Reserves	25	340,645	315,220	335,646	340,645	335,646
Total equity		1,067,756	1,041,835	1,053,363	1,067,756	1,053,364

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

Statement of Cashflows

For the year ended 30 June 2019

Notes	Council			Group	
	2019	2019	2018	2019	2018
	actual	budget	actual	actual	actual
	\$000	\$000	\$000	\$000	\$000

Cash flows from operating activities						
Receipts from rates revenue*		90,189	92,179	85,515	89,954	85,876
Interest received		858	134	578	346	111
Dividends received		2	-	1	2	1
Receipts from other revenue*		45,294	44,608	34,548	48,161	40,172
Payments to suppliers *		(56,743)	(58,454)	(55,179)	(43,765)	(48,556)
Payments to employees		(26,614)	(25,509)	(25,970)	(39,339)	(37,835)
Interest paid		(8,427)	(8,054)	(7,349)	(8,427)	(7,314)
Income tax paid/refunded		-	-	-	-	797
Goods and Services Tax (net)		230	-	437	140	541
Net cash from operating activities	26	44,789	44,904	32,581	47,072	33,793

Cash flows from investing activities						
Receipts from sale of property, plant and equipment		2,269	2,600	4,654	2,351	3,439
Loan advances repaid		603	-	-	-	-
Purchase of property, plant and equipment		(55,402)	(77,580)	(50,659)	(61,248)	(54,763)
Purchase of intangible assets		(1,403)	-	(1,739)	(1,664)	(2,104)
Repayment of loans and receivables		-	-	(93)	-	-
Loan advances made		(850)	-	(840)	-	-
Purchase of financial assets		(569)	-	(682)	-	(550)
Net cash from investing activities		(55,352)	(74,980)	(49,359)	(60,561)	(53,978)

Cash flows from financing activities						
Proceeds from borrowings		68,620	30,230	32,410	69,023	37,972
Repayment of borrowings		(51,770)	-	(17,000)	(51,770)	(17,000)
Net cash from financing activities		16,850	30,230	15,410	17,253	20,972

Net (decrease)/increase in cash, cash equivalents		6,287	154	(1,368)	3,764	787
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Cash, cash equivalents at the beginning of the year		440	1,000	1,808	4,961	4,174
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Cash, cash equivalents at year end	11	6,727	1,154	440	8,725	4,961
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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

1: 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 2019. The financial statements were authorised for issue by Council on 24 October 2019.

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 are currently assessing 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.

The Council plans to apply the new standards in preparing the 30 June 2020 financial statements. The Council and Group are currently assessing the effects of these new standards.

Cash Flow Statements:

Amendments to PBE IPSAS Cash Flow Statements is mandatory for annual periods beginning on or after 1 January 2021. This Standard establishes new requirements for entities to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financial assets.

The Council plans to apply the new standards in preparing the 30 June 2021 financial statements. The Council and Group are currently assessing the effects of these new standards.

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.

The Council plans to apply the new standards in preparing the 30 June 2021 financial statements. The Council and Group are currently assessing the effects of these new standards.

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 Ventures)

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 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.

Shares are assessed at each year end for impairment. A significant or prolonged decline in the fair value of the shares below its costs 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.

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.

Investments are assessed at each year end for impairment. A significant or prolonged decline in the fair value of the investment below its costs 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.

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 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 + equipment	10 to 20 years
Parks + Reserves	5 to 100 years

Sewage

Treatment plants + facilities	5 to 100 years
Wastewater + reticulation (other assets)	10 to 140 years

Water

Treatment plants + facilities	5 to 100 years
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Water + reticulation

(other assets)	10 to 130 years
Stormwater drainage	10 to 130 years

Roads + 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 Software

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 Scheme 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 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.

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.

Fair value through equity reserve:

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

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 2018-19. 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 2019:

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.



2: Rates

	Council		Group	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
General rates	56,145	53,573	56,048	53,476
Targeted rates attributable to activities:	-			
- water, excluding water supply rates	5,001	4,371	5,001	4,371
- targeted water supply rates	4,668	4,092	4,689	4,092
- sewerage	14,136	13,502	14,057	13,502
- refuse and sanitation	5,290	4,398	5,291	4,398
- lakes enhancement rate	464	463	473	463
- eastern sewerage capital rates	633	641	665	641
- business development targeted rates	6,031	5,832	6,047	5,832
- urban sewerage development rate	63	63	64	63
- lakes community board rate	-	-	-	-
Rates penalties	1,498	1,323	1,498	1,323
Less rates charges to Council properties	(2,111)	(2,276)	(2,111)	(2,276)
Total rates	91,818	85,982	91,722	85,885

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 2019 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	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Total gross rates	92,689	86,889	92,592	86,793
Rates remissions:				
- General rates remissions	578	632	578	632
- Targeted rates remissions	292	275	292	275
Total remissions	870	907	870	907
Rates (net of remissions)	91,819	85,982	91,722	85,886

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 2019 was 28,652 (2018: 28,534).

The total capital value of rating units within the district or region of Rotorua District Council at 30 June 2019 was \$17,552,214,300 (2018: \$17,099,526,900).

The total land value of rating units within the district or region of Rotorua District Council at 30 June 2019 was \$8,805,086,700 (2018: \$8,782,285,000).

3: Subsidies and grants

	Council		Group	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
New Zealand Transport Roothing subsidies	10,564	8,421	10,564	8,421
Grants subsidies and donations capital	17,544	5,038	17,544	5,038
Other subsidies operating	1,094	1,016	1,094	1,016
Total subsidies and grants	29,202	14,475	29,202	14,475

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2018: \$nil).

4: Finance revenue and costs

	Council		Group	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Finance income				
Interest income:				
- term and call deposits	858	578	346	111
Total finance income	858	578	346	111

Finance costs				
Interest expense:				
- interest on bank borrowings	8,300	7,618	8,300	7,618
- discount unwind on provisions (note 24)	-	(35)	-	(35)
Total finance costs	8,300	7,583	8,300	7,583
Net finance costs	7,442	7,005	7,954	7,472

5: Development and financial contributions

	Council		Group	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Financial contributions from subdivisions	574	741	574	741
Total development and financial contributions	574	741	574	741

6: Other revenue

	Council		Group	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Traffic and parking infringements	1,141	1,389	1,141	1,389
Rendering of services (other trading revenue)	3,391	5,719	12,233	10,817
Petrol tax	623	603	623	603
Vested assets	668	443	668	443
Dividend income	2	1	2	1
Fees and charges	5,654	5,725	5,654	5,725
Lease and rental revenue	3,703	3,711	3,935	3,950
Other revenue	2	3	(2,610)	3
Total other revenue	15,184	17,594	21,646	22,931

7: Other gains / (losses)

	Council		Group	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Non-financial instruments				
Property, plant and equipment gains on disposal	510	1,028	510	1,050
Total other gains / (losses)	510	1,028	510	1,050

8: Personnel costs

	Council		Group	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Salaries and wages	25,625	24,737	38,361	36,333
Defined contribution plan employer contributions	947	918	947	918
Increase / (decrease) in employee entitlements	(20)	(148)	(20)	(148)
Restructuring	42	464	42	464
Total personnel costs	26,594	25,971	39,330	37,567

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

9: Other expenses

	Council		Group	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Fees to auditors:				
- fees to Audit New Zealand for audit of the Council's financial statements	161	234	238	308
- fees to Audit New Zealand for audit of the Council's Long Term Plan 2018 - 28	-	86	(0)	86
- fees to Audit New Zealand for audit of the Council's debenture trust deed	8	-	8	-
- fees to Audit New Zealand for under provision of prior year audit fees	38	-	45	8
Grants and contributions	1,338	1,310	1,338	1,310
Contractors and physical works	32,435	29,863	17,062	10,484
Insurance premiums	1,556	1,296	1,621	1,358
Consultants and legal advice	4,618	2,844	798	3,253
Marketing and promotion	358	555	2,204	802
Energy	4,519	3,714	4,519	3,714
ACC	98	(26)	106	(37)
Bad debts written off	836	335	836	335
Elected member remuneration (incl hearing fees)	706	772	786	772
Impairment of receivables	18	441	18	441
Losses on disposal of property, plant and equipment	2,825	3,798	2,847	3,940
Impairment of other financial assets	-	-	(1)	(247)
Operating Lease Expense	319	-	319	-
Increase in landfill provision	1,063	-	1,063	-
Other expenditure	13,767	14,820	21,646	23,610
Total other expenses	64,662	60,042	55,452	50,137

10: Taxation

	Council		Group	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Components of tax expense				
Current tax expense	-	-	(63)	(8)
Adjustments to current tax in prior year	-	-	-	-
Deferred tax expense	-	-	-	-
Tax loss not previously recognised	-	-	-	-
Tax expense	-	-	(63)	(8)

Relationship between tax expense and accounting profit				
Net surplus before tax	8,090	(1,621)	7,619	(1,094)
Tax @ 28%	2,265	(453)	2,133	(306)
Plus/(less) tax effect of:				
Non-deductible expenditure	(2,387)	2,559	(2,320)	702
Loss to carry forward	-	-	383	180
Tax loss not recognised	(164)	(2,106)	(308)	(337)
Group loss offset	286	-	-	1
Deferred tax on temporary differences	-	-	3	(7)
Deferred tax adjustment	-	-	96	(144)
Deferred tax not recognised	-	-	(50)	(97)
Tax expense	(0)	-	(63)	(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 2017	-	-	-	-	-
Charged to surplus or deficit	-	-	-	-	-
Charged to other comprehensive revenue and expense	797	-	-	-	797
Balance at 30 June 2018	797	-	-	-	797
Charged to surplus or deficit	(62)	(0)	(1)	-	(63)
Charged to other comprehensive revenue and expense	263	-	-	-	263
Balance at 30 June 2019	998	(0)	(1)	-	997

A deferred tax asset has not been recognised in relation to unused tax losses of Council \$19,740,998 (2018: \$21,068,652), Group \$21,108,411 (2018: \$22,253,270).

The Group has unrecognised temporary tax differences of \$187,072 (2018: \$382,080).

11: Cash and cash equivalents

	Council		Group	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Cash at bank and on hand	6,727	440	8,725	4,961
Total cash and cash equivalents	6,727	440	8,725	4,961

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

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

12: Debtors and other receivables

	Council		Group	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Current debtors and other receivables				
Rates receivables	5,952	5,168	5,952	5,168
Other receivables	12,894	8,872	11,039	7,229
Prepayments	1,065	913	1,336	988
Taxation receivable	-	-	-	41
GST receivable	1,387	1,616	1,599	1,689
Current gross debtors - other receivables	21,298	16,569	19,925	15,115
Less: Provision for impairment of receivables	(2,501)	(2,466)	(2,501)	(2,466)
Total current portion	18,797	14,103	17,424	12,649
Non-current portion debtors and other receivables				
Other receivables	14,548	15,151	148	151
Total non-current portion	14,548	15,151	148	151
Total receivables	33,345	29,254	17,572	12,800

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	14,084	8,479	14,084	8,479
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	19,261	20,775	3,489	4,321

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 \$36,067,000 (2018: \$15,151,000).

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

The status of receivables as at 30 June 2019 and 2018 are detailed below:	2019			2018		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$000	\$000	\$000	\$000	\$000	\$000
Council						
Not past due	28,479	(86)	28,393	25,560	(290)	25,270
Past due 1-60 days	2,095	(112)	1,983	1,517	(98)	1,419
Past due 61-120 days	93	(5)	88	46	(2)	44
Past due > 121 days	5,180	(2,299)	2,881	4,597	(2,076)	2,521
Total	35,847	(2,502)	33,345	31,720	(2,466)	29,254

Group						
Not past due	12,705	(85)	12,620	9,106	(290)	8,816
Past due 1-60 days	2,095	(112)	1,983	1,517	(98)	1,419
Past due 61-120 days	93	(5)	88	46	(2)	44
Past due > 121 days	5,180	(2,299)	2,881	4,597	(2,076)	2,521
Total	20,073	(2,501)	17,572	15,266	(2,466)	12,800

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	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Individual impairment	2,501	2,466	2,501	2,466
Total provision for impairment	2,501	2,466	2,501	2,466

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	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Not past due	85	290	85	290
Past due 1-60 days	112	98	112	98
Past due 61-120 days	5	2	5	2
Past due > 121 days	2,299	2,076	2,299	2,076
Total individual impairment	2,501	2,466	2,501	2,466

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

	Council		Group	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
As at 1 July	2,466	1,902	2,466	1,902
Additional provisions made during the year	684	919	684	919
Receivables written off during the period	(650)	(356)	(650)	(356)
As at 30 June	2,501	2,466	2,501	2,466

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	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Current liability portion				
Interest rate swaps - cashflow hedges	-	89	-	89
Total non-current liability portion	-	-	-	-
Total derivative financial instrument liabilities	-	89	-	89

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contract for the Council was Nil (2018: \$10 million) and for the Group were Nil (2018: \$10 million). As at 30 June 2018, the fixed interest rate of the cashflow hedge interest rate swap was 5.25%. This interest rate swap matured 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 2019 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	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Non-current portion				
Investment in CCO's and other similar entities:				
Unlisted shares Rotorua Regional Airport Limited	50,968	48,099	-	-
Unlisted shares Waikato Local Authority Shared Services Ltd	78	63	78	63
Unlisted shares BOP Local Authority Shared Services Ltd	7	6	7	6
Unlisted shares Terax Limited Partnership	60	93	-	-
Unlisted shares in InfraCore Ltd	599	1,310	-	-
Unlisted shares RED Ltd	619	595	-	-
	52,331	50,166	85	69
Investment in other entities:				
Mountain Bike underwrite	225	150	225	150
Unlisted shares NZ Local Government Insurance Corporation Ltd (cost)	280	266	280	266
Borrower Notes	2,859	2,379	2,859	2,379
	3,364	2,795	3,364	2,795
Total non-current portion	55,695	52,961	3,449	2,864
Total other financial assets	55,695	52,961	3,449	2,864

Fair value

Unlisted shares

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

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 (2018: 5). The fair value of the BOP LASS, approximated using the net asset backing method, is \$7,258 (2018: \$6,400).

The cost price of the share investment in the subsidiary Rotorua Regional Airport Limited amounts to \$22,322,821. The recoverable amount is approximated by using the net asset backing method and amounts to \$50,967,821 (2018: \$47,683,701). The surplus for the year of \$219,690 (2018: \$950,203) 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 \$618,617 (2018: \$595,481). The surplus for the year of \$23,136 (2018: \$368,870) 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 \$598,000 (2018: \$1,309,780). The loss for the year of \$712,000 (2018 profit: \$307,000) 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 \$372 (2018: \$172). The nil result for the year (2018: \$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 (2018: \$93,360). The deficit for the year of -\$246,591 (2018: -\$246,591) 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 (2018: Nil) 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	
2019	2018	2019	2018
\$000	\$000	\$000	\$000

Non-commercial inventory:

Water and sewerage reticulation spare parts	24	28	270	236
Other	18	21	18	21
Total non-commercial inventory	42	49	288	257

Commercial inventory:

Nursery store	12	7	497	601
Museum retail stock	33	36	33	36
Other	-	5	105	148
Total commercial inventory	45	48	635	785

Total inventories	87	97	923	1,042
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No inventories are pledged as security for liabilities (2018: \$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 2019 amounted to \$42,000 (2018: \$49,000).

The write-down of inventory held for distribution because of a loss in service potential amounted to \$Nil (2018: \$Nil). There have been no reversals of previous write-downs (2018: \$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 (2018: \$Nil). There have been no reversals of previous write-downs (2018: \$Nil).

16: Non-current assets held for sale

As at 30 June 2019, 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		
2019	2018	2019	2018	
\$000	\$000	\$000	\$000	
Non-current assets held for sale are:				
- land	200	340	200	340
Total non-current assets held for sale	200	340	200	340

17: Property, plant and equipment - Council 2019

2019 Classification	Cost / revaluation 1/07/2018	Accum depn & impairment charges 1/07/2018	Carrying amount 1/07/2018	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	45,962	-	45,962	-	-	-	-
Buildings	170,933	(8,230)	162,703	4,083	-	-	-
Library books	4,920	(2,729)	2,191	-	-	-	-
Motor vehicles	2,574	(1,238)	1,336	780	-	-	-
Art collections	25,968	(142)	25,826	349	-	-	-
Plant and equipment	30,636	(17,658)	12,978	3,541	-	-	-
Total operational assets	280,993	(29,997)	250,996	8,753	-	-	-
Infrastructural assets							
Land	-	-	-	-	-	-	-
Parks and reserves	25,499	(3,896)	21,603	-	3,697	-	-
Recreational forests	1,844	-	1,844	-	51	-	-
Roading and footpaths	337,863	(105)	337,758	-	14,119	363	-
Sewerage:							
- treatment plant and facilities	48,470	40	48,510	-	21,173	-	-
- other	147,298	(3,464)	143,834	-	899	-	-
Water:							
- treatment plant and facilities	18,707	(27)	18,680	-	1,778	-	-
- other	108,959	141	109,100	-	2,756	8	-
Stormwater	108,827	(2,892)	105,935	-	1,378	156	-
Land under roads	46,491	-	46,491	121	-	-	-
Total infrastructural assets	843,958	(10,203)	833,755	121	45,850	527	-
Restricted assets							
Airport	771	(347)	424	-	-	-	-
Land	86,168	-	86,168	-	8	-	-
Landfill	11,986	(5)	11,981	-	-	-	-
Total restricted assets	98,925	(352)	98,573	-	8	-	-
Total Council	1,223,876	(40,552)	1,183,324	8,874	45,858	527	-

Other transfers	Current year disposals	Current year impairment charges	Current year depreciation	Revaluation surplus / depreciation write back	Other cost & depreciation movements	Cost / revaluation 30/06/2019	Accum Depn & impairment charges 30/06/2019	Carrying amount 30/06/2019
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
-	(335)	-	-	-	-	45,627	-	45,627
(116)	(381)	-	(7,639)	-	69	174,519	(15,811)	158,708
951	-	-	-	-	-	5,871	(2,729)	3,142
(60)	(645)	-	(292)	-	456	2,649	(1,074)	1,575
(244)	(5)	-	-	-	5	26,068	(137)	25,931
(2,513)	(289)	-	(2,427)	-	289	31,375	(19,796)	11,579
(1,982)	(1,655)	-	(10,358)	-	819	286,109	(39,547)	246,562
96	-	-	-	-	-	96	-	96
(1,494)	(2,204)	-	(1,414)	3,992	526	24,886	(180)	24,706
-	-	-	-	-	-	1,895	-	1,895
4,782	(1,402)	-	(6,347)	-	81	355,806	(6,452)	349,354
2,940	(62)	-	(2,025)	-	(42)	72,521	(2,027)	70,494
(3,309)	(250)	-	(3,611)	-	21	144,638	(7,054)	137,584
(516)	-	-	(471)	-	-	19,969	(498)	19,471
1,383	(153)	-	(2,446)	-	21	112,967	(2,298)	110,669
325	(5)	-	(2,911)	-	1	110,681	(5,802)	104,879
-	-	-	-	-	-	46,612	-	46,612
4,207	(4,076)	-	(19,225)	3,992	608	890,070	(24,311)	865,759
-	-	-	(80)	-	-	771	(427)	344
-	(140)	-	-	-	-	86,036	-	86,036
(71)	-	-	(135)	-	-	11,915	(140)	11,775
(71)	(140)	-	(215)	-	-	98,722	(567)	98,155
2,154	(5,871)	-	(29,798)	3,992	1,427	1,274,901	(64,425)	1,210,476

17: Property, plant and equipment - Group 2019

2019 Classification	Cost / revaluation 1/07/2018	Accum depn & impairment charges 1/07/2018	Carrying amount 1/07/2018	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	45,962	-	45,962	-	-	-	-
Buildings	184,611	(9,412)	175,199	7,379	-	-	-
Library books	4,920	(2,729)	2,191	-	-	-	-
Motor vehicles	5,659	(2,729)	2,930	1,043	-	-	-
Art collections	25,968	(142)	25,826	349	-	-	-
Plant and equipment	32,773	(18,881)	13,892	3,791	-	-	-
Total operational assets	299,893	(33,893)	266,000	12,562	-	-	-
Infrastructural assets							
Land	22,095	-	22,095	-	-	-	-
Parks and reserves	25,499	(3,896)	21,603	-	3,697	-	-
Recreational forests	1,844	-	1,844	-	51	-	-
Roading and footpaths	337,863	(105)	337,758	-	14,119	363	-
Sewerage:							
- treatment plant and facilities	48,470	40	48,510	-	21,173	-	-
- other	147,298	(3,464)	143,834	-	899	-	-
Water:							
- treatment plant and facilities	18,707	(27)	18,680	-	1,778	-	-
- other	108,959	141	109,100	-	2,756	8	-
Stormwater	108,827	(2,892)	105,935	-	1,378	156	-
Land under roads	46,491	-	46,491	121	-	-	-
Total infrastructural assets	866,053	(10,203)	855,850	121	45,850	527	-
Restricted assets							
Airport	31,316	(4,567)	26,749	163	-	-	-
Land	86,168	-	86,168	8	-	-	-
Landfill	11,986	(5)	11,981	-	-	-	-
Total operational assets	129,470	(4,572)	124,898	171	-	-	-
Total Group	1,295,416	(48,668)	1,246,748	12,854	45,850	527	-

Other transfers	Current year disposals	Current year impairment charges	Current year depreciation	Revaluation surplus / depreciation write back	Other cost & depreciation movements	Cost / revaluation 30/06/2019	Accum Depn & impairment charges 30/06/2019	Carrying amount 30/06/2019
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
-	(335)	-	-	-	-	45,627	-	45,627
(474)	(517)	-	(8,008)	438	563	191,079	(16,857)	174,222
951	-	-	-	-	-	5,871	(2,729)	3,142
(60)	(719)	-	(590)	-	456	5,923	(2,863)	3,060
(244)	(5)	-	-	-	5	26,068	(137)	25,931
(2,513)	(323)	-	(2,648)	-	289	33,728	(21,239)	12,489
(2,340)	(1,899)	-	(11,246)	438	1,313	308,296	(43,825)	264,471
96	-	-	-	1,910	-	24,101	-	24,101
(1,494)	(2,204)	-	(1,414)	3,992	526	24,886	(180)	24,706
-	-	-	-	-	-	1,895	-	1,895
4,782	(1,402)	-	(6,347)	-	81	355,806	(6,452)	349,354
2,940	(62)	-	(2,025)	-	(42)	72,521	(2,027)	70,494
(3,309)	(250)	-	(3,611)	-	21	144,638	(7,054)	137,584
(516)	-	-	(471)	-	-	19,969	(498)	19,471
1,383	(153)	-	(2,446)	-	21	112,967	(2,298)	110,669
325	(5)	-	(2,911)	-	1	110,681	(5,802)	104,879
-	-	-	-	-	-	46,612	-	46,612
4,207	(4,076)	-	(19,225)	5,902	608	914,075	(24,311)	889,764
(5,972)	-	-	(1,833)	859	(5,972)	26,366	(427)	25,939
-	(140)	-	-	-	-	86,036	-	86,036
(71)	-	-	(135)	-	-	11,915	(140)	11,775
(6,043)	(140)	-	(1,968)	859	(5,972)	124,317	(567)	123,750
(4,176)	(6,115)	-	(32,438)	7,199	(4,051)	1,346,688	(68,703)	1,277,985

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 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)	-	-	-	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 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	21,947	-	-	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	21,957	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)	-	-	-	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

Core infrastructure asset disclosures

	Last Valuation Date	Replacement Cost 2019 \$000	Replacement Cost 2018 \$000
Roading and footpaths	2018	540,604	508,677
Sewerage:			
- treatment plant and facilities	2018	129,391	90,877
- other	2017	255,397	252,438
Water:			
- treatment plant and facilities	2018	33,612	27,808
- other	2018	219,154	207,789
Stormwater	2017	208,131	205,273

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
- Water 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 2019
- 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 carrying amount of this class of assets is \$25.931 million. The latest 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.

Impairment

Impairment losses of \$nil (2018: \$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'.

Work in progress

Property, plant & equipment in the course of construction by class of asset is detailed below:

	Council and Group	
	2019	2018
	\$000	\$000
Operational Assets		
Land	20	155
Buildings	4,170	2,512
Art collections	520	582
Plant and equipment	676	3,786
Infrastructural Assets		
Parks and reserves	5,317	11,011
Roading and footpaths	320	3,725
Sewerage - treatment plant and facilities	27,351	10,290
Sewerage - other	6,128	5,327
Stormwater	1,495	1,285
Water - treatment plant and facilities	2,266	955
Restricted Assets		
Landfill	-	74
Total Work in Progress	48,263	39,702

Leasing

The net carrying amount of plant and equipment held under financing leases is nil (2018: nil).

Security

No tangible assets are pledged as security for liabilities.

18: Intangible assets

	Computer Software	Goodwill	Council Carbon Credits	Total	Group Total
	\$000	\$000	\$000	\$000	\$000
Cost					
Balance as at 1 July 2018	9,888	95	18	10,001	10,536
Additions from internal development	1,403	-	82	1,485	1,791
Other transfers	(845)	-	-	(845)	(845)
Additions acquired separately	-	-	-	-	-
Revaluations	-	-	73	73	73
Disposals	-	-	-	-	-
Balance as at 30 June 2019	10,446	95	173	10,713	11,554

Balance as at 1 July 2017	8,149	95	18	8,262	8,432
Additions	1,739	-	-	1,739	2,169
Revaluations	-	-	-	-	-
Disposals	-	-	-	-	(65)
Balance as at 30 June 2018	9,888	95	18	10,001	10,536

Accumulated amortisation and impairment					
Balance as at 1 July 2018	6,309	-	-	6,309	6,407
Amortisation charge	705	-	-	705	903
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Balance as at 30 June 2019	7,014	-	-	7,014	7,310

Balance as at 1 July 2017	6,022	-	-	6,022	6,118
Amortisation charge	287	-	-	287	289
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Balance as at 30 June 2018	6,309	-	-	6,309	6,407

Carrying amounts					
Balance as at 30 June 2018	3,579	95	18	3,692	4,129
Balance as at 30 June 2019	3,432	95	173	3,699	4,244

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 2019 the Council's residual closing balance of 7,484 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.

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	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Directly attributable depreciation and amortisation expense by group of activity				
Community facilities	5,572	5,748	5,572	5,748
Community safety	17	32	17	32
District development	298	480	298	480
Governance	3,934	2,238	6,731	4,817
Inner city services	356	357	356	357
Open spaces and recreation	2,242	2,014	2,242	2,014
Roads and footpaths	6,309	6,278	6,309	6,278
Sewage disposal	5,829	5,694	5,829	5,694
Stormwater	2,895	2,844	2,895	2,844
Waste management	149	136	149	136
Water supplies	2,902	2,598	2,902	2,598
Total directly attributable depreciation and amortisation by activity	30,503	28,419	33,300	30,998
Depreciation and amortisation not directly related to group of activities	-	-	-	-
Total depreciation and amortisation expense	30,503	28,419	33,300	30,998

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 17 years.
- Near the Rotorua Landfill that measures 2.4 hectares of Pinus Radiata with a current age of 34 years.
- Great West Road spring reserve. Replanting of 2.5 hectares took place in September 2018.
- Hill Road spring reserve measures 1.6 hectares of Pinus Radiata forest with a current age of 29 years
- Reservoir Road spring reserve measures 7.6 hectares of Pinus Radiata forest with a current age of 16 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 years.

21: Payables and deferred revenue

	Council		Group	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Payables and deferred revenue under exchange transactions - current portion				
Trade payables and accrued expenses	12,827	9,663	14,274	11,099
Amounts due to subsidiaries and associates	1,712	1,382	365	521
Retentions accrued for contract work	2,177	1,610	2,177	1,610
Other payables	(0)	562	13	574
Deposits and bonds	65	890	65	890
Metered water and revenue received in advance	801	1,794	845	1,854
Accrued interest	1,621	1,748	1,621	1,748
	19,203	17,649	19,360	18,296
Payables and deferred revenue under non-exchange transactions - current portion				
Taxes payable	-	-	206	156
Rates received in advance (excluding metered water)	2,491	2,501	2,491	2,501
Other payables	2,249	1,059	2,249	1,059
Deposits and bonds	751	-	751	-
Grants received in advance	1,746	363	1,746	363
Deferred grant revenue	3,064	-	3,064	-
	10,301	3,923	10,507	4,079
Total creditors and other payables - current portion	29,504	21,572	29,867	22,375

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	
2019	2018	2019	2018
\$000	\$000	\$000	\$000

Current portion

Registered debenture stock	15,000	10,000	15,001	10,001
LGFA borrowing	2,810	33,000	3,210	33,000
Registered security stock	-	5,960	-	5,960
Total current portion	17,810	48,960	18,211	48,961

Non-current portion

Registered debenture stock	10,000	25,000	10,000	25,000
LGFA borrowing	178,700	115,700	178,700	115,700
Total non-current portion	188,700	140,700	188,700	140,700
Total borrowings	206,510	189,660	206,911	189,661

Fair values of non-current borrowings

Council		Group		
2019	2018	2019	2018	
\$000	\$000	\$000	\$000	
Registered debenture stock	11,099	26,614	10,000	26,614
Registered security stock	-	-	-	-
LGFA borrowing	192,667	154,258	178,700	154,258
Total	203,766	180,872	188,700	180,872

Registered security stock

Security stock of Nil (2018: \$5,960,000) 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 \$151.5 million (2018: \$148.7 million) is at fixed interest rates for the term of the stock.

Borrowing from the local Government Funding Agency (LGFA) of \$30 million (2018: Nil) 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.

Registered debenture stock

Debenture stock of \$25 million (2018: \$25 million) is at fixed interest rates for the term of the stock.

Debenture stock of Nil (2018: \$10. 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	2019	2018
Net Debt / Total Revenue [^]	<225%	144.38%	158.09%
Net Interest / Total Revenue	<20%	5.46%	5.96%
Net Interest / Annual Rates Income	<25%	8.10%	8.19%
Liquidity [a]*	>110%	120.21%	118.18%
Liquidity [b]**	6 mths	within limit	within limit

* Liquidity [a]: (external debt + cash or near cash financial investments (including LGFA borrower notes) + unutilised but committed loan facilities, to existing external debt)

** Liquidity [b]: (cash or near cash financial investments (including LGFA borrower notes) + unutilised but committed loan facilities - 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 3.8% (2018: 4.37%).

23: Employee entitlements

	Council		Group	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Current				
Payroll payables	150	444	926	1,263
Accrued pay	471	303	471	303
Accrued leave	2,398	2,220	2,736	2,529
Long service leave	-	54	42	71
Total current	3,019	3,021	4,175	4,166

	Council		Group	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Non current				
Long service leave	33	24	33	24
Retirement gratuities	58	85	58	85
Total non current	91	109	91	109

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 1.5% (2018: 1.75%) and a salary inflation factor of 1.7% (2018: 1.5%) have been used.

24: Provisions

	Council		Group	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Current provisions are represented by:				
Weather-tightness claims	68	75	68	75
Landfill aftercare provisions	-	20	-	20
ACC accredited employers programme	-	-	19	28
Total current provisions	68	95	87	123

Non-current provisions are represented by:

Landfill aftercare provision	3,214	2,131	3,214	2,131
Provision for refund of rates	69	69	69	69
Total non-current provisions	3,283	2,200	3,283	2,200
Total provisions	3,351	2,295	3,370	2,323

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
2019					
Balance at 1 July 2018	75	2,151	69	-	28
Additional provisions made during the year	-	1,063	-	-	-
Amounts used during the year	(7)	-	-	-	(9)
Discount unwinding	-	-	-	-	-
Balance at 30 June 2019	68	3,214	69	-	19
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

Weather-tightness claims

There are currently no claims lodged with the Weathertight Homes Resolution Service (WHRS) and the Financial Assistance Package as at 30 June 2019 (2018: one). Council has recognised a provision of \$68,000 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 landfill was capped in September 2018 and the aftercare provision is based on the following assumptions:

- Cash outflows for the landfill are expected to occur from January 2032 upon expiry of the resource consent.
- Cash outflows for the landfill are expected to cease in 2061 when the strength of any discharges are expected to have reduced to a level at which they are unlikely to have any adverse effects on the environment.
- Estimates of the life have been made by Council's engineers based on historical and projected volume information.
- A discount rate of 2.18% has been used.
- An inflation rate ranging from 1.6% to 1.82% with an average of 1.7% has been applied.
- Lechate costs are expected to reduce by 10% each year for the first ten years, 5% for the next five years and then a flat fee will be applied.

The cash out flows for the landfill post-closure, and as soon as the resource consent expires, are expected to occur in about 12 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 2.77%.

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 have capped and sealed the current landfill stages 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	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Accumulated funds				
Balance as at 1 July 2018	717,717	717,661	717,719	718,341
Net surplus/(deficit)	8,087	(1,617)	7,682	(1,084)
Transfers from asset revaluation reserves on disposal of PPE and intangible assets	295	627	-	(584)
Transfers (to)/from Council-created reserve	17	17	-	17
Transfers (to)/from restricted reserve	996	1,029	-	1,029
Balance at 30 June 2019	727,112	717,717	725,401	717,719

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 2019	Opening balance 01/07/18	Deposits	Withdrawals	Interest earned / charged to 30/06/19	Transfer to accumulated funds	Closing balance 30/06/19
	\$000	\$000	\$000	\$000	\$000	\$000
Pensioner housing	1,556	-	-	-	-	1,556
Total self-funding reserves	1,556	-	-	-	-	1,556

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

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 2019	Opening balance 01/07/18	Deposits	Withdrawals	Interest earned / charged to 30/06/19	Transfer to accumulated funds	Closing balance 30/06/19
	\$000	\$000	\$000	\$000	\$000	\$000
Reporoa Domain	59	-	-	-	-	59
Waikite Domain	23	-	(17)	-	-	6
Total Council-created reserves	82	-	(17)	-	-	65

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

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 2019	Opening balance 01/07/18	Deposits	Withdrawals	Interest earned / charged to 30/06/19	Closing balance 30/06/19
	\$000	\$000	\$000	\$000	\$000
Ta Arawa Lakes Enhancement Reserve	1,551	-	(1,551)	-	(0)
Reserves development	2,959	555	-	-	3,514
Creative NZ Reserve	23	-	-	-	23
Total Restricted reserves	4,533	555	(1,551)	-	3,537

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	3,318	-	(1,767)	-	1,551
Reserves development	2,221	739	-	-	2,959
Creative NZ Reserve	23	-	-	-	23
Total Restricted reserves	5,562	739	(1,767)	-	4,533

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	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Opening balance	(89)	(246)	(89)	(246)
Valuation gains/(losses) taken to equity	-	156	-	156
Transfer to other comprehensive income and expenditure	89	-	89	
Closing balance	-	(89)	-	(89)

Fair value through equity reserve

	Council		Group	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Opening balance	18,241	789	(22)	110
Transfers to accumulated funds	-	-	-	-
Valuation gains/(losses) taken to equity	2,179	17,451	(1)	(132)
Closing balance	20,420	18,241	(23)	(22)

Asset revaluation reserves - Property, Plant and Equipment 2019

Council		2019 asset revaluation reserve for each asset class consist of:					
	Opening balance 01/07/18	Transfers relating to prior period	Transfers between asset classes	Revaluation gains / losses during year	Transfer to accumulated funds on disposal	Other transfers	Closing balance 30/06/19
2019	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Art collections	18,537	-	17	-	-	-	18,554
Buildings	48,419	-	(198)	-	-	-	48,221
Land - operational	7,285	-	22	-	-	-	7,307
Land - restricted	4,446	-	-	-	-	-	4,446
Landfill	7,370	-	-	-	-	-	7,370
Library books	335	-	-	-	-	-	335
Parks & reserves	2,022	-	167	3,992	(312)	(10)	5,859
Roading and footpaths	99,835	-	1	-	-	-	99,836
Stormwater	59,763	-	(0)	(0)	-	-	59,763
Sewerage - other	8,533	-	(9)	-	-	-	8,524
Water - other	54,763	-	-	-	-	-	54,763
Total	311,308	-	(0)	3,992	(312)	(10)	314,977

Group		2019 asset revaluation reserve for each asset class consist of:					
	Opening balance 01/07/18	Transfers relating to prior period	Transfers between asset classes	Revaluation gains / losses during year	Transfer to accumulated funds on disposal	Other transfers	Closing balance 30/06/19
2019	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Art collections	18,537	-	17	-	-	-	18,554
Buildings	50,530	-	(198)	-	-	-	50,332
Land - operational	7,285	-	22	-	-	-	7,307
Land - restricted	19,386	-	-	2,586	-	-	21,972
Landfill	7,370	-	-	-	-	-	7,370
Library books	335	-	-	-	-	-	335
Parks & reserves	2,022	-	167	3,992	(312)	(10)	5,859
Roading and footpaths	99,835	-	1	-	-	-	99,836
Stormwater	59,763	-	(0)	(0)	-	-	59,763
Sewerage - other	8,533	-	(9)	-	-	-	8,524
Water - other	54,763	-	-	-	-	-	54,763
Total	328,359	-	(0)	6,578	(312)	(10)	334,615

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 reserve - Intangibles

Council and Group				
	Opening balance 01/07/18	Revaluation gains / losses during year	Transfer to accumulated funds on disposal	Closing balance 30/06/19
2019	\$000	\$000	\$000	\$000
Carbon credits	16	73		89
Total	16	73	-	89

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

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

	Council		Group	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Surplus / (deficit) after tax	8,087	(1,617)	7,682	(1,084)
Add / (less) non cash items:				
Depreciation	29,798	28,116	32,397	30,709
Amortisation	705	287	903	289
Impairment of PPE / intangible assets	-	-	-	-
Impairment of accounts receivable	34	564	35	564
Impairment of assets held for sale	-	-	-	-
Vested assets and assets recognised for the first time	(668)	(443)	(668)	(443)
(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	2,315	2,770	2,847	3,940
(Gains) / losses on disposal of intangibles	-	-	-	-
Movement in capital creditors	567	274	567	274
(Gains) / losses in fair value of derivatives	(89)	-	(89)	(157)
(Gains) / losses in fair value of investments	-	-	585	550
Add / (less) movements in working capital items:				
Debtors and other receivables	(4,694)	2,833	(4,866)	1,407
Inventories	9	46	119	36
Creditors and other payables	7,690	39	6,522	(2,635)
Provision for taxation	-	-	-	797
Provisions	1,055	(140)	1,047	(186)
Employee benefits	(20)	(148)	(9)	(268)
Net cash inflow / (outflow) from operating activities	44,789	32,581	47,072	33,793

27: Capital commitments and operating leases

	Council		Group	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Capital commitments				
Buildings	264	269	264	269
Parks and reserves	1,887	665	1,887	665
Roading	16,935	17,418	16,935	17,418
Stormwater	2,752	4,289	2,752	4,289
Wastewater - other	10,009	10,404	10,009	10,404
Wastewater treatment	2,110	8,083	2,110	8,083
Water - other	520	179	520	179
Water treatment	513	-	513	-
Intangibles	28	402	28	402
Plant and equipment	-	47	2,048	868
Vehicles	-	108	-	108
Total capital commitments	35,022	41,864	37,070	42,685

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	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Not later than one year	404	251	534	602
Later than one year but not later than two years	218	209	348	210
Later than two year but not later than five years	533	311	761	1,077
Later than five years	1,034	1,107	1,034	1,107
Total non-cancellable operating lease commitments as lessee	2,189	1,878	2,677	2,996
Total commitments	37,211	43,742	39,747	45,681

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is nil (2018: 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	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Not later than one year	1,396	1,192	1,105	1,192
Later than one year but not later than two years	1,335	1,011	1,044	1,011
Later than two year but not later than five years	2,741	2,865	2,717	2,865
Later than five years	8,534	9,234	8,534	9,234
Total non-cancellable operating leases as lessor	14,006	14,302	13,400	14,302

No contingent rents have been recognised during the period.

28: Contingencies

Contingent liabilities

	Council		Group	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Financial guarantees				
Financial guarantees to community and sporting groups	49	67	49	67
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	883	5,790	883	5,790
Total contingent liabilities	2,464	7,389	2,464	7,389

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 three legal claims (2018: six). An estimate of Council's share of exposure is \$883,213 (2018: \$5,790,000), 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.

The Council is also facing a dispute which relates to an alleged breach of Council's Landfill resource consent. An estimate of Council's share of exposure has not been included in the table as the presiding Judge has given instruction to both parties not to disclose any information publically as this could be prejudicial for either party.

Unquantified claims

As disclosed in note 24, a provision of \$68,000 (2018: \$75,000) has been recognised for weathertightness claims. Included in this amount is an estimate of \$Nil (2018: \$Nil) 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. The first stage will be a 6 month hearing commencing in April 2020, to determine whether shadow clad is inherently defective.

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 2019 the Scheme had a past deficit of \$1.8 million (98.1% 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 noted that the 31 March 2018 report recommended an employer contribution rate of 1.0 times contributors' contributions from 1 April 2019 and further noted it will recommend a further increase in the employee contribution rate with effect from 1 April 2020.

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 2019, the Council is one of 31 local authority shareholders and 52 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 2019, the LGFA had borrowings totalling \$9.5 billion (2018: \$8.3 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	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Loan guarantees				
Rotorua Badminton Club Incorporated	223	223	223	223
Rotorua Hockey Trust & BOP Hockey Association	350	350	350	350
Total loan guarantees	573	573	573	573

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 2019 there are two facilities with a book value of \$573,511 (2018: \$573,511).

	Council		Group	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Suspensory loans				
John Paul College	15	35	15	35
Total suspensory loans	15	35	15	35
Total contingent assets	588	608	588	608

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.

	Council	
	2019	2018
	\$000	\$000
Key management personnel compensation		
Key management personnel compensation	2,242	2,109
Councillors salaries	706	672
Total Group key management remuneration	2,948	2,781
Total full-time equivalent personnel	20	20

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 the Local Government Act 2002. The Chief Executive received the following remuneration:

	Council	
	2019	2018
	\$	\$
Salary	374,721	330,340
Vehicle (including Fringe Benefit Tax)	15,650	16,160
	390,371	346,500
Other benefits:		
Professional Association Fees		275
Total other benefits	-	275
Total normal remuneration and amount paid	390,371	346,775

Elected representatives

Elected representatives received the following remuneration:

Honoraria	Other Fees	Total	Total
2019	2019	2019	2018
\$	\$	\$	\$

Mayor				
Chadwick S	134,172	-	134,172	130,579
Chadwick S - Mayor's vehicle	5,639	-	5,639	5,573

Councillors				
Bentley P	47,827	160	47,987	45,137
Donaldson D	69,893	-	69,893	65,477
Gould M	47,827	828	48,655	45,800
Hunt K	58,860	14,174	73,034	70,872
Kent R	47,827	1,325	49,152	47,137
Maxwell T H	53,343	-	53,343	50,222
Raukawa-Tait M	58,860	-	58,860	55,307
Sturt C W	58,860	-	58,860	55,307
Tapsell T	58,860	-	58,860	55,307
Kumar R	47,827	-	47,827	45,137
Total Councillor remuneration	689,795	16,486	706,282	671,855
Rotorua Lakes/Rural Community Boards	96,707	-	96,707	95,275
Total Elected Members' remuneration	786,503	16,486	802,989	767,130

The monetary remuneration consists of honoraria and meeting allowances, and is determined by the remuneration authority under the local government elected members determination 2018-19. 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
	2019
Total annual remuneration by band for employees as at 30 June 2019:	
<\$60,000	128
\$60,000 - \$79,999	113
\$80,000 - \$99,999	63
\$100,000 - \$119,999	37
\$120,000 - \$139,999	14
\$140,000 - \$159,999	6
\$160,000 - \$199,999	9
\$200,000 - \$279,999	6
\$280,000 - \$379,999	2
Total employees	378

	Total
	2018
Total annual remuneration by band for employees as at 30 June 2018:	
<\$60,000	195
\$60,000 - \$79,999	98
\$80,000 - \$99,999	51
\$100,000 - \$119,999	24
\$120,000 - \$139,999	7
\$140,000 - \$179,999	8
\$180,000 - \$199,999	7
>\$200,000	6
Total employees	396

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 298 (2018: 314) full-time employees, with the balance of staff representing 38.08 (2018: 41.11) 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 one severance payments consisting of: \$29,950. (In 2018 there were two payments consisting of: \$34,592 and \$2,861).

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

	2019	Percentage	2018	Percentage
	\$000	%	\$000	%

Bay of Plenty Local Authority Petrol Tax Distribution for the year ended 30 June:

Kawerau District Council	69	2.2%	68	2.2%
Opotiki District Council	77	2.5%	75	2.5%
Rotorua District Council	623	19.9%	603	20.0%
Taupo District Council	453	14.5%	448	14.8%
Tauranga City Council	1,122	35.9%	1,062	35.1%
Western BOP District Council	471	15.1%	467	15.5%
Whakatane District Council	308	9.9%	299	9.9%
Total tax distributable to councils	3,123	100.0%	3,022	100.0%

State Highways administration

	2019	2018
	\$000	\$000
Expenditure on State Highways roading network	226	661
(Reimbursed from New Zealand Transport Agency and Whakatane District Council)		

Regional Council rates

	2019	2018
	\$000	\$000
Rates were collected on behalf of the following Regional Authorities:		
Bay of Plenty Regional Council	11,192	9,448
	11,192	9,448

33: Financial instruments

33A: Financial instrument categories

	Council		Group	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
FINANCIAL ASSETS				
Loans and receivables				
Total cash and cash equivalents (including short-term deposits 3 months or less)	6,727	440	8,725	4,961
Debtors and other receivables (including community loans)	30,893	26,725	14,638	10,123
Borrower notes	2,859	2,379	2,859	2,379
Total loans and receivables	40,479	29,544	26,222	17,463
Fair value through other comprehensive revenue and expense				
Unlisted shares	52,836	50,582	590	485
Total financial assets	93,315	80,126	26,812	17,948

	Council		Group	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Creditors and other payables	21,402	16,913	24,785	17,659
Borrowings:				
Registered debenture stock	25,000	35,000	25,001	35,001
Registered security stock	-	5,960	-	5,960
LGFA borrowings	181,510	148,700	181,910	148,700
Hedge-accounted derivatives				
Derivative financial instrument liabilities	-	89	-	-
Total financial liabilities	227,912	206,662	231,696	207,320

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
--	-------	---------------------	---------------------------------------	-----------------------------------

2019

COUNCIL

Financial assets				
Borrower notes	2,859	-	2,859	-
Shares	52,836	-	-	52,836

Financial liabilities				
Registered debenture stock	25,000	-	25,000	-
Registered security stock	-	-	-	-
LGFA borrowings	181,510	-	181,510	-

GROUP

Financial assets				
Borrower notes	2,859	-	2,859	-
Shares	590	-	-	590

Financial liabilities				
Registered debenture stock	25,001	-	25,001	-
Registered security stock	-	-	-	-
LGFA borrowings	181,910	-	181,910	-
Derivatives	-	89	-	-

	Total	Quoted market price	Valuation technique	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	-

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	
	\$000	\$000	\$000	\$000
Balance at 1 July	50,583	33,131	495	495
Capital movement	75	125	-	-
Change in fair value of investment	2,179	17,205	(1)	(132)
Gains and losses recognised in other comprehensive revenue and expense	-	122	96	132
Balance at 30 June	52,837	50,583	590	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		Maximum Fixed Rate	
	Exposure			
Year 1		50%		100%
Years 2 and 3		30%		80%
Year 4		15%		60%
Year 5 to Year 12		0%		50%
Year 13 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.

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	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Cash at bank and short-term deposits	6,727	440	8,725	4,961
Debtors and other receivables (including community loans)	30,893	26,725	14,638	10,123
Borrower notes	2,859	2,379	2,859	2,379
Unlisted shares	52,836	50,582	590	485
Financial guarantees	573	89	49	67
Total	93,888	80,215	26,861	18,015

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	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Counterparties with credit ratings:				
Cash at bank and term deposits (AA-)	6,727	440	8,725	4,961
Total cash at bank and term deposits	6,727	440	8,725	4,961
Borrower notes (AA+/A-1)	2,859	2,379	2,859	2,379
Total borrower notes	2,859	2,379	2,859	2,379
Counterparties without credit ratings:				
Unlisted shares	52,836	50,582	590	485
Total unlisted shares	52,836	50,582	590	485
Community and related party loans				
Existing counter-party with no defaults in the past	17,210	15,151	172	151
Total community and related party loans	17,210	15,151	172	151

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 \$35 million (2018: \$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	Contractual cashflows	Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000	\$000
Council 2019						
Creditors and payables	21,402	22,456	22,456	-	-	-
Financial guarantees	573	573	573	-	-	-
Registered debenture stock	25,000	27,492	16,175	526	10,791	-
Registered security stock	-	-	-	-	-	-
LGFA borrowings	181,510	222,708	9,345	26,501	58,908	127,954
Derivatives	-	-	-	-	-	-
Total	228,485	273,229	48,549	27,027	69,700	127,954

Group 2019						
Creditors and payables	24,785	26,062	26,062	-	-	-
Financial guarantees	573	573	573	-	-	-
Registered debenture stock	25,001	27,492	16,175	526	10,791	-
LGFA borrowings	181,910	222,708	9,345	26,501	58,908	127,954
Derivatives	-	-	-	-	-	-
Total	232,269	276,835	52,155	27,027	69,700	127,954

Council 2018						
Creditors and payables	16,913	16,914	16,914	-	-	-
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	245,279	74,616	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

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	\$000
Council 2019						
Cash and cash equivalents (including short term deposits 3 months or less)	6,727	6,727	6,727	-	-	-
Debtors and other receivables	30,893	30,893	16,345	-	14,548	-
Other financial assets:						
Borrower notes	2,859	2,859	-	320	699	1,840
Unlisted shares	52,836	52,836	52,836	-	-	-
Total	93,315	93,315	75,908	320	15,247	1,840

Group 2019						
Cash and cash equivalents (including short term deposits 3 months or less)	8,725	8,725	8,725	-	-	-
Debtors and other receivables	14,638	14,638	14,638	-	-	-
Other financial assets:						
Borrower notes	2,859	2,859	-	320	699	1,840
Unlisted shares	590	590	590	-	-	-
Total	26,812	26,812	23,953	320	699	1,840

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

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	2019				2018			
	\$000				\$000			
	-100bps		+100bps		-100bps		+100bps	
Interest rate risk	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity

Financial assets

Cash and cash equivalents	(67)		67		(4)		4	
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Financial liabilities

Derivatives that are hedge-accounted		-		-		113		(113)
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Borrowings:

· Debenture stock	288		(288)		59		(59)	
· Security stock	-		-		54		(54)	
Total sensitivity	221	-	(221)	-	109	113	(109)	(113)

Group	2019				2018			
	\$000				\$000			
	-100bps		+100bps		-100bps		+100bps	
Interest rate risk	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity

Financial assets

Cash and cash equivalents	(87)		87		(50)		50	
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Financial liabilities

Derivatives that are hedge-accounted		-		-		113		(113)
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Borrowings:

· Debenture stock	288		(288)		59		(59)	
· Security stock	-		-		55		(55)	
Total sensitivity	201	-	(201)	-	64	113	(64)	(113)

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%.

Explanation of other price risk sensitivity

The sensitivity for listed shares has been calculated based on a -10%/+10% (2018: -10%/+10%) movement in the quoted bid share price at the end of the year for the listed shares.

34: Capital management

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

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. 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.

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 surplus of \$8.1 million compared to a budgeted surplus of \$20.2 million.

The major reasons for the variance between actual and budgeted result of \$12.1 million are discussed below:

Revenue

Overall revenue was higher than budget by \$0.9 million driven by the following:

- Subsidies and grants - \$0.5m favourable overall with \$0.2m of this variance relating to donations received for the museum and the remainder due to higher NZTA subsidies.
- Other Revenue was \$0.5m favourable when including interest revenue and other gains as interest received from loans to the airport and gains on property sales (largely Western Road property) were partially offset due to lower parking revenues, including prosecutions, as a result of the delay in the i-Park technology roll out.

Expenditure

Overall expenditure was higher than budget by \$13 million due to the following

- Loss on disposal/impairment of plant, property & equipment - Was unbudgeted for and resulted in a \$2.8m unfavourable variance.
- Depreciation Expense - Was unfavourable by \$6.7m primarily due to the effect of the 2017 & 2018 building revaluation. The building depreciation budget was set prior to the revaluation being available.
- Other Expenses - \$3.2m unfavourable overall and mainly driven by the following reasons:
 - Personnel cost are \$1.1m higher than budget due larger amounts of overtime being incurred due to unforeseen events e.g. Ngongotaha floods which resulted in a number of staff assisting outside of normal hours.
 - Further increases are explained by the cost of new hires and as a result of staff realignment to market rates which were not included in budget figures.
 - The remainder of the unfavourable variance is largely due to the impact of unfavourable electricity spot prices which escalated from October 2018 and reactive maintenance works due to aging Infrastructure

Other comprehensive revenue and expenses was \$2.2m 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 \$1.067 billion are comparable to the budgeted amount of \$1.041 billion. Significant variances are as follows:

Current Assets

Cash and cash equivalents were \$5.6m higher than budget due to timing of various subsidies received partially offset by a number of properties (non-current assets held for sale) that were expected to sell continuing to be held which resulted in an unfavourable variance of \$3.8m Debtors and other receivables were \$2.3m higher than budget

Non - current assets

- Property, plant and equipment was \$8.2m higher than budget due to a lower impact of impairment changes than anticipated
- Investments in CCO's are higher than budget by \$17.4m mainly reflecting the gains made by Rotorua Regional Airport Ltd.
- Investments in other entities are higher than budget by \$3.4m due to the increase in holdings of Local Government Funding Authority borrower notes.

Current Liabilities

- Payables and deferred revenue are higher than budget by \$4.2m due to the funding received for a number of project milestone payments that can only be recognised at a later time in line with deliverables achieved
- The total of current and non-current borrowings is \$1.9 million higher than budget due to sourcing of long term funding earlier than planned due to current favourable market rates and reduction in more costly short term funding

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:

	Council and Group	
	2019	2018
	\$000	\$000
Current assets	60	195
Non-current assets	-	-
Current liabilities	60	194
Non-current liabilities	-	-
Income	1	468
Expenses	1	468
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:

Council and Group	
2019	2018
\$000	\$000

Current assets	68	210
Non-current assets	1	64
Current liabilities	7	88
Non-current liabilities	-	-
Income	-	5
Expenses	1	498

Group's interest	50.0%	50.0%
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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 2019:

Material Damage - \$643,715,467

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 - \$40,620,000

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

Commercial Motor Vehicles - \$1,801,500

Motor vehicle insurance is up to the market value of each individual vehicle covered under the policy.

Infrastructure - \$735,805,471

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 - \$5,450,000

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 2018/19 for Whole of Council

Council Wide	2018		2019	
	Annual Plan 2017/18 (\$000)	Actual 2017/18 (\$000)	*Annual Plan 2018/19 (\$000)	Actual 2018/19 (\$000)
Sources of operating funding				
General Rates, uniform annual charges, rates penalties	51,969	52,975	57,658	55,572
Targeted Rates	33,327	33,006	34,860	36,247
Subsidies and grants for operating purposes	3,759	4,604	4,112	4,680
Fees and charges	8,237	6,330	7,885	10,018
Interest and dividends from investments	125	579	134	860
Local Authorities, fuel tax, fines, infringements fees and other receipts	8,206	10,821	8,070	4,502
Total operating funding (A)	105,623	108,315	112,719	111,880

Applications of operating funding				
Payments to staff and suppliers	75,160	83,080	85,218	88,655
Finance Cost	7,457	7,587	8,054	8,300
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	82,617	90,667	93,273	96,955

Surplus (deficit) of operating funding (A-B)	23,006	17,649	19,447	14,924
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Sources of capital funding				
Subsidies and grants for capital expenditure	15,642	9,870	24,541	23,737
Development and financial contributions	-	741	-	574
Increase (decrease) in debt	7,363	20,910	30,230	16,850
Gross proceeds from sale of assets	1,051	1,028	2,000	510
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	24,056	32,550	56,770	41,671

Application of capital funding				
Capital expenditure				
- to meet additional demand	-	472	420	1,917
- to improve the level of service	22,468	31,116	47,213	34,945
- to replace existing assets	24,592	20,048	29,185	19,201
Increase (decrease) in reserves	2	(3,817)	-	(2,327)
Increase (decrease) of investments	-	2,379	(600)	2,859
Total applications of capital funding (D)	47,062	50,198	76,217	56,596

Surplus (deficit) of capital funding (C-D)	(23,006)	(17,649)	(19,447)	(14,924)
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Funding balance ((A-B)+(C-D))	-	-	-	-
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* In the above statement it says Annual Plan which is a specific heading requirement under the legislation the budget figures actually reflect the 2018/19 Long Term Plan budget figures as it is the first year of the Long Term Plan



Ngā Whakahaere i Raro i te Mana o te Kaunihera

Council Controlled Organisations

Council-controlled organisations give a local authority the opportunity to engage people with the right skills and experience to focus on operating a business or other undertaking on behalf of the local authority.

To achieve specific objectives for Rotorua, the Council has established several Council-controlled organisations. These organisations, supported by Rotorua Lakes Council, manage council facilities and/or deliver significant services on behalf of the Council and the Rotorua community.

These include:

- Rotorua Airport Ltd
- InfraCore Ltd
- Rotorua Economic Development Ltd
- Bay of Plenty LASS Ltd
- Waikato LASS

The following summaries explain what they do and what they have achieved over the past year, and sets out an overview of their performance. Targets set are included in each CCO's statement of intent.

Would you like to know more? For further information, please see the individual CCOs' statements of intent and annual reports, which are available via their websites.

Rotorua Regional Airport

What we do:

Rotorua Regional Airport Limited (RRAL) 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.

RRAL purpose is to maintain a safe and efficient airport operation whilst optimising the use of its assets to facilitate, growth in tourism and trade, other commercial activity and airport profitability. RRAL is responsible for the ongoing capital development and maintenance of the airport assets and ownership of the core infrastructure.

What we're working towards:

Business innovation and prosperity

Employment choices

Outstanding places to play

Structure of the Company's operations, including governance arrangements (30 June 2019):

Rotorua Regional Airport is led by Chief Executive Mark Gibb and governed by an independent board of directors.

The following Directors held office as at 30 June 2019:	Date of appointment
Peter Stubbs (Chairman)	21/05/2014
John Fenwick	01/10/2017
Stuart Allan Crosby	22/12/2010
Anthony John Marks	01/07/2016

Highlights of the year:

What we achieved in the last year

- Project - Airport Masterplan:
 - Precinct A (General Airport Business Precinct) concept design completed.
 - Precinct B (General Aviation Hangar Precinct) feasibility and preliminary business case completed based on a design, build and own approach.
- Project – Airport Emergency Operations Centre (EOC): building fully operational.
- Project – Terminal Redevelopment:
 - Construction contract awarded to Marra Construction and RDT Project Managers.
- Stage 1 Arrivals Hall & Departure Toilets/Amenities Block:
 - Structural upgrade complete with interior fit-out underway.
- Stage 2 Departures & Link Walkway:
 - Design completed with consent application lodged.
- Project – Landscaping Programme: Stage 2 entrance enhancement landscaping works completed.
- Significant works have been undertaken within the airport to ensure protection of key apron, taxiway and runway surfaces against significant weather events.
- Positive growth in passenger numbers.

Performance Measures:

Measure	2019 Target	2019 Actual	Achieved/Not Achieved	2018 Actual
Aircraft Movements	6,406	7,498	Achieved	7,246
Passenger Movements	250,530	265,443	Achieved	246,486
Customer service & facility rating	Suspend	Suspend	Achieved	7.3
Number of Controllable Safety Incidents	0	0	Achieved	0
Number of employee Injuries (days off work)	1.0	0	Achieved	1.0
Project Performance	Final Masterplan	Complete	Achieved	N/A

Note: A controllable safety incident is an undesired event that adversely affects normal airport operations.

Note: A lost-time injury is something that results in a fatality, permanent disability or time lost from work.

Note: Customer Service and Facility Rating to be reinstated upon completion of the terminal Upgrade redevelopment works.

Financial performance:

	2019 Target	2019 Actual	Performance	2018 Actual
Total Revenue	5,317,093	5,493,429		5,291,904
Total Expenses	5,108,356	5,273,739		4,830,463
Net surplus/(deficit) after tax	208,737	282,911		469,520
Capital expenditure	5,100,000	3,781,335		1,078,338

Key: Met Needs improvement

Note: Given that the financial targets in the Statement of Intent are individual targets, total revenue less total expenses do not necessarily equate net surplus (deficit) after tax.

Note: The airport masterplan provides a vision for the development of the airports land holdings. This will provide for incremental and broader revenue generation opportunities across the company's operations.

Income derived from Council:

	2018/19 \$000's	2017/18 \$000's
	2,563,020	2,542,500

Infracore Ltd

What we do:

Infracore is in the business of maintaining, managing and constructing infrastructure and facility assets. The company's main service offerings are:

- Maintaining and constructing parks infrastructure, including but not limited to public gardens, reserves, playgrounds, sports fields and tree surgeon services.
- Maintaining and constructing water, wastewater and storm-water infrastructure.
- Civil construction and maintenance work associated with footpath, paving and street furniture type assets.
- Janitorial, street cleaning and maintenance services for public and park infrastructure assets.
- Cemetery and Crematorium management and operation services.
- Nursery services, including plant propagation, sale, lease and care services.

Infracore's traditional capabilities are in the physical execution of these works and we employ a wide variety of field staff, with a diverse array of skills and capabilities.

What we're working towards:

- Outstanding places to play
- Vibrant city heart
- Employment choices
- Enhanced environment

Structure of the Company's operations, including governance arrangements (30 June 2019):

Infracore's Board of Directors is appointed by the Shareholder, and is responsible for the direction and control of the company's activities. The company's Constitution provides that the Board will consist of between four and six Directors.

Infracore is led by Chief Executive Matthew Scott and governed by an independent board of directors.

The following Directors held office as at 30 June 2019:

John McRae (Chair)	10/08/2015
William Lawson	01/10/2017
Charles Kaka	01/10/2017
Vivienne Scott	09/01/2019
Brent Whibley	09/01/2019:

Performance Measures:

Measure	Target	Actual	Achieved /Not Achieved	Comment
Financial				
Maintaining a sustainable financial position Net profit before tax (NPBT) as a percentage of turnover (NPBT) excluding any budgeted 'one off' items.	NPBT as a % of actual turnover is between +) to +5%	-5%	Not achieved	Loss position attributed to the redundancy cost factored into the year as well as reduced project income expected.
Establishing a sustainable level of turnover for the business to support the capacity in the business to deliver to the desired standards. % growth in annual turnover (excluding discontinued services_ (Turnover estimated as needing to ultimately be \$20M+)	Turnover increase of 10%+ versus that of the previous year	3.5%	Not achieved	Result due to not generating adequate project/additional revenue.
Building resilience into income sources by reducing percentage of income from RLC core O&M services, RLC Nursery purchases or minor project work for RLC. Percentage of income not from RLC core O&M work, RLC minor project work or RLC Nursery purchases.	% of income not from RLC core work, nursery purchase or RLC minor project work is greater than 20%	14%	Not achieved	Non council revenue accounts for 14% of total revenue.
Customer				
Meeting customer's service needs Average satisfaction ratings from clients for the year that show the business is performing at or above satisfactory levels. Based on a 10 point scale where 1-4 is unacceptable 5-6 is satisfactory 7-10 is exceeding requirements	7+		Not Measured	With a change in senior leadership InfraCore is reviewing how this information is gathered and is streamlining the collection process from customers. RLC prepare satisfaction scores for Water Operations and Parks and Open Spaces. These results have been satisfactory, however InfraCore is always looking for ways to improve customer satisfaction and will be actively seeking this in FY2020.
Affordability of services Total charges for core O&M services to Council, on a like for like basis, year on year, moving by CPI or less.	<=100% + CPI	101.7%	Achieved	Total charges were 101.7% of the previous year (CPI for June 2019 was 1.7%). The measure has been normalised to account for the service level change in the Rotorua Inner City Operations and Maintenance Contract.
Ongoing cost of services Charges to Council for core Operations and Maintenance (O&M) services in dollars per head of population.	<\$150/head	\$138.90	Achieved	Measure used includes only the core work provided to RLC by InfraCore and not any additional works undertaken.

Measure	Target	Actual	Achieved /Not Achieved	Comment
Internal Processes				
<p>Efficiency and productivity of service offering as gauged by InfraCore's market competitiveness.</p> <p>The volume of additional work the company picks up from 3rd parties, or through competitive tenders. As judged by the \$ value of the income from project work, trade & sundry sales and from other Councils.</p>	>\$3.0M	\$1,904m	Not Achieved	\$1,904m of additional work (\$1,101m of project revenue, \$270k of trading revenue and \$533k of nursery sales) has been received during the year which is \$1,096 below target. InfraCore will be working in the 2019/2020 year to grown revenue streams under new direction.
<p>Proving delivery, management and planning capabilities.</p> <p>As indicated by ability to deliver project work</p> <ul style="list-style-type: none"> on time (Hitting agreed deadlines) within budget (Costs as a% of income) to quality (Losing no contract retentions). 	<ul style="list-style-type: none"> Time - All projects delivered within agreed timeframes. AND Cost - Keeping all project work direct costs as % of income across the full project portfolio for the year equal to, or better (lower) than, the %targeted in pricing that work. AND Quality - Losing no contract retentions 		<p>Not Achieved</p> <p>Not Achieved</p> <p>Not Achieved</p>	<p>Of the four projects undertaken during the year, one didn't meet the expected timeframe by four days. The other projects undertaken have met timeframes where applicable, or InfraCore have worked alongside key stakeholders to accommodate protracted timelines.</p> <p>Due to timing delays of project tendering and work completion, this measure was not achieved during the year. InfraCore is working to ensure future phases have improved project controls.</p> <p>InfraCore has not historically lost any retentions on work.</p>
<p>Targeting a ZeroHarm workplace</p> <p>Reducing the company's lost time levels due to injury in terms of % hours lost per hours worked.</p> <p>and</p> <p>Having no serious harm injuries.</p>	<p><0.18%</p> <p>0</p>	<p>0.08%</p> <p>0</p>	Achieved	

Measure	Target	Actual	Achieved /Not Achieved	Comment
Organisational Capacity				
<p>Improving staff engagement</p> <p>Deliver a continuing overall improvement in staff engagement rating for the company versus the baseline of the 2015/16 year. As measured through external benchmarked surveying.</p> <p>Market Average Score: 2016/17 = 57.0</p> <p>2015/16 Survey result = 49.5 2016-17 Survey result = 54.5 2017-18 Survey result = TBA</p>	>56		Not Achieved	<p>47 engagement capital overall was the result from the 2019 survey.</p> <p>InfraCore has committed to implement new values, which will occur over the 2019/2020 year. This roll-out will realign all staff.</p>
<p>Investment in training and development</p> <p>Total spend on training and development as a % of turnover.</p>	2.5%+	1.4%	Not Achieved	Key highlights included taking all management and key personnel through structured development training and the feedback from this has been extremely positive.
<p>Lifting staff capabilities, and the capabilities in the community.</p> <p>Percentage of staff engaged in or completing formal work related qualifications.</p>	10%+	10.9%	Achieved	10.9% engaged in formal qualifications. Of the 137 headcount, 15 were in formal training.

Financial performance:

	2018/19 \$000's	2017/18 \$000's
Revenue	14,228	13,557
Expenditure	14,940	13,864
(Deficit)/Surplus	(712)	(307)
Tax Benefit/(Expense)	-	-
Net surplus/(deficit) for year	(712)	(307)

Income derived from Council:

	2018/19 \$000's	2017/18 \$000's
	12,321	11,864

Rotorua Economic Development Ltd

What we do:

RED is committed to developing and promoting Rotorua as a destination of choice to work, study, visit, invest and live in. We connect people, land, capital and ideas.

Our work directly supports the development of Rotorua's economy, unlocking opportunities for commercial investment and providing employment, wealth and wellbeing for all our people. RED works in partnership with iwi, private sector business, local government, community organisations and central government to support their growth aspirations and enhance Rotorua's identity and reputation. We operate as a neutral entity and a trusted advisor, balancing the needs of each group of stakeholders for the benefit of the destination.

The work we do helps to:

- lift economic performance across the Rotorua district, with a particular focus on tourism, forestry and wood processing, natural hot springs and wellness, film/TV/creative technology, alternative land use opportunities, and Te Arawa investments
- attract, retain and grow investment, talent and business across the district
- ensure the impact of change achieves a balance between social, environmental, economic and wellness benefits for the people of Rotorua
- create unforgettable memories for all our visitors, including business event delegates
- support RLC's partnership with Te Arawa to help them realise their aspirations.

We do this by focusing on five key priorities that the RLC set out for us in their annual letter of expectation:

- Destination development
- Business growth and investment attraction
- Skills, education and talent
- Sustainable business practices
- Growing the visitor economy

What we're working towards:

- Business innovation and prosperity - Whakawhanake pākihi
- Employment choices - He huarahi hōu
- Outstanding places to play - Papa whakatipu

Structure of the Company's operations, including governance arrangements (30 June 2019):

Rotorua Economic Development (RED) is a Council Controlled Organisation (CCO), 100% owned by Rotorua Lakes Council (RLC). RED is the Economic Development Agency (EDA) and Regional Tourism Organisation (RTO) for the Rotorua district. RED's key trading activities and brands are Destination Rotorua, i-SITE, Rotoruanz.com and Famously Rotorua and it also operates as Rotorua's Convention Bureau.

RED is led by Chief Executive Michelle Templer and governed by an independent board of directors.

The following Directors held office as at 30 June 2019;:	Date of appointment
Mr Peter Stubbs - Chairperson	11 May 2016
Mr Christopher Auld	27 July 2016
Ms Mere George	27 July 2016
Mr Andy Higgs	01 July 2017
Mr James Fitzgerald	01 July 2017

Performance Measures:

Measure	Target	Actual	Achieved/ Not Achieved	Comment
i-SITE - % increase in trading revenue over previous year	>= +2%	+25%	Achieved	Gross IBIS voucher sales is the measure used to indicate trading revenue. This increase is the result of expanded retail space, more high value products on offer and increased foot traffic in the Redwoods.
i-SITE - % increase in commission received over previous year	>= +2%	+13%	Achieved	This is a measurement of the commission earned from IBIS voucher sales of accommodation, activities and attractions through the Rotorua i-SITES, largely due to an increase in activities and attractions sales by the team this year.
i-SITE - Customer Radar Net Promoter Score	>= +90	+94	Achieved	The Customer Radar Net Promoter Score is a recognised measure of satisfaction. We received the highest number of customer responses out of any i-SITE in the country and still managed to improve our satisfaction rating.
Business Events - Value of bids won by RED	>= \$5.0m	\$8.8m	Achieved	This value is based on room nights tentatively held as a result of bids won by RED and MBIE's Business Events Delegate Survey 2017 calculation of \$385 avg delegate spend per night. During FY17/18, Rotorua Lakes Council established a separate sales team for the Energy Events Centre. While the 2018 value includes all EEC business events in addition to the RED Convention Bureau business events, the 2019 value only includes the result of bids won by the RED team.
Business Events - Market share of BEAS multi-day conference delegate days	>= 9.6%	8.3%*	Not Achieved	Measured via MBIE's Business Events Activity Survey. Rotorua had strong benchmark beating growth in the most recent quarter, lifting its market share to 8.3% but still falling short of the target and of the 2018 result. The Wellington region had exceptionally strong growth in most quarters of the June 2019 year, resulting in a large increase in market share at the expense of most other regions. However, despite the loss in market share Rotorua's delegate days increased from 69000 to 82699, generating an additional \$5.3m for the local economy.
Trade - Direct tourism impact - MBIE's Monthly Regional Tourism Estimates of international visitor expenditure in Rotorua on accommodation, recreational services and dining	>= \$225m	\$195m	Not Achieved	Not achieved due to slowing and declining growth in international visitor arrivals to New Zealand in 5 of the 7 largest markets.
Trade - Strategic partner direct investment invoiced by RED	>= \$0.2m	\$297.495	Achieved	This value includes a number of joint ventures to support activity such as TRENZ, the Australia Roadshow and the Explore Tradeshow, in addition to a joint venture with an international airline to coincide with their new daily connection with Auckland.
Consumer - Impact - MBIE's Monthly Regional Tourism Estimates of total domestic visitor expenditure in Rotorua	>= \$470m	\$476m	Achieved	MBIE's estimation of the total domestic visitor expenditure in Rotorua for year ending June 2019 was above target, which reflects RED's strategic focus on increasing the value that domestic visitors bring to the economy by encouraging them to stay longer and spend more while they are here.
Support delivery of RLC Big moves and projects through providing investment acumen and advice including RFP management and engagement with relevant networks including central government investment	>= 1	1	Achieved	Supporting landowners with Whakarewarewa Forest commercial opportunities and working with Rotorua Lakes Council and external stakeholders to facilitate and support commercial sector investment.

Measure	Target	Actual	Achieved/ Not Achieved	Comment
Provide relevant Destination insights in target sectors to support investment and reinvestment decision making by business. RED works with partners to develop strategies critical to deliver on RLC Big Moves			Achieved	Bespoke information provided to investor or business enquiries. These include:
Deliver regional insights AND	>= 2	3		- regional labour market planning workshop, OPEN hotel investor prospectus, food provenance report
Deliver insights to industry sectors	>= 4	4		- film and creative, mountain biking ecosystem, visitor economy insights, call centre
Maintain key influencer database to develop Rotorua investor ecosystem to accelerate opportunity identification and conversion			Achieved	Active use of the Customer Relationship Management (CRM) tool by:
Maintain key influencers in CRM AND	>= 40	70		- adding 70 key influencers to CRM
Host events to identify key influencer/investors	>= 2	19		- holding 19 events to engage with key influencers/investors
High Performance Institute coaching/aftercare beyond ACCELERATE program	>= 5	5	Achieved	Includes strategy workshops, aftercare of businesses including support with scale, technology transfer, capital raising and relocation, social enterprise.
Emerging local businesses receive targeted support	>= 10	13	Achieved	13 businesses received targeted support, including strategy workshops, part funded ACCELERATE programme, provincial growth fund application support, access to local, and regional or sector insights and intelligence.
Famously campaign - Ratio of campaign expenditure to EAV	>= \$1: \$1.70	\$1: \$2.00	Achieved	The Famously campaign achieved an Equivalent Advertising Value (EAV) of \$1:\$2.00 against a target of \$1:\$1.70. This means that for each dollar that RED spent on consumer campaign activity, it would have cost us \$2.00 to purchase an equivalent amount of advertising.
Domestic consumer perception - % "intend to visit" (Delve loyalists + considerers) Rotorua from Auckland market AND one target market			Achieved	Two of the three markets (including the Auckland market) had a result +/- margin of error at 95% confidence level of achieving their respective targets.
% Auckland market "intend to visit" Rotorua AND	>= 54%	51.5% +/- 3.5pts MOE		At 95% confidence level 51.5% (+/- 3.5 percentage points) of the Auckland market sample had an intention to visit Rotorua.
% Christchurch market "intend to visit" Rotorua OR	>= 26%	25.3% +/- 3.5pts MOE		At 95% confidence level 25.3% (+/- 3.5 percentage points) of the Christchurch market sample had an intention to visit Rotorua.
% Wellington market "intend to visit" Rotorua	>= 53%	42.7% +/- 3.9pts MOE		At 95% confidence level 42.7% (+/- 3.9 percentage points) of the Wellington market sample had an intention to visit Rotorua.
RotoruaNZ.com sessions	>= 1,100,000	998,229	Not Achieved	Above average growth put this KPM On Track as at Oct 2019. However the i-SITE free wifi landing page was temporarily routed to the NZ Responsible Camping website over the summer months to support Tourism New Zealand's sustainability focus, which meant the KPM was not achieved.

Financial performance:

	2018/19 \$000's	2017/18 \$000's
Revenue	7,289	6,858
Expenditure	7,266	6,489
(Deficit)/Surplus	23	369
Tax Benefit/(Expense)	0	0
Net surplus/(deficit) for year	23	369

Income derived from Council:

	2018/19 \$000's	2017/18 \$000's
	4,300	4,023

BOP LASS Ltd

What we do:

The Bay of Plenty Local Authority Shared Services (BOPLASS) was established by the nine local authorities in the Bay of Plenty/ Gisborne region to foster collaboration between councils in the delivery of services, particularly back-office or support services.

BOPLASS investigates, develops and delivers shared services and joint procurement on behalf of the participating councils, maximising cost savings and developing opportunities for sharing of services.

The shareholding councils are:

- Bay of Plenty Regional Council
- Gisborne District Council
- Kawerau District Council
- Opotiki District Council
- Rotorua Lakes Council
- Taupo District Council
- Tauranga City Council
- Western Bay of Plenty District Council
- Whakatane District Council

Performance Measures:

Target 2018/19	Result	Comment
<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>The new procurement initiatives which have been investigated during the year are as follows:</p> <p>Infrastructure Insurance – BOPLASS represented a collective group of councils in negotiations for placement of councils' infrastructure insurance into the London markets. Although faced with a hardening insurance market BOPLASS councils were able to achieve particularly good outcomes as a result of our existing underwriter relationships and an established history within the London insurance markets. This was supported by accurate loss modelling information, asset valuations, and risk quantification data, all of which have become essential information in securing appropriate and competitively priced insurance. A new contract was established with a mix of Lloyds' syndicates.</p> <p>Eagle Training – Eagle Technology was engaged by BOPLASS to provide collaborative training on migrating ArcMap to ArcGIS Pro for BOPLASS councils GIS staff. This collective approach provided significant cost savings and improved inter-council information sharing.</p>
		<p>Aerial Imagery and LiDAR* 2018/19 – The tender for BOPLASS councils' specific areas and requirements within the BOPLASS regional flying calendar were awarded to AAM NZ Ltd. An additional financial saving of approximately \$100,000 was achieved (beyond the benefits of a collective tender) through a unique flying and capture process being utilised.</p> <p>*LiDAR (Light Detection and Ranging) data, or height data, is precise laser measurements of the Earth's surface that is used for creating highly accurate 3D maps of the land. LiDAR is particularly useful for flood modelling purposes because it provides accurate terrain and surface models of the land. LiDAR allows us to better understand where water will flow, what protection may be needed and where the areas at greatest risk from flooding are.</p> <p>Provincial Growth Fund Application for LiDAR Capture – BOPLASS successfully managed a coordinated regional approach to a Provincial Growth Fund application for co-funding for LiDAR capture for the entire Bay of Plenty region. Co-funding was made available to assist councils to invest in an expansion of 3D mapping to assist with supporting major development projects and improve land use management in our region. The successful application for co-funding will result in significant savings for BOPLASS councils' LiDAR and 3D mapping programmes.</p> <p>Antenno – Is a local government communications app that allows councils to push notifications to their communities. It also provides facilities for people to lodge service requests with their council directly through the app. BOPLASS negotiated a discount rate with Datacom for all BOPLASS councils.</p>
		<p>Lone Worker Field Solutions – The BOPLASS Health and Safety group have engaged with vendors to review communication and technology solutions to assist with protecting and connecting with lone or remote workers. Still under action.</p> <p>Robotic Process Automation – RPA provides an opportunity for the automation of repeatable processes that can run without intervention. BOPLASS has facilitated workshops with vendors and also with Auckland Council as they have developed a mature process for developing solutions based upon various business units' requirements. This project is ongoing.</p> <p>Accounts Payable Automation Software - BOPLASS led a project to identify collaborative opportunities for the automation of accounts payable processes through niche software or collective development of a shared solution. Negotiations are underway with a shortlisted provider. Still under action.</p> <p>PMCA NZME Premium Content - BOPLASS holds a collective PMCA licence on behalf of our constituent councils. BOPLASS identified that our licenced organisations cannot legally access premium media content without holding a corporate paywall premium subscription. BOPLASS investigated a project to establish a single corporate licence on behalf of our councils. It was determined that the service was not required by all councils and individual agreements would be pursued.</p>

Target 2018/19	Result	Comment
<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> <p>(continued)</p>		<p>Insurance Valuations – International underwriters for BOPLASS councils' insurances had requested we demonstrate a common standard of asset reporting aligned to a consistent standard for valuations reporting. Having this consistent data would assist them in better understanding the risk they are writing and, ultimately, would be reflected in their pricing. BOPLASS negotiated an agreement with Aon to review councils' valuation processes and establish consistent standards for valuation of assets. Discounted pricing and savings for all councils was achieved through a collective agreement.</p> <p>Contractor online inductions – The BOPLASS Health and Safety advisory group have investigated and shortlisted suppliers to deliver a collective solution for online inductions of contractors for all BOPLASS councils. Still under action.</p> <p>Eastern BOP Electricity Tender – At the request of Eastern Bay councils BOPLASS explored options for other BOPLASS councils to participate in a collective tender. After investigating with other councils it was determined that it was more beneficial for Eastern Bay councils to proceed with a separate tender.</p> <p>Health and Safety Management Software – A BOPLASS preferred supplier agreement has been established with Vault with preferential pricing applied to all participating Waikato and BOPLASS councils. The agreement provided significant savings for all councils and migration to the latest Vault version at no cost to participating councils.</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>0.45 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: Radio Telephony (RT) strategy – Push Wireless have been appointed as preferred supplier to coordinate region-wide Radio Telephone services and technologies. Standardisation of services and networks also provides the potential for further alignment in civil defence strategies. Bulk loading As Built Data questionnaire – Investigated aligning BOPLASS councils to common As Built data standards. Survey circulated to all GIS teams to benchmark current standards. Still under action. Solid Waste Management – Scoping for two of the three solid waste services that are being coordinated by BOPLASS has been completed, with significant opportunities for cross-regional collaboration identified:</p> <p>A regional or cross-regional approach to licensing and data collection for waste operators Diverting putrescible wastes from landfill The Regional Facilities Strategy project is awaiting commitment from Waikato councils before completing the initial scoping. Insurance Forum – BOPLASS hosted an insurance forum covering Waikato and BOP councils. BOPLASS arranged sponsorship and the forum was provided at no cost to the councils. Qualified speakers covered a number of critical insurance and risk topics. Councils benefitted from access to this important information through this forum. Health and Safety Inter-Council Audits – A framework has been developed to enable BOPLASS councils to request a peer review from other councils in the BOPLASS group with the objective of sharing knowledge and improving areas within Health and Safety. Asbestos protocol – Researched and shared best practice and protocols across councils and within BOPLASS Health and Safety Advisory group. Organised WorkSafe presentation. Ongoing sharing of information between councils.</p> <p>Sustainable Public Procurement – BOPLASS supported Toi-Ohomai Institute of Technology in a research report on Sustainable Public Procurement in the Bay of Plenty. BOPLASS has worked with CoBOP and The Sustainable Business Network to progress the opportunities identified in the report. BOPLASS councils' procurement managers have undertaken a project to collaborate in the development of sustainability procurement practices and policies.</p> <p>Health and Safety Benchmarking – The BOPLASS and Waikato LASS Health and Safety groups have established measures and systems for implementing a shared local authority health and safety benchmarking system. 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. Investigation of updated services. Added Zoom services to councils' video conferencing services. Opotiki District Council Library and cloud services – BOPLASS IT Manager assisted in reconfiguration of network and led project to investigate options to move Opotiki District Council into the Cloud.</p>

Target 2018/19	Result	Comment
<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>(continued)</p>		<p>Inter-Council Network (ICN) review, redesign and renegotiation of suppliers and services – The ICN is a shared service high capacity fibre network connecting the majority of BOPLASS councils. ICN design was reviewed and an evaluation of ICN contracts undertaken to deliver further cost reductions.</p> <p>Debt Collections – After investigating options for establishing a local shared service, BOPLASS engaged with MWLASS to develop an opportunity for BOPLASS councils to participate in the MWLASS debt management service – Debt Management Central (DMC) – as a shared service. An interLASS agreement has been agreed, with BOPLASS councils entering into individual contracts with DMC.</p> <p>Capital Construction and Civil Works Projects – A regional-wide marketing approach to civil projects is being reviewed. The focus of this approach is to market the project plans of the region as a whole to the construction sector and to help avoid the complex issue of regional versus local prioritisation for delivery of projects. The anticipated benefit of this approach is to attract a better response from contractors for councils across the region. Ongoing.</p> <p>Inter-LASS collaboration – BOPLASS continues to encourage collaboration between all LASS's and has established quarterly meetings for LASS leaders to share information and identify opportunities for collective partnering.</p> <p>Collaborative Training – Cross-council training has continued to be arranged across a number of areas of council business, providing for discounted rates, reduced staff travel (as trainers are prepared to travel to region for a larger group), opportunity to network with peers from other councils, and development of tailored material.</p> <p>BOPLASS Reviews – Undertaken during all advisory group meetings – at least quarterly.</p>
<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>Increase usage of the Collaboration Portal by providing support and training material for new and existing users. Proactively market the benefits to councils.</p> <p>Number of listed projects to increase by 20% per year. Number of Team Sites to increase by 20% per year. 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 relaunching the Collaboration Portal with a more user friendly platform under Microsoft Teams to enable and encourage a higher level of sharing from councils and the Local Government community. User survey feedback implemented along with a review of best practice methodologies.</p> <p>Ongoing promotion and profiling of the Collaboration Portal has resulted in more than ten additional councils or Local Government related organisations outside of the LASS group signing up to and using the Collaboration Portal, there are 24 councils or local government related organisations outside of the LASS group registered on the Portal.</p> <p>On-boarding, training material and training provided to councils to maximise usage and ensure increased uptake. Demonstrations of the Portal given to BOPLASS Advisory Groups and to councils' executive leadership teams.</p> <p>Number of projects has increased by 11 over the last year, there are now 39 lodged projects.</p> <p>The number of Collaboration Portal Team Sites have increased by 32 over the last year with 58 team sites now registered.</p>

Target 2018/19	Result	Comment
<p>Ensure appointed vendors remain competitive and continued best value is returned to shareholders. Manage and/or renegotiate existing contracts. 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 where applicable.</p>	<p>Achieved</p>	<p>Contracts negotiated and/or renewed for: Video Conferencing Services - New video conference services have been established using Canon and Zoom to deliver desktop and meeting room services to participating councils.</p> <p>GIS software and services – Geocortex Essentials Geocortex Optimizer FME X-Tools NZ Archaeological Association</p> <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 providers.</p> <p>ESRI Enterprise Licensing Agreement — BOPLASS Enterprise Agreement renegotiated and renewed for a further three year term with no increases in cost to councils. No alternative provider in NZ.</p> <p>Media Monitoring services— Competitive procurement process managed by BOPLASS with presentations received from two vendors. Contract with iSentia renewed.</p> <p>Inter-Council Network— Existing contracts renegotiated with some of the iCN suppliers, resulting in improved levels of service and \$56,048 annual savings in 2018/19 for this foundation service: - Spark Fortigate Firewall Services — renegotiated contract resulting in reduced ongoing costs for this service saving \$12,611 per year. - Spark GWS Service in Opotiki replaced with Evolution Networks Wireless WAN. Planning work begun in 2018 and completed in early 2019 year. Further improvements to the wireless service undertaken in February 2019. The decommission of the Spark service will result in a saving of \$20,000 per year.</p>
<p>Review governance performance and structure to ensure it supports BOPLASS' strategic direction. Perform review of BOPLASS governance.</p> <p>Affirmative feedback received from shareholding councils at least annually.</p>	<p>Achieved</p>	<p>Following direct engagement with shareholders and feedback received a decision was made not to proceed with an independent governance review. The majority of councils advised they were comfortable with the current Board composition and the cost of carrying out an independent governance review would be prohibitive relative to the return in value. Discussions around strategy and governance are held on a continuous basis by the Board.</p> <p>Feedback from councils is received through the Statement of Intent submission process.</p>
<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>	<p>Achieved</p>	<p>BOPLASS continues to regularly engage with our constituent councils, senior management and shareholders to ensure opportunities continue to be developed to the benefit of all stakeholders. Meetings were held with each council's Executive Leadership Team. A further four Operations Committee meetings were held during the year with Executive Leadership Team representation and input provided by all shareholding councils.</p>
<p>Ensure current funding model is appropriate.</p> <p>Review BOPLASS expenditure and income and review council contributions and other sources of funding. Performance against budgets reviewed quarterly. Company remains financially viable.</p>	<p>Achieved</p>	<p>The sources of BOPLASS funding and the viability of the funding model are regularly reviewed with financial reporting provided to the BOPLASS Board. Council contributions levied. Contributions received from activities producing savings. Vendor rebates collected. Monthly and quarterly performance reviewed. Financial statements reported and reviewed at Board meetings. Financial position year end 30 June 2019: \$5,322 profit.</p>

Waikato LASS

What we do:

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.

Structure of the Company's operations, including governance arrangements (30 June 2019):

Following a strategic review, the company's operating model has changed.

The WLASS Transformation project delivers on the recommendations of a strategic review undertaken in late 2017 recommending the transformation of WLASS into a service delivery agent, with the capability and capacity to physically deliver services on behalf of the shareholding councils.

The recommendations in that report have been implemented during the year. Most significantly, WLASS has, for the first time, employed a full-time chief executive and business analyst to help drive the development of opportunities and provide thought leadership to councils.

The transformation has also seen a significant change to the Board structure. Historically being made up of a representative from each shareholding council, the Board has been reduced to six member, including an independent Chair due to commence in the next financial year.

The objectives of WLASS are to:

- enable the Waikato councils to collectively be more effective as a region on the national stage
- contribute to building central government's confidence in the Waikato region, and to
- encourage central government investment
- achieve effectiveness and efficiency gains
- reduce duplication of effort and eliminate waste through repetition
- make it easier for customers to engage with councils in the Waikato region
- promote and contribute to the development of best practice
- promote business transformation to improve customers' experiences

Performance Measures

Target	Measure	Outcome	Status
Procurement			
<p>Procurement Joint procurement initiatives for goods and services for WLASS councils will be investigated and implemented.</p> <p>Method: Procurement is from sources offering best value, service, continuity of supply, and/or opportunities for integration.</p>	<p>The Procurement Specialist has developed standard regional procurement policies, templates and procedures and provided training in each council by the end of the financial year. New suppliers are awarded contracts through a competitive tender process.</p>	<p>The regional procurement framework and toolkit were completed, with training provided to participating councils across three workshops held in March 2019. [New measure]</p> <p>The professional services panel was retendered during the year (contracts take effect from 1 August 2019). Any new suppliers are procured in line with the company's procurement policy.</p> <p>In consultation with workstream managers, contracts with existing suppliers that are due for renewal are assessed as to whether they continue to offer best value, service or continuity of supply. 24 supplier contracts were entered into (five relating to joint procurement).</p>	<p>Achieved</p> <p>Achieved</p>
Collaborative Projects			
<p>Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.</p> <p>Method: The focus is on shared services which will benefit all councils.</p>	<p>A minimum of three priority projects for collaboration are identified per annum.</p> <p>If considered of value, business cases are developed for approval by the Board, and the projects are implemented.</p>	<p>Projects identified and progressed through the year were:</p> <ul style="list-style-type: none"> - LiDAR: A project to establish regional LiDAR supported by PGF funding. Business case approved in principle - Professional Services Panel: A project to remarket and establish a panel of consultants across eight disciplines under an agreed framework to streamline procurement of their services. - Energy & Carbon Management: A programme to support councils in energy and carbon management. Business case approved. - A regional Health and Safety Management Framework and best practice documents were implemented - Regional reporting indicators for safety performance were approved <p>Business cases were prepared where Board approval and council funding was required.</p> <p>The customer interface group was established to provide council staff engaging with customers with a forum to collaborate and consider opportunities to use digital technology to improve the customer experience.</p> <p>In addition, nine collaborative opportunities are at various stages of development.</p>	<p>Achieved</p>

Target	Measure	Outcome	Status
Existing LASS Projects			
Existing contracts are managed and renegotiated as required. Method: Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.	The WLASS Contracts Register is maintained and managed. Contracts which are due for renewal are tested for competitiveness and either renegotiated or re-tendered through a competitive process.	Any new suppliers are procured in line with the company's procurement policy. In consultation with workstream managers, contracts with existing suppliers that are due for renewal are assessed as to whether they continue to offer best value, service or continuity of supply and if so, renegotiated. 24 supplier contracts were entered into.	Achieved Achieved
Cashflow			
The company shall maintain a positive cashflow position. Method: The Financial Accountant reviews cashflow monthly, and the WLASS Board reviews the financial statements quarterly.	The WLASS Board reviews the financial statements at least quarterly.	Management accounts were presented to each of the six board meetings held during the year. The company remains in a strong cash position (funds on hand at 30 June 2019 are \$1.46m [2018: \$1.57m]). It is currently actively seeking to manage down cash reserves that have arisen from revenue received in advance.	Achieved
Cost Control			
Administration expenditure shall be managed and monitored. Method: The Financial Accountant and Chief Executive review expenditure monthly.	Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.	Actual spend (\$440k) exceeded budget (\$300k) but was less than the reforecasted spend of \$446k approved by the Board (and shareholding councils). The additional spend was to support the transformation of the company and was met by prior year cash reserves and additional shareholder contributions.	Achieved
Reporting			
Six monthly reports provided to Shareholders. Method: 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. 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.	Half-yearly report and annual report delivered to shareholders within required timelines.	Achieved Achieved

Target	Measure	Outcome	Status
Waikato Mayoral Forum			
<p>The company shall provide administrative support to the Mayoral Forum work streams and to the Mayoral Forum.</p> <p>Method: Mayoral Forum projects shall be managed inancially through the WLASS.</p>	<p>Approved invoices for Mayoral Forum projects are paid by the 20th of the month following their receipt.</p>		Achieved.
Shared Valuation Data Services (SVDS)			
<p>The SVDS is reliable, well maintained and available to all users.</p> <p>Method: A Contract Manager is appointed for SVDS.</p>	<p>The SVDS is available to users at least 99% of normal working hours.</p>	<p>The SVDS has been available 100% for users during normal business hours.</p>	Achieved
<p>The Contract Manager monitors performance of the contractors and reports quarterly to the SVDS Advisory Group.</p> <p>Risks associated with the SVDS are well managed.</p>	<p>The SVDS Advisory Group meets at least 6-monthly.</p> <p>The Annual Business Plan is accepted by the Advisory Group by 31 March 2019, and includes consideration of strategic and operational risks, a disaster recovery plan, and a business continuity plan.</p>	<p>Four meetings held in August, November, March and May.</p> <p>[New measure]</p>	Achieved
<p>The long-term provision of SVDS services is achieved.</p>	<p>The timetable and milestones for implementing the long term provision of SVDS Services (as agreed by the Board), are being achieved.</p>	<p>The project has begun. However, data load issues and complexities has caused project delays of approx. six months. There is no increase in total project cost, but the delay has meant that the existing SVDS support is needed longer than anticipated, with associated cost increases. The revised end date is now March 2020.</p> <p>[New measure]</p>	Not achieved
Insurance			
<p>Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with Aon.</p> <p>Method: The Insurance Broker delivers on the terms of their contract and provides value to the participating councils.</p>	<p>Strategic advice provided by Aon on the insuranceprogramme structure is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.</p> <p>The day-to-day service rovided by Aon is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.</p>	<p>Of the 11 council who responded, 3 were partially satisfied, 7 satisfied and 1 very satisfied.</p> <p>Of the 11 council who responded, 1 was dissatisfied, 3 were partially satisfied, 6 satisfied and 1 very satisfied.</p>	Achieved
			Achieved

Target	Measure	Outcome	Status
Road Asset Technical Accord (RATA)			
Deliver better data for decision making across the Waikato Region, enabling more consistent best practice.	Reports are presented to stakeholders in October/January/April and July each year.	All four reports provided on time. [New measure]	Achieved
Method: Quarterly update reports are provided to all stakeholders participating in the Data Collection contracts.	Reports on progress presented to WLASS Board as at 30 December and 30 June. All data are reviewed for compliance and all good practice requirements are met.	Both reports provided with the required timeframe. All data supplied met compliance requirements [New measure]	Achieved Achieved
Data supplied by contractors is of good quality and meets all of the participating councils' requirements.	Procurement of services complies with WLASS and NZTA's procurement requirements.	All procurement was completed in accordance with policy requirements [New measure]	Achieved
Method: Innovation: Identify opportunities to modify standard approaches and/or develop new approaches that will lead to optimal asset management.	Present to a national conference on RATA innovations at least once per year.	Papers presented at IPWEA conference and Sydney Road Maintenance Conference [New measure]	Achieved
Leadership: Lead engagement and increase capability within the sector.	At least two RATA guidance documents detailing good practice are produced each year. RATA Forums are held 2-monthly to share learnings and experience.	RATA benchmarking report and Regional MIS report delivered [New measure] All RATA Forum presented and well attended by RCA's [New measure]	Achieved Achieved
Waikato Regional Transport Model (WRTM)			
The WRTM is reliable, well maintained and available to all users.	All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.	All reports received and shared with WRTM User Group	Achieved
Method: RATA manages the WRTM on behalf of the participating councils and monitors the performance of the model supplier (currently Stantec).	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.	Bi-annual reports provided to WLASS Board	Achieved
RATA reports quarterly to the WRTM Project Advisory Group.	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.	Model endorsed by NZTA. Peer review recommendations being progressed (scenario testing of medium land use)	Achieved

Target	Measure	Outcome	Status
Waikato Building Consent Group			
<p>Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.</p> <p>Method: Implement the strategic priorities detailed in the “Build Waikato” May 2017 strategic review document.</p>	<p>Milestones for the five strategic review work streams are achieved for:</p> <ul style="list-style-type: none"> - Digital experience and technology: a common online customer experience. Success is defined as user friendly, convenient, quick, end-to end management and communication, measured by customer surveys and systems comparisons. 	<p>On track with both TCDC and Waipa having successfully implemented the preferred online Alpha One System. Waitomo DC is committed to implementing in the 2019/20 year and MPDC and HDC are finalising their procurement process with Alpha One in the mix. ODC is also committed to implementing Alpha One and this will probably be in 2020/21 financial year. Well on track with achieving a common processing system. Works is programmed for 2019/20 to revitalise our website to enhance the digital experience. [New measure]</p>	Achieved
<p>Fulfil the roles and responsibilities set out in clause 9 of the WBCG’s Memorandum of Understanding, 2016.</p>	<ul style="list-style-type: none"> - People capability. Success is defined as a successful recruitment and training programme, measured by compliance with BCA Reg. 8 -11. 	<p>We have scoped a programme of work to approach secondary schools and tertiary students before the end of the 2019/20 year looking at a cadet type scheme [New measure]</p>	Partially Achieved
	<ul style="list-style-type: none"> - Quality assurance. Success is defined as continued accreditation and increased service consistency, measured by accreditation outcomes, BCA annual audits, and customer surveys. 	<p>On track with successful IANZ audits for both WDC and MPDC with good feedback on the cluster QA overall. A review of our QA offering will be undertaken in 19/20. [New measure]</p>	Achieved
	<ul style="list-style-type: none"> - Lift industry competency and compliance. Success is measured by increased industry compliance, with reduced RFIs, and reducing percentages of application or building consent rejection. 	<p>Work has been scoped for a programme to engage industry in the 2019/20 year. The Tech Committee will be continuing to work on consistency across councils on RFI’s to enhance a consistent customer experience. [New measure]</p>	Partially Achieved
	<ul style="list-style-type: none"> - Central government: engagement and legislative influence. Success is measured by legislative submissions and outcomes. 	<p>Cluster submission to Building Reform Act was delivered – was very similar to that put together by LGNZ. [New measure]</p>	Achieved

Target	Measure	Outcome	Status
	<p>There is a common understanding and buy-in by all BCAs for the WBCG vision and actions that are taken to achieve this vision, measured by:</p> <ol style="list-style-type: none"> 1. Full participation in WBCG projects and programmes 2. Audits demonstrating implementation and compliance with the agreed QA systems 3. Consistency in service delivery, measured by customer surveys. 	<p>Good participation in the projects when required but could improve. [New measure]</p>	Partially Achieved
		[New measure]	Achieved
		No customer survey this year – customer experience will be a key focus for 2019/20. [New measure]	Not Achieved
	Risk management is visible through regular reviews of the Risk Register.	Lack of awareness of risk register – will be in the programme of work for the new Strategic Manager. [New measure]	Not Achieved
	All funding requirements are met by each of the participating councils.	Requested funding received in a timely manner by participating councils [New measure]	Achieved
	Minimum of two reports presented to the WLASS Board on the Group's activities.	Activity reported to the Board in September and December 2018 and February 2019.	Achieved

Target	Measure	Outcome	Status
Future Proof			
<p>Planning for growth in the sub-region is co-ordinated and collaborative.</p> <p>Method: Joint preparation and input into Phase 2 of the Strategy update.</p>	<p>Phase 2 of the Future Proof Strategy is adopted by the Future Proof implementation Committee no later than December 2018.</p>	<p>The draft Future Proof Strategy (phase 2) was reported to the Future Proof Implementation Committee and submitted to MfE in December 2018. However, work has been deferred due to other processes currently underway, namely the Hamilton to Auckland Corridor Plan, review of NPS on Urban Development Capacity, Waikato Proposed District Plan, and subregional industrial land study. The phase 2 Strategy is expected to be completed in 2020. [New measure]</p>	Not Achieved
<p>The Future Proof budget is well managed and monitored.</p> <p>Method: Bi-monthly reports presented to Waikato Plan and Future Proof Chief Executive Group, and six monthly and annual reports to WLASS Board.</p>	<p>The overall Future Proof work programme is delivered within the approved budget.</p>	<p>The Future Proof work programme to the end of 2018/19 ran slightly over budget. However, this was as a result of an approved increase in scope associated with the Hamilton to Auckland Corridor Plan. The deficit is covered by the cash reserves from the previous year. [New measure]</p>	Not Achieved
<p>Future Proof influences and inputs into District Plan, Regional Plan, growth strategy and any other planning processes which manage growth within the sub-region and neighbouring regions.</p> <p>Method: Future Proof works collaboratively and provides input into the planning work undertaken by all FP partners and any other relevant planning authorities..</p>	<p>Future Proof makes submissions (using RMA and Local Government processes), on District Plans, LTPs, growth management planning documents, and any central government initiatives which have the potential to impact growth management planning in the sub-region.</p>	<p>Future Proof made a submission on the Proposed Waikato District Plan in 2018 and has been working closely with Waikato District on their District Plan and supporting strategic planning documents. Future Proof has also been working with the Waikato Regional Council on upcoming changes to the Regional Policy Statement. [New measure]</p>	Achieved
Aligned Resource Consent Planning Project			
<p>Implementation of the Aligned Resource Consent Planning project is underway during 2018/19.</p> <p>Method: Progress on implementation of common forms and other initiatives is reported to shareholders on a regular basis.</p>	<p>Common forms are in place for all Councils involved by December.</p>	<p>The suite of initial forms has been completed and is live. The forum continues to meet on a 3-monthly basis to discuss planning issues. Two additional forms are being prepared and the group is considering next steps in the implementation and action plan. [New measure]</p>	Achieved
Shareholder survey			
<p>Shareholders are satisfied with the performance of WLASS.</p> <p>Method: An annual survey of shareholders is undertaken to assess satisfaction levels with WLASS.</p>	<p>A survey of shareholders is undertaken each year, and the results are reported to all shareholders.</p>	<p>The survey was undertaken in the second half of the year with response received from all shareholders [2018: five respondents – 42%. Results of the survey are included in this annual report for shareholders.</p>	Achieved
Review of Benefits			
<p>Shareholders are informed of the benefits being provided to shareholding councils by WLASS.</p> <p>Method: The benefits of WLASS (including financial and non-financial achievements) are regularly analysed and reported to shareholders.</p>	<p>Information on the financial and non-financial benefits being achieved by WLASS are included in the 6-monthly and Annual Report to shareholders.</p> <p>The WLASS website is regularly maintained and updated.</p>	<p>Benefits and achievements have been reported in the half-yearly report, this annual report and the statement of intent published in June 2019.</p> <p>Relevant information and publications are included on the website. [New measure]</p>	Achieved



Tauākī Puakanga Disclosure statements

Annual report disclosure statement year ending 30 June 2019

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.

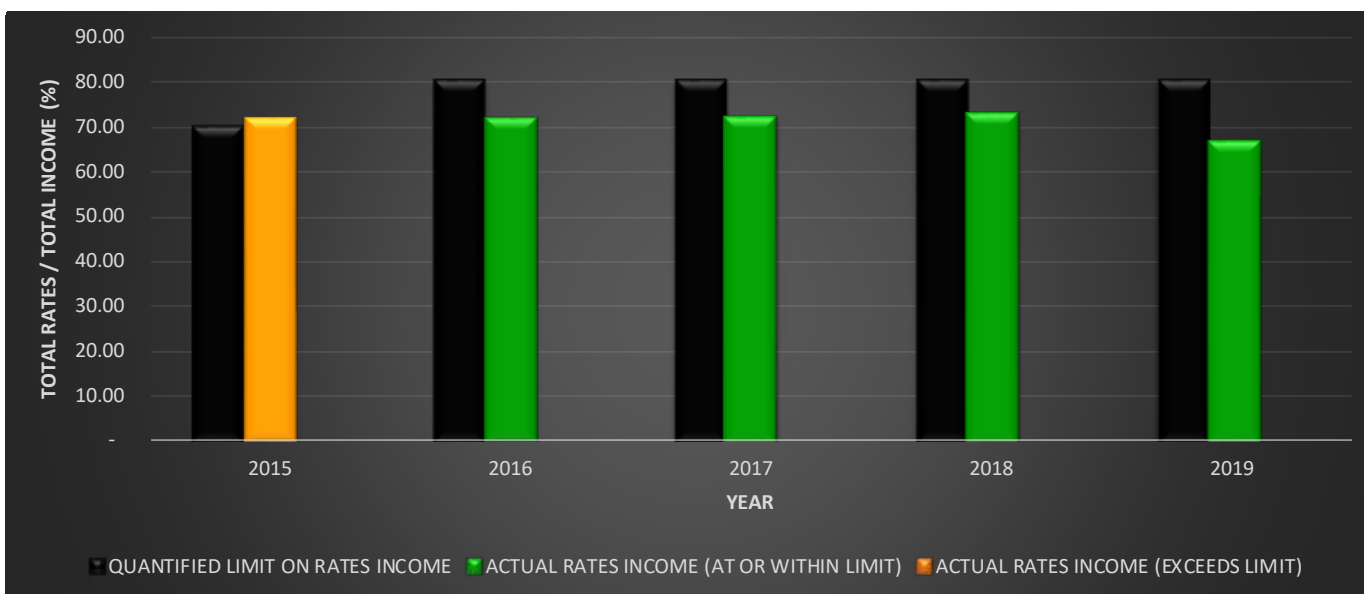
Rates affordability benchmark

The council meets the rates affordability benchmark if:

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

Rates (income) affordability

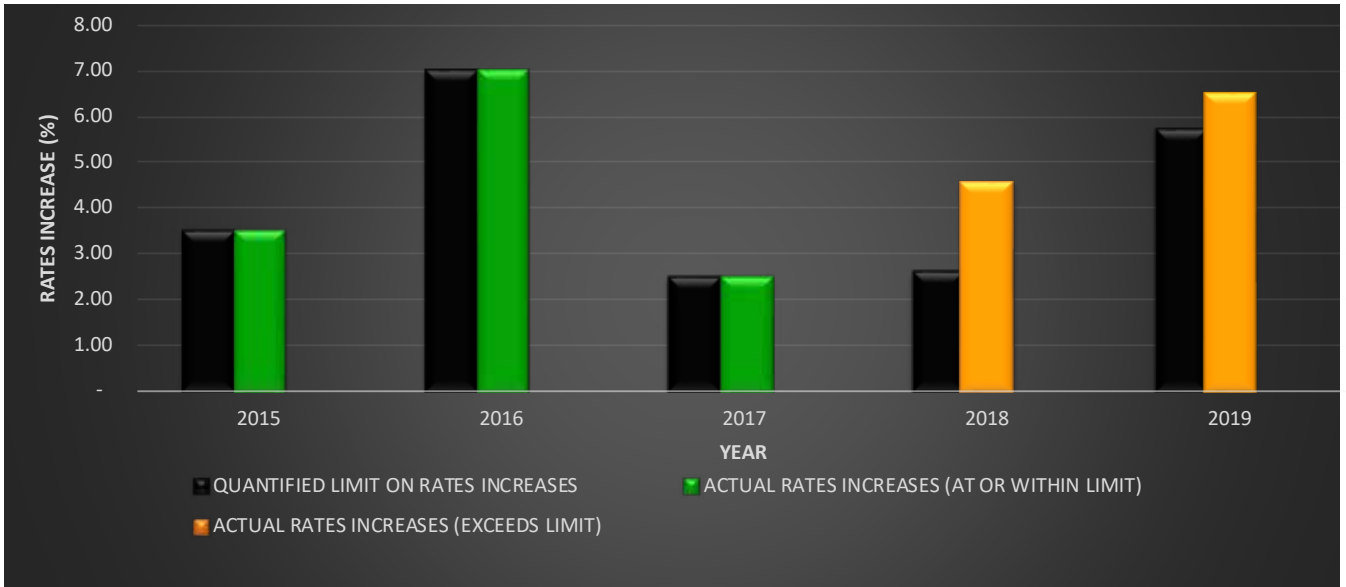
The following graph compares the Council's actual rates revenue with a quantified limit on rates contained in the financial strategy, included in the Long-term Plan. The quantified limit is that council will limit total rates as a proportion of total revenue to less than 80%.



* Excluding metered water and growth, rates revenue increase was only 5.75%

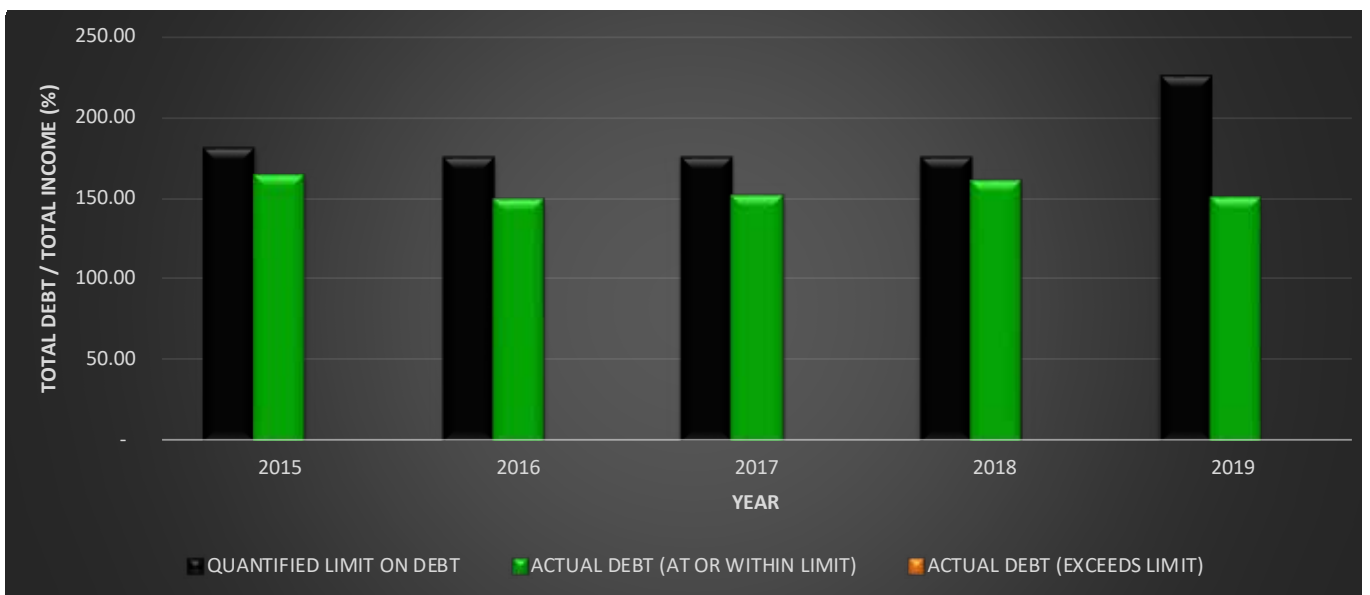
Rates (increases) affordability

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 for 2018/19 was set at 5.7%.



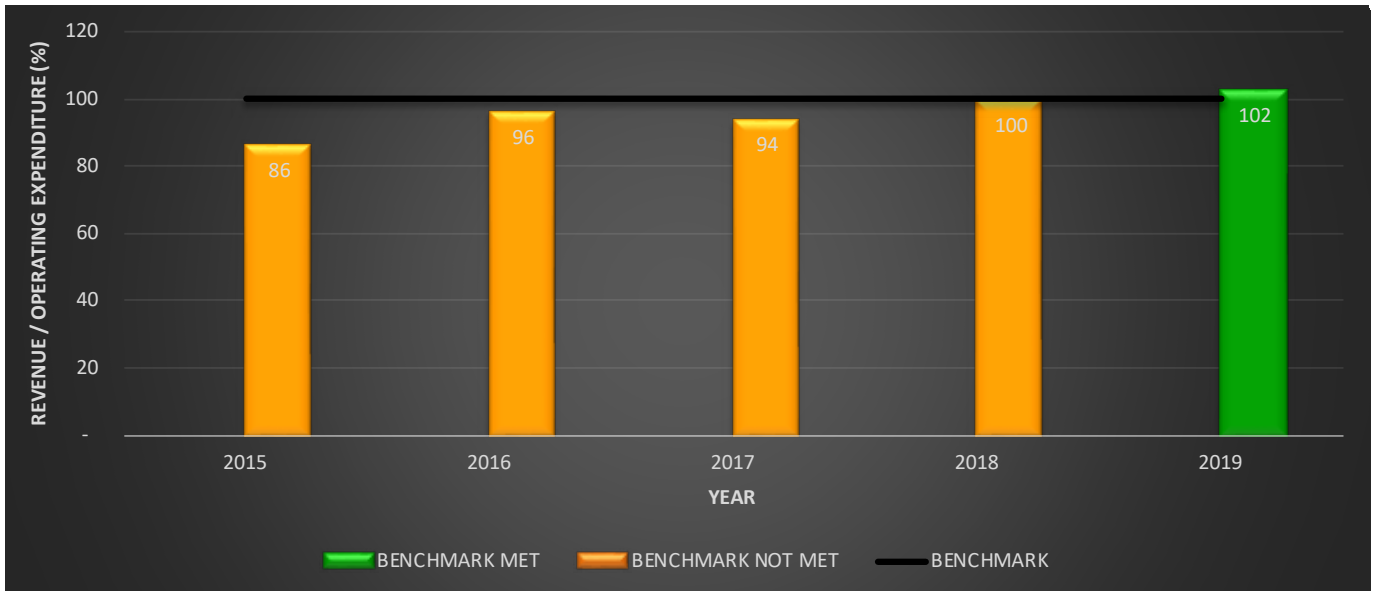
Debt affordability benchmark

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 225% of total income.



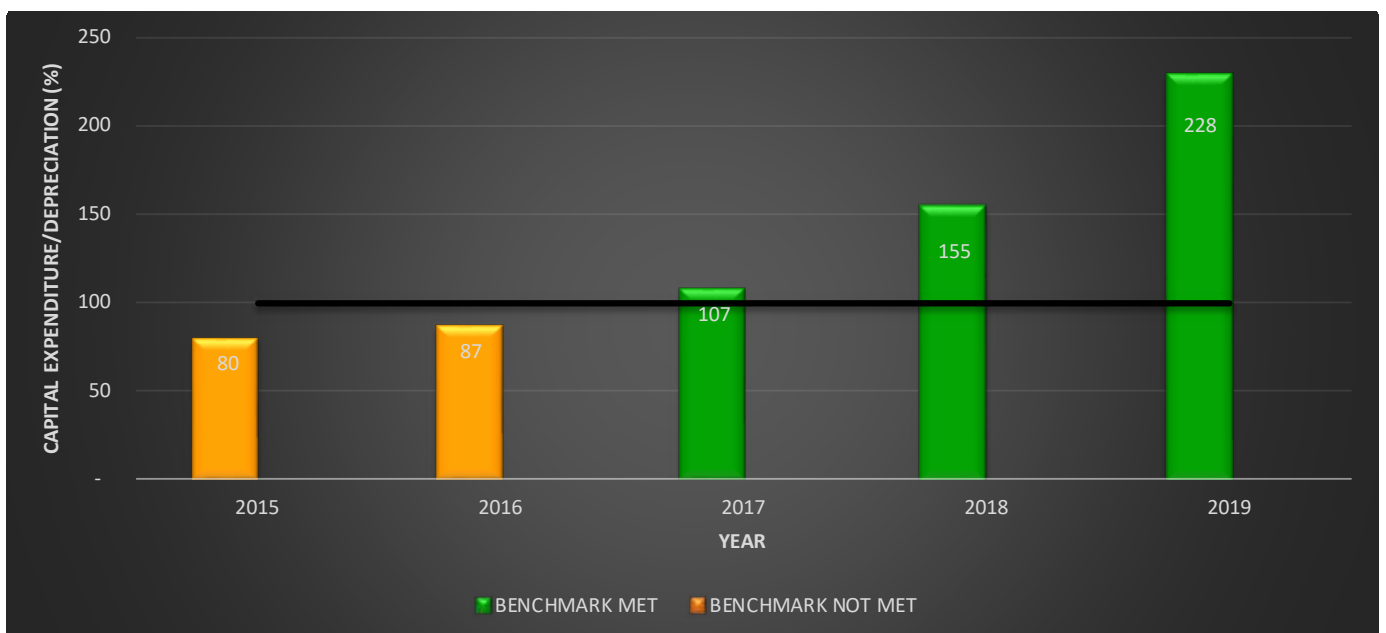
Balanced budget benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of 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.



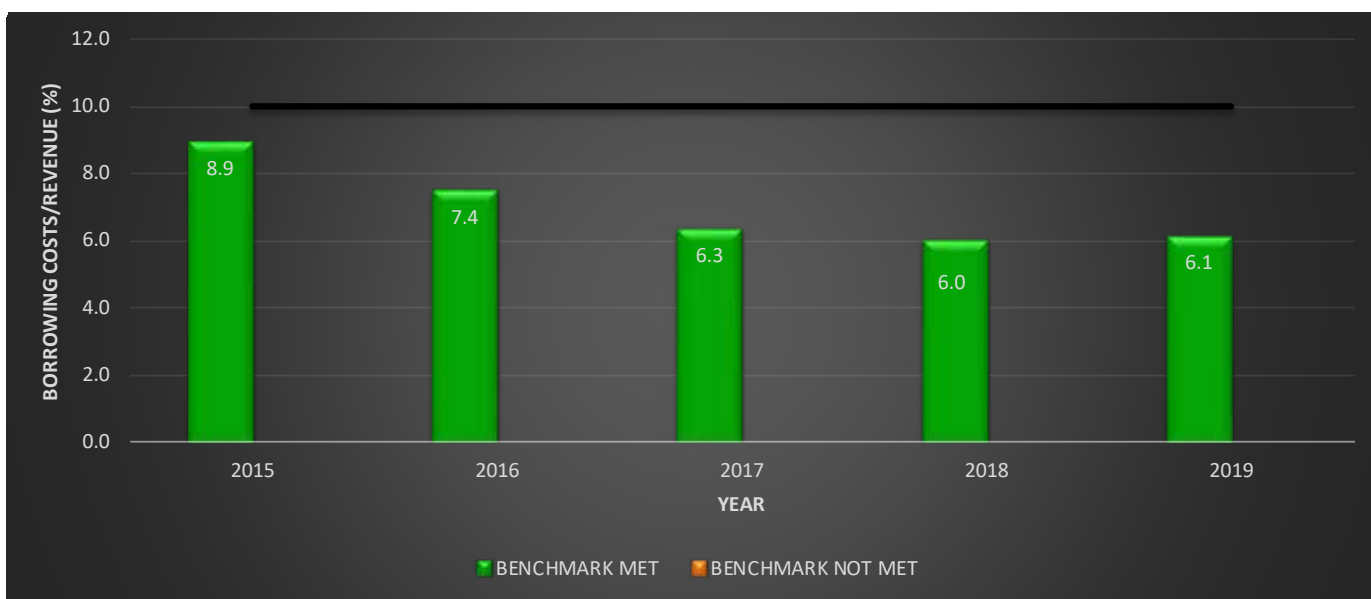
Essential services benchmark

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 are equal or is less than 10% of its revenue.



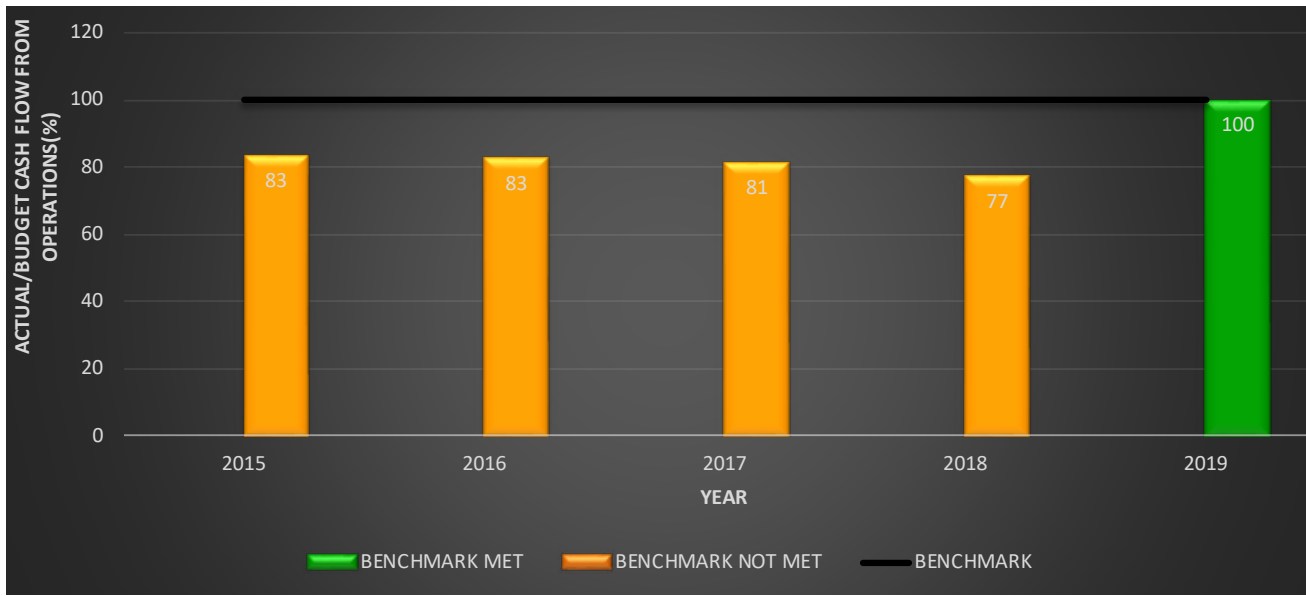
Debt control benchmark

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.



Pūrongo ā te Kaiarotake **Auditors report**

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Rotorua Lakes Council's annual report for the year ended 30 June 2019

The AuditorGeneral is the auditor of Rotorua Lakes Council (the District Council) and its subsidiaries and controlled entities (the Group). The AuditorGeneral has appointed me, Leon Pieterse, 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 30 October 2019. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 72 to 155:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2019;
 - 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 155, 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 Longterm plan;
- the service performance on pages 37 to 69:

presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2019, 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 40 to 69, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Longterm plan; and
- the funding impact statement for each group of activities on pages 40 to 69, 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 Longterm 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 184 to 188, 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 longterm plan and annual plans.

Basis for our opinion on the audited information

We carried out our audit in accordance with the AuditorGeneral'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 AuditorGeneral'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 AuditorGeneral'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 Longterm 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 AuditorGeneral'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 36, 70 - 71 and 156 to 183, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

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 AuditorGeneral'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 carried out a Limited Independent Engagement in relation to the District Council's debenture trust deed, which is comparable with those independence requirements. Other than these engagements, we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.



Leon Pieterse

Audit New Zealand

On behalf of the AuditorGeneral

Tauranga, New Zealand



ROTORUA
LAKES COUNCIL
Te Kaunihera o ngā Roto o Rotorua