

The cover features a white background with geometric patterns of triangles in shades of orange and blue. A photograph of a wooden pier with black tires along the edge of a lake is visible in the bottom right corner. The text is centered in orange.

Annual Report 2020

ROTORUA
LAKES COUNCIL
Te Kaunihera o ngā Roto o Rotorua

Progress & Highlights 2019/20

- ☀️ Local government election and members sworn in – October 2019
- ☀️ Whakahouhia te Whare Ohanga- Build Back Better Rotorua economic recovery strategy developed
- ☀️ Establishment of sector groups to develop local strategies for economic recovery
- ☀️ Tourism Infrastructure funding of \$293,056 secured for the upgrade of the Tarawera Landing.
- ☀️ Council's Emergency Operations Centre activated for COVID-19 response
- ☀️ Council support the transfer of ownership of land under the Tarawera Landing café to the Tūhourangi Tribal Authority.
- ☀️ Secured \$15 million in funding from the Government's Provincial Growth Fund (PGF) and \$5 million from the Ministry for Culture and Heritage Regional Culture and Heritage Fund towards the strengthening and restoration of the Museum building.
- ☀️ \$2 million of funding secured toward the replacement of the Museum roof.
- ☀️ \$90,000 of funding secured towards construction of a new visitor centre in Tokorangi Forest.
- ☀️ Received the Minister of Local Government's Award for Innovation in Council and Community Relations from the NZ Society of Local Government Managers (SOLGM), for the child equity programme.
- ☀️ Government funding announcement of \$14 million for safety and the reduction of congestion at the Ngongotahā roundabout intersection between State Highways 5 and 36
- ☀️ Dame Patsy Reddy, Governor-General visit to Rotorua

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He Mihi Welcome

E ngā ihi

E ngā wehi

E ngā reo kōrero o te ao

Tēnā koutou katoa

To Inner Strength

To Internal Wonder

*To the many languages
across the world*

We greet you.



Te Ngako o tēnei Pūrongo

About this report

This annual report covers the performance of Rotorua Lakes Council Group for the period 1 July 2019 to 30 June 2020. 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 two 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 the Rotorua community, local businesses, non-government organisations, Council 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.





He kupu nā te Manukura Mayor's Message

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

I am pleased to present the Rotorua Lakes Council Annual Report for 2019/20. We have made it through another successful year, despite the unprecedented challenges associated with the global COVID-19 pandemic. This report reflects what the Council has delivered against year two of the Long-term Plan 2018-28.

The Long-term Plan (LTP) is the funding and delivery plan that connects service delivery and key projects to the Rotorua 2030 Vision. These, combined with the Spatial Plan, enables us to continue to move forward in challenging times and to shape the future we want for our District over the next 10 years.

The 2019 local body elections were a key event during the past year, taking place in October 2019. We welcomed new faces to the Council table and on the community boards. Following the election, I confirmed Cr Dave Donaldson would remain my deputy mayor – this is a working relationship in which I have great confidence. I also confirmed the previous committee structure would stay in place with Cr Merepeka Raukawa-Tait chairing the Strategy, Policy and Finance Committee and new councillor Sandra Kai-Fong appointed as deputy chair. Cr Tania Tapsell moved from deputy chair to chair of the Operations and Monitoring Committee with new councillor Mercia Yates appointed as the deputy chair. The two community boards re-confirmed Shirley Trumper (Rural Community Board) and Phil Thomass (Lakes Community Board) as their chairs.

The new Council set out the priorities that will provide the direction during this current three-year term. Work was already underway to develop a housing plan for the District to ease our local housing shortage. While not unique to Rotorua, housing was identified by the Council, and by our community, as a key challenge, which requires localised solutions. Housing provision is not something one entity can do alone it requires a collaborative approach. Through partnerships with Te Arawa, central government agencies and other local stakeholders, we have led the development of a plan and a set of actions aimed at alleviating the current housing shortage in Rotorua.

A highlight this year has been the progress of transformational projects, including Kuirau Park improvements and the forest developments. Other key place-making projects have also been progressing well including

redevelopments at the lakefront, restoration of our museum, redevelopment of our performing arts centre and adding to our city network of cycleways and shared paths. As Mayor, I see these projects as promoting inclusiveness and access, while helping to ensure we have thriving neighbourhoods for the benefit of our community now and into the future.

Another highlight was receiving the Minister of Local Government's Award for Innovation in Council and Community Relations from the NZ Society of Local Government Managers (SOLGM) for the Child Equity Programme. This Rotorua Lakes Council programme was piloted at Sunset Primary School and aims to support tamariki living in deprivation. The SOLGM award was a testament to the commitment of all who contributed to providing access to activities, services and experiences. Such services enhance health and wellbeing for our tamariki and can have life-changing implications into adulthood.

I want to pay tribute to the commitment of the Council staff, Sunset Primary School, its wider community and partner groups central to the success of the Child Equity Programme. We want Rotorua to be a place for everyone and that means we need to address the barriers to full participation that exist for our most vulnerable. Every child matters and simple things can have a big impact, as the programme has shown. I think Rotorua can be very proud of this.

In late March 2020, the world changed in response to the COVID-19 pandemic. While in lockdown, the Council united with key partners, including iwi and other local leaders, and developed a local recovery plan, the Rotorua Build Back Better strategy. As a Council, we made the bold decision to focus on positive leadership and to maintain the direction set, whilst also investing in recovery. While many other councils

chose to retrench, reduce services, cut projects and lay off staff, we have worked hard to balance community expectations and priorities with the challenges of COVID-19. The pandemic means a greater effort is required to rebuild and stimulate our economy. Through the efforts of many, I am proud to say that the Council is in a good position; supported by a strong framework of key strategic plans and partners, who are working together to help us achieve the goals of the Rotorua 2030 Vision.

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

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

Rotorua Mayor



Mai i te toihautū CE's Review

Ngā mihi manahau.

On behalf of the Council and the council organisation, I am delighted to present the Annual Report for 2019/20. This report reflects both the success and challenges that we have faced in delivering year two of our Long-term Plan.

Given the changing environment we are facing, this Annual Report for 2019/20 is timely, coming at a good time to reflect on the previous year and where we are as a District. 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'.

Following October's local elections and an extensive induction and priority-setting process for elected members, the Council set their key priorities for the term and confirmed that Vision 2030 remains our guiding direction and that work will be undertaken to align the Council's vision longer-term alongside Te Arawa's 2050 Vision. The priorities include the commitment to completing the key placemaking projects set in the Long-term Plan 2018-28 and establishing a new priority to create Homes and Thriving Communities.

In late 2019, we saw the reintroduction of the four wellbeings into the legislated purpose of local government; this requires us to take more of a leadership role to ensure the social, economic, cultural and environmental wellbeing of our communities. This has encouraged the Council to consider where we have come from, the drivers for change within our organisation and what we can, as a Council, contribute through how we work and why we do what we do.

Like the rest of the country, our District came up against one of the most significant challenges when COVID-19 forced our District into lockdown. Many other council's adopted an approach of retrenching, reducing services and laying off staff. Our Council were bold; and adopted an approach of demonstrating positive leadership and a commitment to "keeping to the kaupapa" set. This was developed through leadership, undertaking an extensive look at the organisation and focusing on providing services and meeting community expectations. We moved ahead with initiatives and innovation that will set solid foundations for our District well into the future, an example of this was the persistence to proceed with a proposal to mitigate the identified risks to wastewater services through a ten-year

Performance Specified Maintenance and Operations contract. The Council agreed to adopt this contract on 29 July 2020.

These are unprecedented times and I want to thank the staff for their efforts in readying themselves and our organisation to support our communities through our essential services and the work we have continued to deliver from both our offices and homes. My special thanks to Mayor Chadwick and the elected members who have worked tirelessly to represent the views of the community.

It has been amazing to witness the logistical and policy changes required to put our organisation into a fit state to support the Government's COVID-19 directives. The Council has made some significant decisions to provide leadership stability to our organisation and our community.

This period will have affected our community in different ways. Like the recently announced government packages around businesses, mortgages and those losing jobs; the Council is committed to providing targeted support for those people in and parts of our community most impacted by COVID-19. During the last few months of the 2019/2020 financial year, the Council has put together a recovery package and Annual Plan focused on building back better.

The Council has had two things to balance – keeping our people safe and ensuring we can keep operating, albeit in a measured and cautious way. Our business continuity plans have been essential to ensuring we can keep providing essential services and there has been work happening around our financial capacity. The big question has been how does our organisation act in a way that supports what the Government is trying to do and keeps our economy, local businesses and local people going.

I look forward to new challenges that await us in 2020/21 as the world starts to look a little different. Despite needing to change how we work, we will remain focused on working with our community and partners to ensure the Rotorua Vision is achieved.



Geoff Williams

Chief Executive

Manu Mātārae Elected Members

Our council



Rotorua Lakes Councillors

From left to right: Hon Steve Chadwick - Mayor of Rotorua, Deputy Mayor Dave Donaldson QSM, Cr Peter Bentley, Cr Sandra Kai Fong, Cr Raj Kumar, Cr Reynold Macpherson, Cr Trevor Maxwell MNZM Cultural Ambassador, Cr Merepeka Raukawa-Tait, Cr Tania Tapsell, Cr Fisher Wang, Cr Mercia Yates.



Rotorua Lakes Community Board

From left to right: Phill Thomass (Chair), Nick Chater (Deputy Chair), Sandra Goodwin, Jennifer Rothwell, Cr Tania Tapsell.



Rotorua Rural Community Board

From left to right: Shirley Trumper (Chair), Ben Hollier (Deputy Chair), Bryce Heard, Sarah Thomson, Cr Fisher Wang

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



Te Tatau o Te Arawa

From left to right: Te Taru White (Chair), Rawiri Waru (Deputy Chair), Eugene Berryman-Kamp, Potaua Biasiny-Tule, Aroha Bray, Eraia Kiel, Te Mauri Kingi, Danielle Marks, Gina Mohi, Dr Kēpa Morgan, Kiri Potaka-Dewes, Geoff Rolleston, Rangitiarua Tibble, Kahutapeka Ututaonga

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 2050 Vision,
- support the council to grow its capacity and capability to effectively and meaningfully engage with Te Arawa hapū and iwi,
- realise opportunities (that arise from time to time) that both parties agree are mutually beneficial,

Assist Council with its decision-making and other processes, exercise of functions, and exercise of powers by meeting five objectives:

- help Council meet its Rotorua 2030 commitment to effectively partner with Te Arawa;
- improve the delivery of Council’s legal and statutory obligations to Māori;
- strengthen Te Arawa’s participation in Council decision-making;
- identify strategic opportunities to work closely together for the betterment of the Rotorua district;
- build iwi capacity and capability to partner with local government.

Other mechanisms providing Māori input into council decision-making include Te Pūkenga Koeke o te Whare T`aonga 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 Wakā Taua Trust has the same purpose, for the historic Te Arawa Waka Tauā and shelter at the Lakefront.

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

Tirohanga Whakamua 2030

Vision 2030

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

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.

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 – highlight 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 2018-2028 is our funding and delivery plan, setting out how we will deliver and fund what we have set out to achieve. The Council's commitment to the community is to deliver services and projects that contribute towards the vision in a financially prudent way. The challenge is to balance affordability in the present while meeting the demands for future progress.

People
Culture
Place

Vision 2030 and community outcomes

Our community outcomes are our vision 2030 goals.



He hāpori pūmanawa | A resilient community

Inclusive, liveable and safe neighbourhoods give us a sense of place; and confidence to be involved and connected



Kāinga noho, kāinga haumarū | Homes that match needs

Quality, affordable homes that are safe, warm, and available



Papa whakatipu | Outstanding places to play

Recreation opportunities are part of our lifestyle; connecting us, transporting us and surrounding us



Waahi pūmanawa | Vibrant city heart

Our inviting and thriving inner city reflects our unique heritage and lakeside location



Whakawhanake pākihi | Business innovation and prosperity

We boast a diverse and sustainable economy energised by our natural resources and innovative people



He huarahi hou | Employment choices

We are a prosperous connected community; growing our education, training and employment opportunities



Tiakina to taiao | Enhanced environment

We are known globally for our clean, natural environment, air quality and healthy lakes

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

Ten Council meetings were held from 24 October 2019 (post-election) to 30 June 2020. Attendance at Council, Strategy Policy and Finance and Operations and Monitoring Committee meetings are listed in the table below.

Councillor attendance	Council meetings attended (Including Zoom Meetings)		Council Committee meetings attended	
	Number	%	Number	%
Hon Steve Chadwick- Mayor	10	100%	8	100%
Cr Dave Donaldson Deputy Mayor	10	100%	8	100%
Cr Peter Bentley	10	100%	7	87.5%
Cr Sandra Kai Fong	10	100%	8	100%
Cr Raj Kumar	7	70%	7	87.5%
Cr Reynold Macpherson	10	100%	8	100%
Cr Trevor Maxwell	9	90%	8	100%
Cr Merepeka Raukawa-Tait	10	100%	7	87.5%
Cr Tania Tapsell	10	100%	7	87.5%
Cr Fisher Wang	10	100%	8	100%
Cr Mercia Yates	10	100%	8	100%

2019/20 Committee Set-Up

Strategy, Policy and Finance Committee

Chairperson: Cr Raukawa-Tait

Deputy Chairperson: Cr Kai Fong

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: Cr Tapsell

Deputy Chairperson: Cr Yates

Members: 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 ensure consolidated and complete reporting and monitoring of all financial and non-financial information and performance measures against the Long-term Plan, Annual Plan and strategy goals/priorities.

The Committee's role 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: Karen Hunt

Council representative: Phill Thomass

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

The purpose of the District Licensing Committee is to:

- to consider and determine applications for licences and manager's certificates
- to consider and determine applications for renewal of licences and manager's certificates
- to consider and determine applications for temporary authority to carry on the sale and supply of alcohol in accordance with section 136
- to consider and determine applications for the variation, suspension, or cancellation of special licences; and
- to consider and determine applications for the variation of licences (other than special licences) unless the application is brought under section 280
- 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: Chair

Members: 1 Elected member, 1 Te Tatau o Te Arawa

**Note: Membership of the committee has not been confirmed due to training requirements not yet being met.*

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 assist Council to determine its policy, planning and strategic direction with regard to the preparation, change, review and variation of Council's proposed or operative district plans, in a manner which promotes the sustainable management of natural and physical resources in the Rotorua district.

Each member of the committee is required to hold a certificate of accreditation for the purpose of holding hearings under the RMA. The Chair of the Committee must also hold Chair certification.

To complement the Ministry for the Environment's Making Good Decisions Programme, committee members will be required to meet such further RMA training requirements and hold such further accreditation as may be specified by Council from time to time.

Audit and Risk Committee

Chairperson: Chair (Independent)

Deputy Chairperson: Deputy Chair (Independent)

Members: Mayor, Deputy Mayor, Strategy, Policy and Finance Chair and Deputy Chair, Operating and Monitoring Chair and Deputy Chair, Te Tatau o Te Arawa representative

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

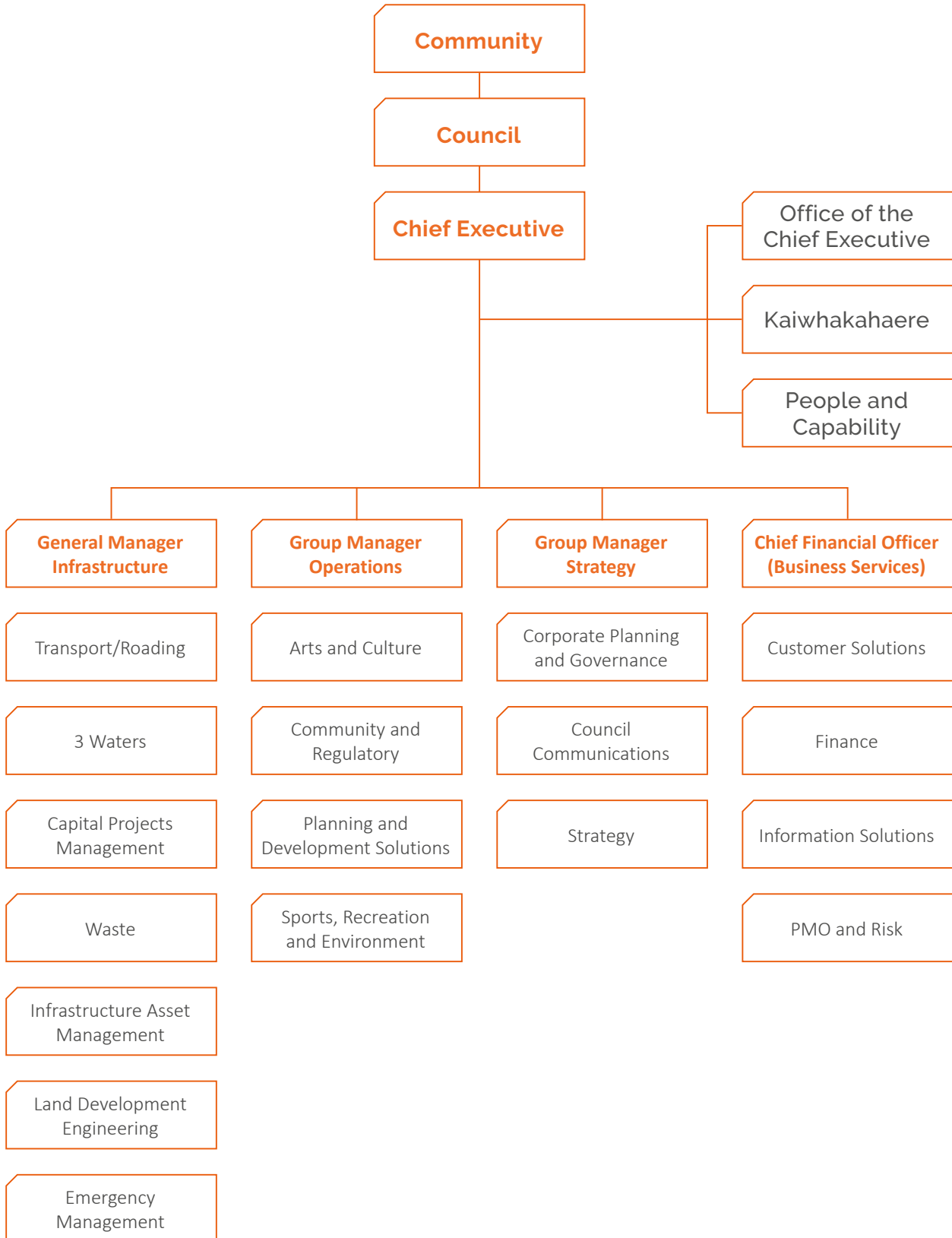
Members: Strategy, Policy and Finance Chair, Operating and Monitoring Chair, Te Tatau o Te Arawa Representative, Lakes Community Board Chair, Rural Community Board Chair

The purpose of this committee is to review the performance of the Chief Executive annually, and also undertake the legislative requirements in relation to the Chief Executive's performance.

The Committee makes recommendations to council, who then decide upon final performance and remuneration 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, 20 Business Units deliver services and projects made up of 349 FTE (full time equivalent) employees.

Executive Team

Chief Executive	Geoff Williams
Chief Financial Officer	Thomas Collé
General Manager Infrastructure	Stavros Michael
Group Manager Operations	Jocelyn Mikaere
Group Manager Strategy	Jean-Paul Gaston
Kaitiaki Ahurea Māori	Vacant
Kaiwhakahaere Māori	Gina Rangī
Manager Officer of the Chief Executive	Craig Tiriana

He aronga poto: Te whakahaere pūtea

At a glance: Financial performance

	Actual	Budget
Operating surplus (\$million)	4.8	20.12
Revenue*	136,883	148,427
Expenditure	132,026	128,301
Revenue – from rates*	96,918	97,372
Revenue – from all other sources	39,965	51,055
Capital expenditure (\$ million)	61.9	91.5
Net debt (\$ million)	196.7	240.3
Credit Rating	Aa- Fitch International	
Outlook	Stable	

* Actual rates revenue incorporates property rates and water rates expense on Council owned properties of circa \$2.1m. Budgeted revenues do not include these expenses. On a like for like basis, actual rates revenue is \$1.7m higher than budget.

The 2019/2020 financial year surplus of \$4.8m is a solid result in light of the unprecedented events that took place globally in the wake of COVID-19. Amid the world's largest pandemic and consequentially a nationally imposed restrictive lockdown, the Council continued to ensure critical and life-essential services were maintained and delivered with negligible, to nil, noticeable impacts on the community. COVID-19 whilst being one of the most critical challenges faced by the organisation- having a direct and clear impact to both our parking and event generated fees was not the only challenge that the Council faced.

Some challenges were new, such as:

- i) the requirement to fund siting of Wastewater stations,
- ii) uplift in operating costs for the new sewerage plant including an increase in legislated compliance and health & safety,
- iii) increased stringent water planning requirements; and,
- iv) loss of event-driven fees.

Whilst other issues have remained more persistent, such as:

- i) the need to fund additional inner-city security,
- ii) the legacy catch up for electricity costs,
- iii) the impact to depreciation costs as a result of the revaluation of our asset base; and,
- iv) drag of parking revenues.

However, these pressures were mitigated by i) higher rates revenue due to growth in the region and ii) cost-saving and other efficiencies implemented just before the lockdown period.

Liquidity is always a key focus and in 2019/2020, a net debt increase of \$41m was planned. However, actual performance for Cash and Borrowing ended \$43.6m lower than expectations and slightly down on the prior year position. This was driven by i) timing on key projects e.g. SHMPAC, Museum and the Lakefront and ii) Cash on hand being \$11.5m higher than expected and \$20m of Cash on term deposit as a result of subsidies received. Even though the net result is lower than budget, the Council still ensured a complimentary level, 68%, of CAPEX was completed. This included achieving almost 70% of the planned spend to improve services and ~66% of planned renewal works going ahead. With global supply chains impacted and lockdown restrictions being in place many works were affected either by delays in supply of components or by resources not able to be fully committed.



Te Whakahaere Pūtea Managing the money

Rotorua Lakes Council has spent over \$132 million this year to provide direct services to the community, internal services to support and run the Council and additional services that provide benefit to the community. Additionally, approximately \$62 million was spent on capital works to renew assets or create new facilities and amenities for our Rotorua of the future.

We manage \$1.4 billion worth of assets infrastructure including roads, bridges, halls, land, recreation and leisure facilities, drains, water and wastewater infrastructure and libraries and parks.

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

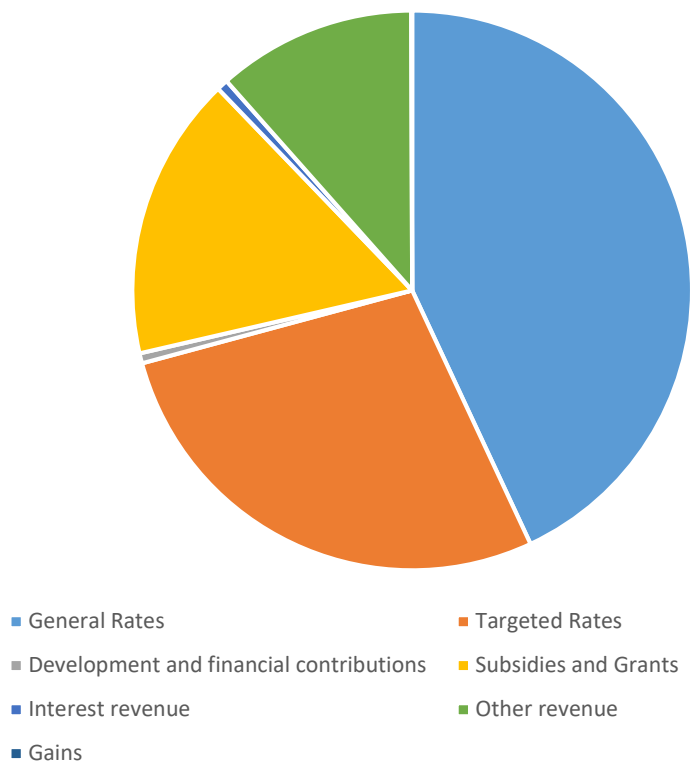
Money goes out for construction, maintenance, wages, grants to community groups and many other community services. Services include the library, aquatic centre, emergency management and planning and regulatory programs.

Full details of the Council's Financial Statements are available from page 77.

Where did our money come from?

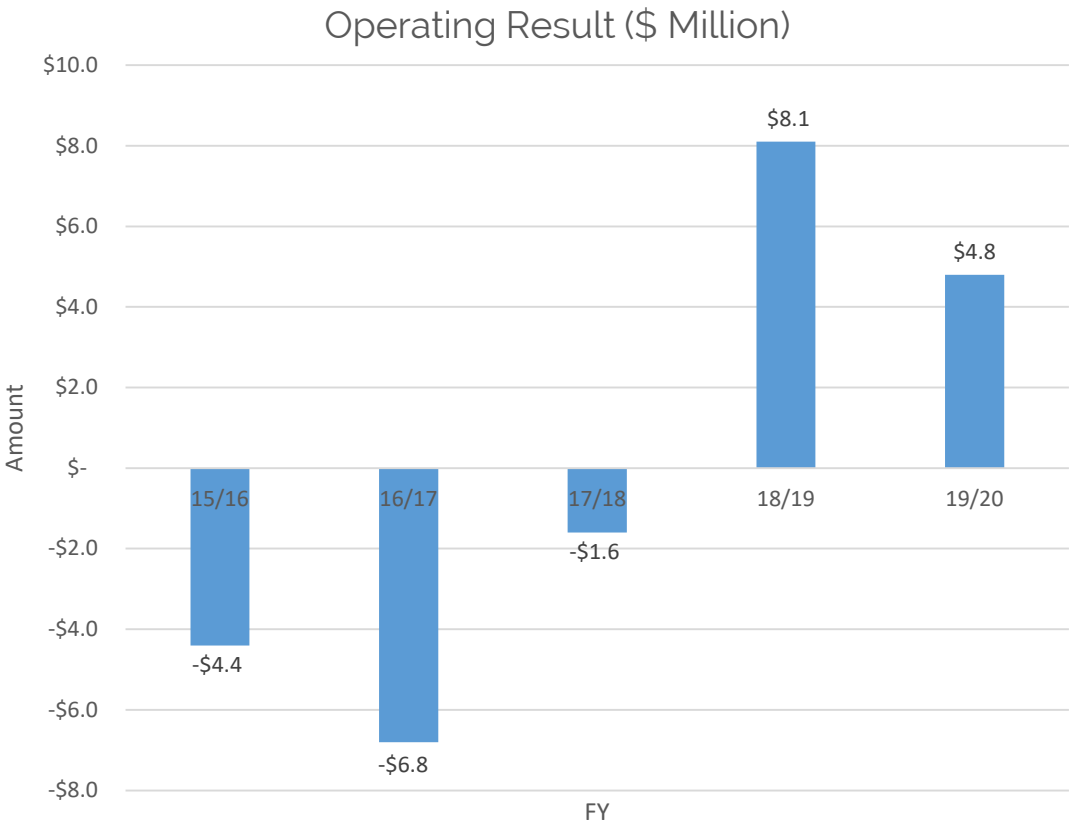
This year income from rates (from both general and targeted) contributed \$96.9 million or 71% of total operating revenues (2018/19 \$91.8 million; 66 %). In addition to this, income was generated from fees and charges \$5.29 million; 3.9%, (\$5.65 million: 4% 2018/19) and Central Government grants and subsidies. \$22.5 million; 16%, (\$29.2 million: 21% 2018/19).

2019/20 Total Revenue \$136.8 Million



How does our performance compare with previous years?

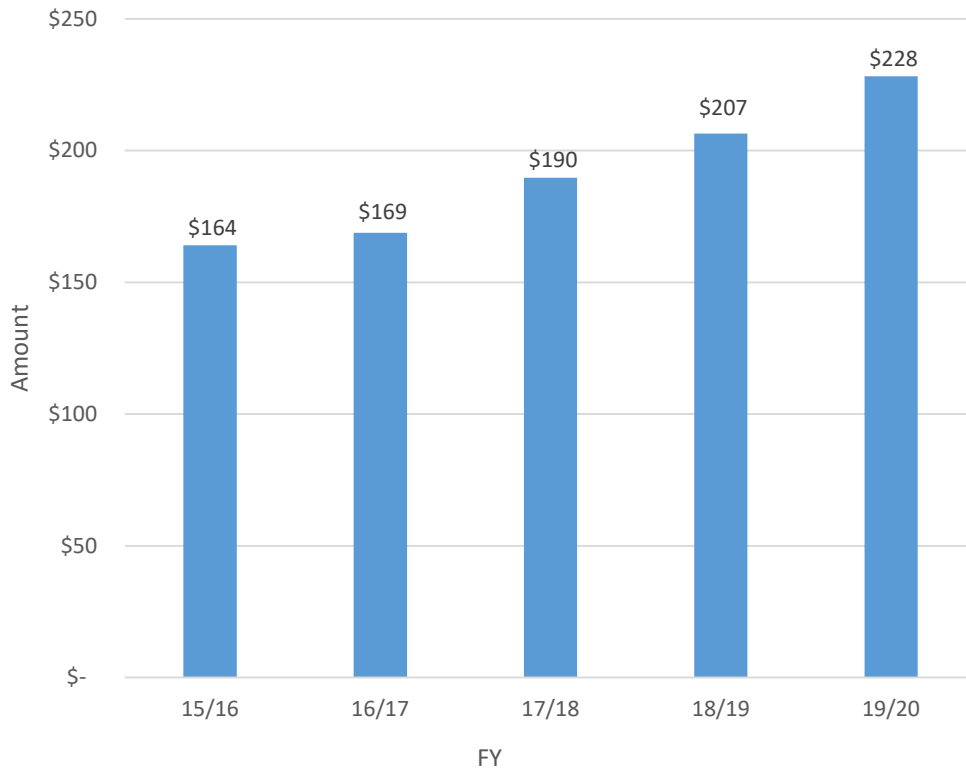
We have generated a net surplus of \$4.8 million in 2019/20. The surplus is the reported revenue (\$136.8 million) less reported expenses (\$132 million), which includes depreciation.



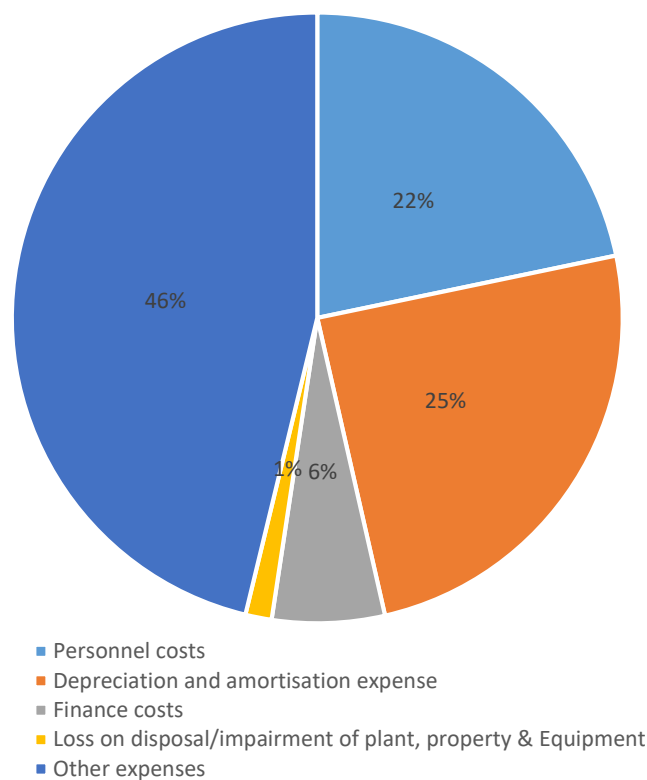
Council Debt

Debt increased by \$21.7 million from the previous year to \$228.2 million. The Council uses borrowing so that the costs of new facilities or infrastructure and any associated improvements are spread over the multiple generations that are expected to benefit rather than loading all the costs to one generation. For the 2019/20 year, the increase in debt was largely driven by the prudent decision to draw down short-term contingency borrowings. This drawdown was to mitigate the anticipated tightening in the credit markets because of COVID-19 and helped to drive the cash surplus reflected for the year.

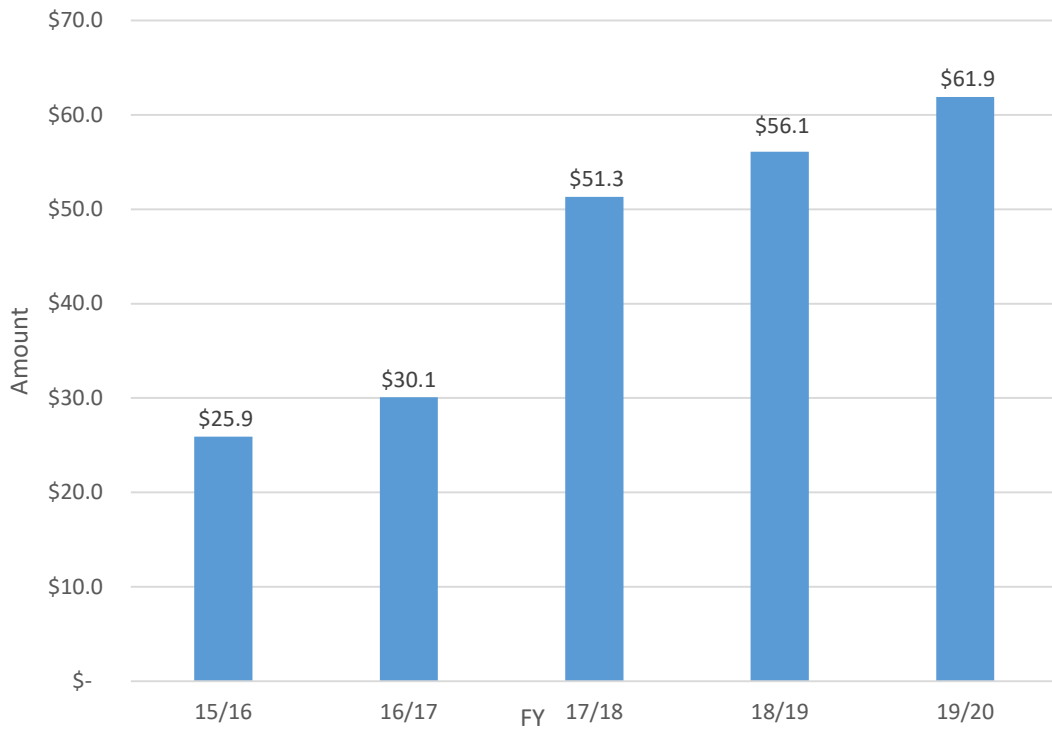
Council Debt (\$ Million)



2019/20 Total Expenses \$132 million



Capital Expenditure (\$ Million)



Overall we spent \$61.9 million on projects that either renewed our assets (\$20.5m) or increased their level of service (\$41.3m). This was \$29.6 million lower than our planned budget of \$91.5 million and was largely driven by a few key projects such as the Lakefront, Museum, Aquatic Centre and the Sir Howard Performing Arts Centre that were either impacted directly by the COVID-19 supply chain or lockdown issues or deferred as further investigation works and additional planning were carried out. Further commentary on these and other key projects have been identified in the Capital Pressures table below.

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 do not necessarily fit into a financial year.

Project	\$ spend 19/20 '000	Comment – note over or under budget and why
Rotorua Museum	1,895	Under budget by \$6.9m as further investigative worked identified the requirement for additional geothermal testing and strengthening planning to be completed as well as the need to secure pledged external funding
Sir Howard Morrison Performing Arts Centre	1,702	Under budget by \$5.7m as continued testing indicated asbestos issues were far worse than had been previously indicated during tests. Further, the COVID-19 restrictions hampered further onsite testing and progress
Aquatic Centre	863	Under budget following the detection of non-compliant products in the insulation which forced a change of scope. Additionally, the 50m pool construction was also planned to start in the latter part of the year but was delayed due to COVID-19
Lake Front	8,496	Under budget by \$5.5m as lockdown restrictions impacted the ability of contractors to begin early construction phases
Whakarewarewa Forest	6,260	Under budget due to COVID-19 pausing works and delays on material supply chains
Sewage Renewal	2,852	Under budget by a few key items, which were impacted by COVID-19 supply chains e.g. blowers, dewatering plant, CCTV assessments and permeate water re-use
Stormwater	30	Under budget largely due to the delay in the start of Clayton Road works as a result of COVID-19

Te tūhono i te tirohanga ki te mahi

Connecting vision to action – “progress”

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.

Follow council's progress on its key projects.



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 Te Whare Taonga o Te Arawa

Rotorua Museum is part of Rotorua’s history and is a place that tells the stories of Te Arawa and our district. Following the Kaikoura earthquake in November 2016 the Museum had to be closed. Extensive investigations were undertaken to fully understand the condition of the building, which was constructed in 1908, and nearby ground conditions, the building was deemed earthquake prone

Earthquake strengthening and redevelopment of our whare taonga is vital for both our community identity and pride, as well as a visitor attraction. Council is committed to strengthening and restoring our world renowned Museum for future generations.

In August 2019 funding of \$20 million from the Provincial Growth Fund and Ministry of Culture and Heritage was formally announced, which is in addition to significant funding already secured from the Rotorua Energy Charitable Trust (\$10m) and Lotteries Grant (\$6m). An additional Provincial Growth Fund (PGF) boost, announced by Deputy Prime Minister Winston Peters and Under-Secretary for Regional Economic Development Fletcher Tabuteau on 27 June 2020 allocating an extra \$2 million to replace the museum roof.

Hawkins Construction were appointed in December 2019 for the pre-construction services looking at buildability and construction phasing and methodology.

The detailed design (and accompanying building consents) for the Rotorua Museum project, will be

done in seven stages. As each package of detailed design is completed, an application for Building Consent will be lodged, and an accurate estimate of total costs for that package of work can be determined. Stage 1 building consent has been issued.

In readiness for the construction phase to commence, all artworks, objects and taonga (treasures) that were on display, were removed and are now being cared for in a secure, environmentally controlled facilities.

COVID-19 lockdown caused delays on the delivery of pre-construction services.

There was an 8 week delay in the removing of the last heritage items from the basement due to conservators having to self-isolate pre-lockdown and not being able to travel in Alert level 3 as conservators are considered a non-essential service. Once they were able to travel the final heritage items like the mud bath basement elements and related equipment were removed to enable access for testing of foundation construction methodology.

During lockdown detailed design for stage 2 and stage 2a (lift to mezzanine and basement levels) were completed remotely utilising zoom meetings and online 3D models of the Museum. Work plans were created to enable Hawkins to work during Alert Levels 3 to 1.

Construction is planned to get underway towards the end of 2020. Once started, construction is expected to take around 24 months



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 is working on a phased approach to the redevelopment of the Centre and a conceptual masterplan has been developed. The initial focus will see the Council undertaking the necessary first step is to bring the facility and service up to the level our community expects and provide the best platform for long-term use of the Centre, including:

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

Over the past 12 months extensive investigations have been completed on the building and ground providing 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.

The detailed design for the 50m pool refurbishment was completed and the materials required have

been sourced. Council approved the tender for the renovations and the contract has been awarded, which will see the 50m pool been deepened, lengthened, and a 'bulkhead' installed to allow the pool to be changed between one 50m pool, or two 25m pools. Additional features will also include a new filtration system, a PoolPod accessibility lift and a new decking pool surround.

COVID-19 Alert Levels earlier in the year impacted the timing for this project. Initially, the construction was planned to coincide with the winter months when pool use is lower. Works commenced in September 2020 with the pool being closed to the public and the work is likely to extend into early summer.

Design work is underway for the roof and main pool hall, however COVID-19 and the restrictions with alert levels, the centre was closed and this has delayed the design components of the project.



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.

In preparation for the main construction phase to start, a range of deconstruction works are now complete. This involved removing some walls and wall linings, lifting floors, removing seats in the main Civic Theatre auditorium, and generally getting the building ready for construction to begin. In addition to readying the building for construction, work was undertaken to incorporate cultural stories into the design which are fully supported by Ngāti Whakaeue.

During Covid 19 Alert Level 4, design work was able to continue, but all on-site work preparing the building for construction was suspended. This resulted in overall project delays of around six weeks.

Significant progress has continued to be made with the detailed design phase now complete, amended resource consent approved, and the building consent application has been granted. Construction is ready to start pending Council approval at end of September 2020.

The finalised design includes an extended Civic Theatre seating up to 1,000 people, a flexible black box theatre seating up to 300 people, a stunning new exterior and entrance foyer, a new café and bar area, and multi-purpose studios for workshops, rehearsals and recording. Acoustics, air conditioning systems and theatre services will all be upgraded, the number of toilets will be increased and accessibility enhanced.

Provided there are no further unexpected delays, the project is on track for completion towards the end of 2021.



*Sir Howard Morrison Performing Arts Centre
– artist impression of exterior, courtesy Shand Shelton*



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.

Rotorua Lakes Council, CNI Iwi Holdings and Te Arawa Lakes Trust have agreed to work together towards a new long-term solution for discharge of wai tātari (recovered wastewater).

In response to significant iwi and community opposition to the current proposal to discharge treated wastewater to Lake Rotorua via a land contact bed, CNI has generously offered the temporary use of a set area of land within Whakarewarewa Forest, while work continues towards developing a long-term solution that will not include use of the forest land.

The agreement – Kawenata- Puarenga Catchment of Te Rotoruanui-a-Kahumatamomoe – follows extensive discussion and careful consideration by the parties to find the right outcome for mana whenua and the wider Rotorua community.

As a result of the agreement, the council is seeking approval from the Environment Court to withdraw current consent applications before the Court, relating to the proposed upgrade of Rotorua city's wastewater treatment plant, and proposed discharge of wai tātari to Te Rotoruanui-a-Kahumatamomoe (Lake Rotorua) via a culturally-designed land contact bed. At the end of August 2020, the parties submitted a joint memorandum to the Environment Court outlining what has been agreed and are awaiting a response from the court.

The parties acknowledge this is a difficult challenge. A lot of work has already been undertaken and there is still a lot of work ahead to investigate opportunities to get the best long-term outcome for the Rotorua community.

The parties have agreed to a Sustainable Forest Approach that will include upgrading Council's wastewater treatment plant, and the short to medium-term continuation of discharging treated wastewater in Whakarewarewa Forest – with improvements and in a culturally appropriate and environmentally sustainable way. The area of land to be used will be reduced from the current 400ha to less than 40ha and the treatment plant upgrade will treat wastewater to an even higher standard than it is now.

The kawenata (agreement) upholds the interests and mana of all parties, and acknowledges Te Whakapapa o Te Wai (the guiding Te Arawa Values) of Wai, Waiariki, Waiora, Wairua and Waiata, recognising the importance of water, health, spirit and rhythm.



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 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.

The waste water treatment plant that will service both the Rotoma and Rotoiti communities is constructed and operational treating wastewater to the required standard. 22km and 15km of the main trunk reticulation is constructed and operating. 208 (of 212) Rotoma properties have the STEP pre-treatments systems installed and are operating by connection to the reticulation network.

The COVID-19 pandemic caused a 3-4 month delay in the procurement process for the identification of the on-site pre-treatment systems for Rotoiti. However the procurement process was reactivated and it is now expected to be completed by the end of 2020.

The remaining work for the project's completion (about 25%) is the installation of pre-treatment systems at Rotoiti (currently subject to open tender) and connection of Rotoiti homes to the main trunk line (this will require significant engagement in the last half of 2020 to secure approvals from Māori land owners).



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 contract for the first stage of the development was award to HEB Construction Ltd (October 2019). This first stage of works involves the construction of a new boardwalk along the lake edge and terracing along the lake edge which will provide space by the water to sit and relax. A large component of the foundation work

has been completed and the lake walls are made.

Council awarded the first contract for stage 2 of the lakefront development to Waiotahi Contractors (December 2019). This contract is to complete the enabling works for the new playground and new toilet block which is part of Stage 2 of the phased development. The work involves the realigning wastewater pipes, installing new water reticulation and stormwater lines, and preparation of the ground for construction of the new destination playground which is definitely a key feature of the development and what much of the community is waiting in anticipation for. Waiotahi Contractors are nearing completion of the enabling works and the preload to stabilise the ground will remain in place to early March 2021.

Late March 2019, following the nation-wide closures during COVID-19 Alert Levels 4 and 3, all works at the lakefront halted. Whilst it was a challenging couple of months, at Alert Level 2, work on the lakefront development rapidly resumed. Fortunately, the ongoing delivery of our existing projects aligned with the Build Back Better Rotorua economic recovery strategy; to support recovery of our district and economy and the community's confidence.

In line with this strategy, local company, Campbell Infrastructure has been awarded contracts for Stages 2, 3, and 4 of the lakefront development. Campbell Infrastructure has initially started working on Stage 2 of the development which involves refurbishing the existing Volcanic Playground. This work has been brought forward to mitigate the impact of the COVID-19 response and to reduce delays to the overall project. Council has agreed to complete this throughout the winter.



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.

The Long Mile Road, safety and roading improvements at the entrance have been completed and there is now access for coach, equestrian and public parking. Alongside this a shared path has been constructed and lighting installed. On 27 June, Government announced additional funding of \$90,000 towards the new forest visitor centre. The Expression of Interest for the visitor centre design and build process has been initiated.

The Tarawera Road forest hub 2 access point and car park is nearing completion (90%) and is at the final stage with the toilet block construction underway. The Forest Loop construction is also underway with three significant new sectors contracted and the existing trails have been widened and improved.

Late March 2019, following the nation-wide closures during COVID-19 Alert Levels 4 and 3, all works at the forest halted. Whilst it was a challenging couple of months, at Alert Level 2, work on the forest development rapidly resumed.



Ngā Matahiapo Awards and Recognition

We received the following awards and commendations during 2019/20.



Received the **Minister of Local Government's Award for Innovation in Council and Community Relations** from the NZ Society of Local Government Managers (SOLGM), for our child equity programme, a pilot project designed to support tamariki living in deprivation.



Award from PeopleStreme for **Best Change Management and Adoption** for when Council implemented PeopleStreme which is an HRIS (Human Resource Information System) system and we implemented four modules- Performance Management, Recruitment, Onboarding and Learning and Development.



Rotorua Lakes Council's **Aotearoa Bike Challenge** team came 3rd Nationally, and 1st in the Bay of Plenty. (The Aotearoa Bike Challenge is a partnership between Waka Kotahi (New Zealand Transport Agency), local councils and the global organisation Love to Ride.)

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. For this financial year 59 KPIs have been reported on.

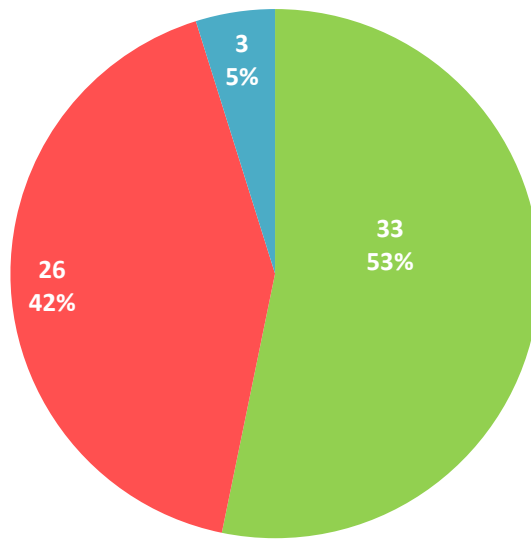
Differing circumstances support the 3 KPI not measured, as detailed in this section. 53% are achieved and 42% are not achieved with 5% not measured. In comparison with the 2018-2019, 71% KPI were achieved, 24% not achieved and 5% not measured.

The world around us has changed and so has our district. The COVID-19 global pandemic has hit hard and this is evidenced resulting in a higher number of KPI not been achieved. The disruption of COVID-19 with the lockdown and various alert levels has not affected all activity areas equally. Some activity areas are deemed essential and the disruption was minimal. Whereas in other areas, Q3 results indicated many measures were tracking well to be achieved, then with the Alert Level 4 lockdown period business operations interruption and operations then restricted at the various lower alert levels, these measures were not achieved. Despite the negative impact on some measures, COVID-19 pandemic has not adversely affected the ability to provide the reporting.

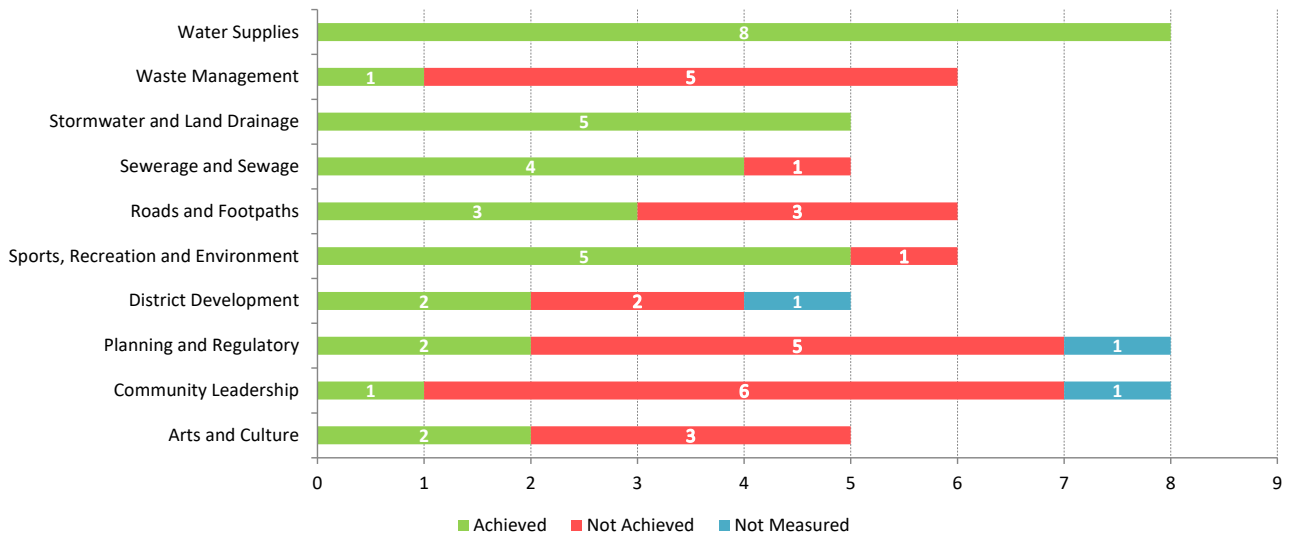
Rotorua Lakes Council have been proactive and adaptive in their response to the COVID-19 disruption and continue to navigate the ongoing COVID-19 crisis and build resilience with business continuity towards the future impacts recognizing that people and business areas are still hurting and are going to need ongoing support.

Performance Targets Summary

■ Achieved
 ■ Not Achieved
 ■ Not 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 Te Arawa culture.
- 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: Museum Outside the Walls Tours, Education and Collection Care
- Sir Howard Morrison Performing Arts Centre: Performing Arts and events across the city
- Energy Events Centre
- Markets, Events and Festivals

Our Highlights for 2019/2020

- GLO New Year Festival
- Waitangi Market Day
- New Zealand Music Month's 20th Anniversary (May), - launched Te Manu Tito Waiata Rotorua Song Writing Competition with a prize of \$1,000.
- Deconstruction process commenced in Sir Howard Morrison Performing Arts Centre
- Sir Howard Morrison Performing Arts Centre detailed design including cultural integration completed
- Museum stage one building consent issued.
- Hawkins Construction were appointed for the Museum pre-construction services looking at buildability and construction phasing and methodology.
- Secured \$15 million in funding from the Government's Provincial Growth Fund (PGF) and \$5 million from the Ministry for Culture and Heritage Regional Culture and Heritage Fund towards the strengthening and restoration of the Museum building.
- Additional funding towards re-opening Rotorua's Museum- \$2 million for the Museum to enable the replacement of the roof.
- Museum Bi-annual Art Awards
- Katchafire concert
- Aronui Indigenous Arts Festival
- Lockdown Soul Sessions

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 measured ? (Measures)	2019/20 Target	2019/20 Result	Year-end comment	2018/19 Result
Energy Events Centre	Utilisation	Community hire days of venues.	≥330	381	EEC hosted the COVID-19 testing over the lockdown period from the 28th March to the 28th June.	352
Arts and Culture	Utilisation	Number of People visiting Arts and Culture Venues (Made up of figures from Library, Museum, SHMPAC, EEC)	401,287	355,612	Library = 248,796 EEC = 104,702 Museum (Outside the Walls) = 2,114 SHMPAC closed Prior to COVID-19 at the end of Q3 this measure was on track to achieve target (326,675) however COVID-19 lockdown and alert level restrictions affected business operations with venue closures and restrictions with reduced capacity upon re-opening.	401,287
	Customer satisfaction	Percentage of customers very/fairly satisfied with Arts and Culture Offerings	87%	89%	Library only (Museum and SHMPAC both closed)	87%
	Customer satisfaction	Percentage of customers very/fairly satisfied with quality of Markets, Events and Festivals	89%	86%	Result is impacted by COVID-19 with reduced offerings of markets, events and festivals.	89%
Library	Utilisation	Percentage increase of growth of the Maori collections issued within a year	1.3%	-4.4%	At the end of Q3, results identified this measure was on track to exceed the target at 14.1%. The Q4 result was significantly impacted by COVID-19 lockdown alert level restrictions causing limited lending and restricted outreach lending to schools and preschools.	16%

● Not Measured
 ● Achieved
 ● Not Achieved

Rotorua Lakes Council: Funding Impact Statement for 2019/20 for Arts and Culture

	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Actual 2019/20 (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	12,053	12,796	12,161
Targeted rates	-	-	-
Subsidies and grants for operating purposes	550	562	247
Fees and charges	1,991	2,677	1,130
Internal charges and overheads recovered	16	17	(13)
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	185
Total operating funding (A)	14,611	16,052	13,711
Applications of operating funding			
Payments to staff and suppliers	9,724	10,291	8,969
Finance costs	604	887	1,234
Internal charges and overheads applied	1,984	2,137	2,057
Other operating funding applications	-	-	-
Total applications of operating funding (B)	12,313	13,315	12,260
Surplus (deficit) of operating funding (A – B)	2,298	2,737	1,452
Sources of capital funding			
Subsidies and grants for capital expenditure	3,750	14,564	1,936
Development and financial contributions	-	-	-
Increase (decrease) in debt	5,098	6,050	3,670
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total capital funding (C)	8,847	20,614	5,606
Applications of capital funding			
Capital expenditure—			
• to meet additional demand	-	-	-
• to improve the level of service	8,750	22,229	3,764
• to replace existing assets	2,395	1,122	906
Increase (decrease) in reserves	-	-	1,823
Increase (decrease) of investments	-	-	566
Total applications of capital funding (D)	11,145	23,350	7,058
Surplus (deficit) of capital funding (C – D)	(2,298)	(2,737)	(1,452)
Funding balance ((A - B) + (C - D))	-	0	-

Te Hautūtanga a te Hapori Community Leadership

Rotorua Vision 2030 Goals



He hāpori pūmanawa
A resilient community



Whakawhanake pākihi
Business innovation and prosperity



Kāinga noho, kāinga haumaruru
Homes that match needs



He huarahi hou
Employment choices



Papa whakatipu
Outstanding places to play



Tiakina to taiao
Enhanced environment



Waahi pūmanawa
Vibrant city heart

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 Maori 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 defence 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 marae, runanga, iwi, hapu and whanau, and facilitating Maori 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 Maori
- Organisational Development and Capability

Our Highlights for 2019/2020

- Local government Election – October 2019
- Whakahouhia te Whare Ohanga- Build Back Better Rotorua economic recovery strategy developed
- Rates deferral option- May 2020 instalment to assist in cushioning the blow of COVID-19
- Procurement policy – reviewed with the addition of increased awareness on the use of local contractors, consultants and services.
- He Papakāinga, He Hāpori Taurikura- Homes and Thriving Communities Strategic Framework developed and consulted on.
- Council's Emergency Operations Centre activated for COVID-19 response
- Minister of Local Government's Award for Innovation in Council and Community Relations from the NZ Society of Local Government Managers (SOLGM), for our child equity programme, a pilot project designed to support tamariki living in deprivation.

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

Activity	Level of service	How will it measured ? (Measures)	2019/20 Target	2019/20 Result (YTD)	Year-end comment	2018/19 Result
Governance	Satisfaction/ Value/ Reliability	Percentage of residents who are satisfied with the Let’s Talk platform- quality and reliability, and value	71%	74%	The Let’s Talk platform is Council’s online engagement tool introduced in 2017. This is the second year that satisfaction of the tool has been measured. Direct users of the platform have been surveyed and it is encouraging that there has been an increase with satisfaction compared to last year.	71%
	Residents’ confidence and engagement	Percentage of residents who feel they can participate in decision-making	>60%	43%	Council is always looking to find the correct balance as to levels of consultation/ information sharing and raising awareness. This past year has been a difficult year for many and this may have impacted on public perception at many levels. Anecdotal evidence suggests that increases in “fake news” in channels like social media, the New Zealand elections, the pandemic, business confidence, the American elections and even the local government elections in October 2019 have all had a negative impact on achieving the set targets.	57%
	Satisfaction	Percentage of residents who feel we are delivering and moving towards the 2030 goals.	60%	43%	This the second year this measure has been included in its current form. The measure aims to understand the community’s perception of progress towards the 7 goals of Vision 2030 (community outcomes). Measuring this in the same transaction survey which is focused on the outputs of a service is proving difficult to reach a meaningful result. The comments from those surveyed indicate that they are not providing comment on the vision/goals but are commenting on areas of overall council services performance. The comments show concern with council spending, debt and the provision of infrastructure. The requirement to measure the progress of community outcomes has recently been removed while the local government sector find a better and more meaningful way to measure and gather results. Based upon this RLC will not include this measure in it’s performance management framework for 2020/21 and shall continue to work with the local government sector on an appropriate measurement framework for community outcomes.	60%

● Not Measured
 ● Achieved
 ● Not Achieved

Activity	Level of service	How will it be measured?	2019/20 Target	2019/20 Result	Year-end comment	2018/19 Result
Communications	Residents' confidence and engagement	Resident's (%) who agree that Council information is easy to access (via website, libraries, social media, newspaper etc)	57%	43%	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. Anecdotally, we are receiving more complaints in regard to ease of access to of information on council's website. The council website platform is reaching its end of useful life and a project is underway to redevelop and refresh this platform.	57%
	Residents' confidence and engagement	% who feel Council keeps the community well informed	36%	30%	This is the second year this has been measured and last years result of 36% became the target. This year has been challenging due to the global pandemic and the contentious issues for example housing/ homelessness, central government elections, 3 waters government reform, and local government politics. The Council continually strives to ensure information is informed, utilising a number of channels to provide information to the community. Further work will need to be undertaken to distinguish between access to information and keeping the community well informed. Consultations on Let's Talk : 12 consultations with 4000 plus individuals utilising the platform with over 6000 visits Website: 773,924 unique pageviews E-pānui (e-newsletter): 1,236 subscribers Facebook: 9,895 followers Instagram: 1,656 followers LinkedIn: 3,109 followers Twitter: 1,503 followers Tatau Tatau magazine: Quarterly edition, distribution of approx 28,000 households	36%
Te Arawa Partnerships	Residents' confidence and engagement	Proportion of Maori groups who consider Council to be a good partner.	Establish Baseline	Not measured	This survey was intended to be undertaken in March/April of this year.As a result of COVID-19 pandemic Te Arawa resources were directed towards a Te Arawa response to assist with the wellbeing of whanau.	Not Measured
	Bilingual Rotorua	Residents (%) who feel that Māori culture and te reo is appropriately recognised and visible in the city	86%	83%	Result was close to been achieved. This is the second year this has been measured and last years result of 86% became the target. Result has a slight decrease this yer, however a result above 80% is very pleasing. This shows that the commitment to being a bicultural city and organisation is noticeable in our community.	86%
Civil Defence	Reliability/ Quality	Emergency Operation Centre staff capacity and capability is developed as measured through the professional capability matrix.	85%	82%	This measure was on track to be achieved, however due to COVID-19, the result in the last quarter cannot be measured . Since the pandemic no training has been undertaken and staff have been unable to fully complete or commence training . We continue to build capacity and will be introducing new staff members to CDEM training so will achieve the target result next financial year.	72%

● Not Measured ● Achieved ● Not Achieved

Rotorua Lakes Council: Funding Impact Statement for 2019/20 for Community Leadership

	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Actual 2019/20 (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	8,663	8,720	11,021
Targeted rates	-	-	-
Subsidies and grants for operating purposes	499	510	2
Fees and charges	-	-	2,184
Internal charges and overheads recovered	22,607	23,894	16,921
Local authorities fuel tax, fines, infringement fees, and other receipts	2,353	2,405	1,228
Total operating funding (A)	34,122	35,529	31,356
Applications of operating funding			
Payments to staff and suppliers	22,040	22,458	22,125
Finance costs	1,221	1,252	45
Internal charges and overheads applied	8,533	9,027	2,165
Other operating funding applications	-	-	-
Total applications of operating funding (B)	31,795	32,737	24,335
Surplus (deficit) of operating funding (A – B)	2,328	2,792	7,021
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	808	(1,651)	-
Gross proceeds from sale of assets	2,000	4,000	(1,055)
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total capital funding (C)	2,808	2,349	(1,055)
Applications of capital funding			
Capital expenditure—			
• to meet additional demand	-	-	-
• to improve the level of service	3,985	4,303	(30)
• to replace existing assets	1,150	838	6,436
Increase (decrease) in reserves	-	-	(239)
Increase (decrease) of investments	-	-	(200)
Total applications of capital funding (D)	5,135	5,141	5,966
Surplus (deficit) of capital funding (C – D)	(2,328)	(2,792)	(7,021)
Funding balance ((A - B) + (C - D))	-	0	-

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 to encourage and support growth and investment
- Develop and align policy and bylaws to focus delivery of services towards achievement of the Rotorua Vision 2030
- 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 2019/2020

- Pukehangi Heights Plan Change – proposed change moved to the submissions process following approval from the Ministry for the Environment for a Streamlined Plan Change Process to proceed.
- New parking app PrestoPark

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? (Measures)	2019/20 Target	2019/20 Result	Year-end comment	2018/19 Result
Animal Control	Compliance	100% of known dogs registered or served with a notice to register by 30 June annually.	100%	102%	11,963 dogs registered or notice served at 30 June based upon the 11,823 dogs listed in the RLC dog database. This year's result has once again been helped by the text campaign for registration reminders and a door to door follow up by Animal Control staff of any remaining owners.	102%
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%	88%	This measure has not been achieved due to previous resourcing gaps and the initial COVID-19 lockdown period preventing staff from undertaking inspections. To meet target each premise must be inspected twice, a total of 52 inspections. 46 inspections were undertaken.	110%
	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.	Not Measured
	Customer satisfaction	Percentage of noise control complainants very/fairly satisfied with the complaint handling process.	90%	84%	The major reasons why people may have been unsatisfied were the length of time responding to complaints. In response to COVID-19 lockdown restrictions, Council's noise control response was altered to attend only if a second complaint was received within an hour. This approach was also used by our after-hours noise contractor between 26 March and 13 May 2020 and may have contributed to lower satisfaction levels.	88%

● Not Measured
 ● Achieved
 ● Not Achieved

Activity	Level of service	How will it be measured?	2019/20 Target	2019/20 Result	Year-end comment	2018/19 Result
Planning/Policy and Consenting	Timeliness	Percentage of consents processed within 15 working days. (Land Use)	≥60%	49%	During this period COVID-19 lockdown impacted timeframes. Despite the challenge of COVID-19 this year, the year-end result has improved compared to the previous year. The time taken on resource consents is largely dependent on the complexity of the application and input required. A lot of applicants require draft consent conditions which takes additional time, but achieves better outcomes.	37%
	Timeliness	Percentage of consents processed within 15 working days. (Subdivision)	≥25%	20%	As at Q3 this target had been achieved, however the COVID-19 lockdown then impacted timeframes. The timeframes were doubled particularly where site visits were required. Upon comparison to last year, the result has improved so despite the challenge of COVID-19, it is pleasing to see an improvement. The time taken on resource consents is largely dependent on the complexity of the application and input required. A lot of applicants require draft consent conditions which takes additional time, but achieves better outcomes.	16%
	Timeliness	Percentage of consents processed within 15 working days. (Building Consents)	≥60%	89%	This financial year the system transitioned from paper-based to predominantly electronic and this measure has well exceeded target.	64%
	Customer satisfaction	Percentage of customers very/fairly satisfied with the consenting process.	≥80%	50%	Satisfaction with the consenting process received 50/50 this year with the major reasons for dissatisfaction being communication difficulties and a slow process. Added to this, the system transitioned from paper to electronic and there were some initial teething issues which impacted users which may have added to the difficulties. Business improvement measures will need to be undertaken, firstly with a particular focus on engagement with the users of the service to better understand the frustrations/difficulties around process and communication, followed by measures to improve the system.	50%

● Not Measured
 ● Achieved
 ● Not Achieved

Rotorua Lakes Council: Funding Impact Statement for 2019/20 for Planning and Regulatory

	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Actual 2019/20 (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,393	2,500	2,530
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	4,261	4,355	4,345
Internal charges and overheads recovered	59	61	79
Local authorities fuel tax, fines, infringement fees, and other receipts	1,673	1,710	2,311
Total operating funding (A)	8,386	8,626	9,265
Applications of operating funding			
Payments to staff and suppliers	6,221	6,335	8,309
Finance costs	3	8	-
Internal charges and overheads applied	2,147	2,267	2,199
Other operating funding applications	-	-	-
Total applications of operating funding (B)	8,371	8,611	10,507
Surplus (deficit) of operating funding (A – B)	15	15	(1,242)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	85	138	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total capital funding (C)	85	138	-
Applications of capital funding			
Capital expenditure—			
• to meet additional demand	-	-	-
• to improve the level of service	-	-	-
• to replace existing assets	100	153	120
Increase (decrease) in reserves	-	-	(1,357)
Increase (decrease) of investments	-	-	(4)
Total applications of capital funding (D)	100	153	(1,242)
Surplus (deficit) of capital funding (C – D)	(15)	(15)	1,242
Funding balance ((A - B) + (C - D))	(0)	(0)	-

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

- Contracts to our council controlled organization, Rotorua Economic Development to implement initiatives that increase the prosperity of our local economy.
- 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.
- Work with external agencies to develop and improve the local economy.

Activities include:

- 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 measured ? (Measures)	2019/20 Target	2019/20 Result	Year-end comment	2018/19 Result
Airport	Utilisation	Number of passenger movements at the Rotorua Airport	242,664	205,143	Results were tracking for this measure to be achieved (Q3: 198,580). COVID-19 seriously impacted the aviation transportation sector with cessation of international tourism, flights grounded and reduced schedules/ capacity.	265,443
Economic Development	Prosperity	Rotorua's GDP growth is above the average GDP growth of New Zealand.	Achieved	Not Achieved	Rotorua 's economic growth was down 3.2% for the year to June 2020 Growth was lower than in New Zealand (-2.1%). As a result of the COVID-19 pandemic, a substantial proportion of the economy was closed or operating at a significantly reduced level, with transport, accommodation, hospitality, retail, tourism and construction activity taking the greatest hit. 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.	Not Achieved
	Satisfaction	The business confidence within the Rotorua district is above the average business confidence across New Zealand.	Achieved	Achieved	Measured twice yearly in December and June. Business confidence results in December were +28.0 for Rotorua compared to -13.2 for NZ. Business confidence results in June were +63.0 for Rotorua compared to -34.4 for NZ. Result for December and June +45.5 for Rotorua compared to -23.8 for NZ. It is important to note that the business confidence survey is forward looking and asks businesses if conditions will be better or worse in 12 months time. As at June 2020 many businesses may have assumed COVID-19 would be all over and international visitors would return.	Achieved
	Utilisation	Number of Retail and Office spaces not tenanted in the CBD	130	113	An annual survey undertaken by TelferYoung - CBD Vacancy survey (December 2019). 113 vacant retail and office tenancies (62 retail, and 51 office)	112
	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.	Not measured

● Not Measured
 ● Achieved
 ● Not Achieved

Rotorua Lakes Council: Funding Impact Statement for 2019/20 for District Development

	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Actual 2019/20 (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,703	3,918	862
Targeted rates	5,505	5,558	6,192
Subsidies and grants for operating purposes	29	30	8
Fees and charges	0	0	4
Internal charges and overheads recovered	0	0	(1)
Local authorities fuel tax, fines, infringement fees, and other receipts	648	669	554
Total operating funding (A)	9,886	10,175	7,618
Applications of operating funding			
Payments to staff and suppliers	8,981	9,104	8,560
Finance costs	0	-	13
Internal charges and overheads applied	560	596	614
Other operating funding applications	-	-	-
Total applications of operating funding (B)	9,542	9,700	9,187
Surplus (deficit) of operating funding (A – B)	345	475	(1,568)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	3,452
Development and financial contributions	-	-	-
Increase (decrease) in debt	(805)	(424)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total capital funding (C)	(805)	(424)	3,452
Applications of capital funding			
Capital expenditure—			
• to meet additional demand	-	-	-
• to improve the level of service	-	-	-
• to replace existing assets	140	51	-
Increase (decrease) in reserves	-	-	1,885
Increase (decrease) of investments	(600)	-	(1)
Total applications of capital funding (D)	(460)	51	1,884
Surplus (deficit) of capital funding (C – D)	(345)	(475)	1,568
Funding balance ((A - B) + (C - D))	0	(0)	-

Ngā Hākinakina, Te Mahi ā Rēhia me te Taiao

Sport, recreation and 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 are 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
- Lake access facilities

The council provides and manages 800 hectares of reserve land (excluding the Tokorangi Forest), 74 kilometres of walkways, 80 playgrounds with 283 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 the 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 council supported partners and volunteer track adoptees.

The council also manages an extensive range of lake access facilities including 34 boat ramps and 41 jetties in the Rotorua and Waikato River lakes. These provide important and highly valued access points to water based recreational activities for local lakeside communities and many national and international visitors.

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, and Flippa Ball (mini water polo). Other activities include swimming, water polo, canoe polo, outrigger (waka ama), underwater hockey, 'learn to swim' programmes, playground and inflatable fun, volleyball and onsite cardio studio. The centre also offers swim programmes targeting all age groups including the Unison Lake Safety Programme (major sponsor Unison Networks Limited) and "Making a Difference" (major sponsors RECT and Water Safety NZ)



Our Highlights for 2019/2020

- Adopted Reserve Management Plan and established Committee to manage Rotorua's Waikawau/ Hannahs Bay Reserve.
- World-class BMX park opened at Waipa
- Matahi Spit jetty upgrade and toilet block completed
- Acacia Road new boat ramp, jetties, refurbishment of the toilets and improvements to trailer parking completed at Lake Okareka
- Waipuna Delta carpark improvements completed at Lake Rotoiti
- Upgrades to Hamurana Reserve and walkway development completed
- Off road parking to improve safety and sports field user capacity completed at Puketawhero Park
- New parking areas created at Smallbone Park
- Kuirau Park market space completed

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 measured ? (Measures)	2019/20 Target	2019/20 Result	Year-end comment	2018/19 Result
Gardens, Reserves and Sportsgrounds	Utilisation	The number of Gardens, Reserves and Sportsgrounds bookings	≥1,650	2415	This measure has been achieved. Pre-COVID-19 tracking indicated high bookings for Q4 (873), however the alert level restrictions meant only 472 of these were able to be utilised, and this has impacted the result.	2,662
	Customer satisfaction	Percentage of customers very/fairly satisfied with Gardens, Reserves and Sportsgrounds.	85%	93%	Park Check Surveys are undertaken over the Q2 and Q3 summer period with the average level of satisfaction was 93%.	88%
Aquatic Centre	Utilisation	Number of visitors to the aquatic centre per year.	≥350,000	336,452	The overall annual target was tracking very well to meet target, but due to COVID-19 the facility being closed followed by subsequent limited admission management with alert level restrictions the measure has not been achieved.	337,947
	Customer satisfaction	Percentage of customers very/fairly satisfied with Aquatic Centre.	75%	95%	Customer satisfaction survey completed in Q3 with 95% satisfied or above with overall experience at facility. New service provider operating facility since targets were set and customer feedback is very positive. On-site surveys catch pool users rather than general ratepayers from earlier phone surveys.	71%
	Utilisation	Number of lessons in Learn to Swim School programmes per term	≥11,000	18,527	New service provider running a national swim school programme with more classes and higher participation. This result has well exceeded target although it was projected to have been an even higher result based on results in earlier quarters. The Q1-Q3 results averaged 22,000 per term and the Q4 result was only a quarter of this average. This is a significant impact resulting in a remarkable decrease due to COVID-19 with the closing of the facility and subsequent alert level reduced capacity.	15,828
	Customer satisfaction	Percentage of users that are satisfied with the swim school level of service	≥80%	100%	Customer satisfaction survey completed in Q3 with 100% satisfied or above with the swim school level of service (lessons and instructors). New service provider running a national swim school programme with more classes and higher participation.	86%

● Not Measured
 ● Achieved
 ● Not Achieved

Rotorua Lakes Council: Funding Impact Statement for 2019/20 for Sport, Recreation and Environment

	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Actual 2019/20 (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	14,016	15,631	13,805
Targeted rates	-	-	-
Subsidies and grants for operating purposes	3	3	131
Fees and charges	-	-	618
Internal charges and overheads recovered	7	8	(18)
Local authorities fuel tax, fines, infringement fees, and other receipts	801	818	292
Total operating funding (A)	14,827	16,460	14,828
Applications of operating funding			
Payments to staff and suppliers	10,523	10,732	10,362
Finance costs	1,239	1,770	4,389
Internal charges and overheads applied	869	901	885
Other operating funding applications	-	-	-
Total applications of operating funding (B)	12,631	13,402	15,637
Surplus (deficit) of operating funding (A – B)	2,196	3,057	(809)
Sources of capital funding			
Subsidies and grants for capital expenditure	375	1,022	3,707
Development and financial contributions	-	-	796
Increase (decrease) in debt	10,419	10,302	11,532
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total capital funding (C)	10,794	11,324	16,035
Applications of capital funding			
Capital expenditure—			
• to meet additional demand	-	-	-
• to improve the level of service	9,608	9,719	19,473
• to replace existing assets	3,382	4,663	1,815
Increase (decrease) in reserves	-	-	(4,125)
Increase (decrease) of investments	-	-	(1,936)
Total applications of capital funding (D)	12,990	14,382	15,226
Surplus (deficit) of capital funding (C – D)	(2,196)	(3,058)	809
Funding balance ((A - B) + (C - D))	-	0	0

Ngā Huarahi me ngā Ara Roads and Footpaths

Rotorua Vision 2030 Goals



He hāpori pūmanawa
A resilient community



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 and alternative transport modes. Roding networks are critical to supporting and developing the economy, particularly in the Rotorua district where three major economic drivers, forestry, agriculture and tourism are so reliant on efficient transport systems.

Our Highlights for 2019/2020

- Rural road rehabilitation (fixing underlying structural layers) completed on Nicholson, Settlers, Yankee and Whirinaki Valley Roads and road seal extension completed on Galatos Road.
- Construction starts on NZTA Te Ngae Road project – stage 1: Sala Street/Te Ngae
- Upgraded the Utohina stream and it is now part of Rotorua's shared path network.
- Road Safety Review outside rural schools completed.
- Linton Park Link shared path completed.
- Government funding announces \$14 million towards road safety improvements and reductions in congestion at the Ngongotahā roundabout intersection between State Highways 5 and 36.

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? (Measures)	2019/20 Target	2019/20 Result (YTD)	Year-end comment	2018/19 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	4 fewer fatalities and 12 more serious injuries 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 2019/20- Fatal 2 Serious Injuries 25 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.	3 more fatal and 4 more 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%	RAMM updated 31 July-20 Result indicates that Council's road reseals and reseals design achieve the target surface condition. NZTA's technical evaluation supports this outcome. Considerable effort is made each year to optimise resurfacing treatments for Rotorua's extensive roading network. The effort made each year to optimise pre-seal preparation and detailed design for each treatment length to ensure maximum waterproofness as risk reduction measures, and achieves better results for riding condition.	89%
	Maintenance	The percentage of the sealed local road network that is resurfaced.	≥8%	7.7%	99% of our target reseals programme of 68km (8% of our sealed network of 872kms), 67km has been completed. The balance of 1km has been deferred to 2020/2021. COVID-19 impact was minimal to the road re-sealing programme and did not adversely impact on the result.	7.6%
	Condition	The percentage of footpaths that are condition four (4) or better.	≥98%	99%		98%

● Not Measured ● Achieved ● Not Achieved

Activity	Level of service	How will it be measured?	2019/20 Target	2019/20 Result	Year-end comment	2018/19 Result
Roads and Footpaths	Response time	The percentage of customer service requests relating to roads and footpaths which are responded to within five (5) working days.	≥90%	84%	<p>All of the 559 'public' maintenance requests (dispatches) received an immediate response through logging directly to the Asset Management System, and of the 466 'Transport' complaints and/or new service requests, 307 were responded to within five working days. Therefore 84% of the total 1025 enquires were responded to within five working days.</p> <p>During the COVID-19 lockdown period, operations continued (essential services) and no new requests were received during this period. Requests received prior to COVID-19 were either dealt with if urgent or scheduled if not they were not urgent.</p> <p>It is important to note that although this measure was not met, it is very pleasing to see an improved result of nearly 10% on the previous year.</p>	75%
	Utilisation	Number of Cyways users (Average Daily use)	279	287	<p>Reporting shows the daily average across all four monitoring sites.</p> <p>Kuirau Park: daily average 53 cyclists/day Fenton St: daily average 75 cyclists/day Ngongotaha Trail: daily average 123 cyclists/day</p> <p>Amohau St: daily average 23 cyclists/day (missing data of 81 days over period 1 March - 20 May)</p> <p>Although this measure has been achieved, a higher result was expected, but missing data over periods of time throughout the year has impacted the final result.</p>	279

● Not Measured
 ● Achieved
 ● Not Achieved

Rotorua Lakes Council: Funding Impact Statement for 2019/20 for Roading and Footpaths

	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Actual 2019/20 (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	10,530	11,220	11,317
Targeted rates	-	-	-
Subsidies and grants for operating purposes	3,031	3,098	3,347
Fees and charges	-	-	109
Internal charges and overheads recovered	27	30	(10)
Local authorities fuel tax, fines, infringement fees, and other receipts	2,280	2,330	913
Total operating funding (A)	15,868	16,677	15,676
Applications of operating funding			
Payments to staff and suppliers	8,654	8,838	8,873
Finance costs	2,213	2,396	270
Internal charges and overheads applied	2,307	2,422	2,453
Other operating funding applications	-	-	-
Total applications of operating funding (B)	13,174	13,655	11,597
Surplus (deficit) of operating funding (A – B)	2,695	3,022	4,080
Sources of capital funding			
Subsidies and grants for capital expenditure	8,131	4,623	4,422
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,381	1,433	804
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total capital funding (C)	9,512	6,055	5,226
Applications of capital funding			
Capital expenditure—			
• to meet additional demand	-	-	-
• to improve the level of service	2,220	2,269	2,711
• to replace existing assets	9,986	6,809	5,847
Increase (decrease) in reserves	-	-	1,024
Increase (decrease) of investments	-	-	(276)
Total applications of capital funding (D)	12,206	9,077	9,305
Surplus (deficit) of capital funding (C – D)	(2,695)	(3,022)	(4,080)
Funding balance ((A - B) + (C - D))	0	(0)	-

Parakaingaki me te Wai-para Sewerage and sewage

Rotorua Vision 2030 Goals



Tiakina to taiao

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 Ngongotahā) as well as identified rural lakeside communities.

Our Highlights for 2019/2020

- East Rotoiti | Rotomā Wastewater Treatment Plant commissioned.
- Statement of proposal – Alternative methods of delivery for waste water services consulted on
- Long-term Plan amendment: Following a long evaluation of the options and an extensive procurement process, Council arrived at a proposal to mitigate the identified risks to the activity through a 10 year Performance Specified Maintenance and Operations contract. Council agreed to adopt this contract on 29 July 2020.

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? (Measures)	2019/20 Target	2019/20 Result	Year-end comment	2018/19 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	3.86/1000 connections	96 overflows reported from 24,891 properties rated for sewer. The ageing infrastructure is a reason for a gradual increase. We are looking more closely at on-pump overflows, and more of these have been incorporated into this year's result.	2.21/1000 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	30 minutes	The target of 60-minutes is the maximum tolerable response time to assess a fault in order to minimise health effects. Our contracts and notification systems are designed to achieve constant performance improvements inside the 60-minute response assessment envelope and provide a safe buffer zone.	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	124 minutes	The target of 180-minutes is the maximum tolerable response time to correct a fault and minimise health effects. Our contracts and notification systems are designed to achieve constant performance improvements inside the 180-minute repair envelope and provide a safe buffer zone to the community.	125 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	15 odour 392 faults 85 blockages 2 response complaints Total 19.89/1000 connections	494 complaints and service faults received from 24,891 properties rated for sewer. Important to note, that of the total faults recorded, 318 or 64% are 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.	9 odour 266 faults 75 blockages 1 response complaints Total 14.47/1000 connections

Rotorua Lakes Council: Funding Impact Statement for 2019/20 for Sewerage and Sewage

	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Actual 2019/20 (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	(0)	-	-
Targeted rates	14,109	15,610	16,854
Subsidies and grants for operating purposes	-	-	-
Fees and charges	694	711	432
Internal charges and overheads recovered	417	431	(63)
Local authorities fuel tax, fines, infringement fees, and other receipts	39	40	9
Total operating funding (A)	15,260	16,793	17,232
Applications of operating funding			
Payments to staff and suppliers	6,021	6,162	7,957
Finance costs	1,636	2,072	1,122
Internal charges and overheads applied	2,664	2,815	2,973
Other operating funding applications	-	-	-
Total applications of operating funding (B)	10,322	11,049	12,052
Surplus (deficit) of operating funding (A – B)	4,938	5,744	5,179
Sources of capital funding			
Subsidies and grants for capital expenditure	12,285	4,562	4,500
Development and financial contributions	-	-	-
Increase (decrease) in debt	9,186	6,311	1,042
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total capital funding (C)	21,471	10,873	5,542
Applications of capital funding			
Capital expenditure—			
• to meet additional demand	120	123	-
• to improve the level of service	20,000	10,045	10,978
• to replace existing assets	6,289	6,449	2,852
Increase (decrease) in reserves	-	-	(3,093)
Increase (decrease) of investments	-	-	(15)
Total applications of capital funding (D)	26,409	16,617	10,722
Surplus (deficit) of capital funding (C – D)	(4,938)	(5,744)	(5,179)
Funding balance ((A - B) + (C - D))	-	0	-

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.

Highlights for 2019/20

No flooding events reported

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? (Measures)	2019/20 Target	2019/20 Result	Year-end comment	2018/19 Result
Stormwater Operations	System adequacy	The number of flooding events that occur in a territorial authority district.	≤ 2	0	No habitable buildings flooded	1
	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	No flooding events reported	0.04 / 1000 rated properties
	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	0	No flooding events reported.	50 mins
	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	1.7 / 1000 rated properties	71 service requests /complaints received from 28,378 rated properties.	1.9 / 1000 rated properties

● Not Measured
 ● Achieved
 ● Not Achieved

Rotorua Lakes Council: Funding Impact Statement for 2019/20 for Stormwater and Land Drainage

	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Actual 2019/20 (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	5,122	5,532	5,445
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1	1	-
Internal charges and overheads recovered	0	-	(0)
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	-
Total operating funding (A)	5,123	5,533	5,445
Applications of operating funding			
Payments to staff and suppliers	1,269	1,299	1,321
Finance costs	420	527	347
Internal charges and overheads applied	1,792	1,879	1,916
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,480	3,704	3,584
Surplus (deficit) of operating funding (A – B)	1,643	1,829	1,861
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	343
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,934	1,837	3,345
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total capital funding (C)	1,934	1,837	3,688
Applications of capital funding			
Capital expenditure—			
• to meet additional demand	-	-	-
• to improve the level of service	650	666	1,469
• to replace existing assets	2,927	3,000	31
Increase (decrease) in reserves	-	-	3,984
Increase (decrease) of investments	-	-	65
Total applications of capital funding (D)	3,577	3,666	5,549
Surplus (deficit) of capital funding (C – D)	(1,643)	(1,829)	(1,861)
Funding balance ((A - B) + (C - D))	-	0	-

Te Whakahaere Para Waste management

Rotorua Vision 2030 Goals



Tiakina to taiao
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.

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? (Measures)	2019/20 Target	2019/20 Result	Year-end comment	2018/19 Result
Waste Management	Sustainability	Number of tonnes per annum of green + wood waste recovered.	≥7,000 tonnes	5133	Measure has not been achieved as there are several green/wood waste collection facilities in Rotorua and there is a substantial amount of greenwaste going into the red bins.	4,718 tonnes
	Sustainability	Number of tonnes per annum of concrete waste recovered.	≥1,500 tonnes	1066	The impact of COVID-19 on several service providers in Rotorua, resulted in a decrease in collection by 100 tonnes.	2,207 tonnes
	Sustainability	Increasing number of tonnes per annum of recycled material recovered.	≥5,500 tonnes	5342	During the COVID-19 lockdown period all recycling was suspended and all waste was sent to the landfill. This resulted in a loss of 500-700 tonnes recycling. This measure was tracking to be achieved as at Q3, but has now not been achieved.	5,695 tonnes
	Sustainability	Reduce the amount of rubbish/waste that is collected from kerbside collection per household.	≤ 310 kg / household Per Year	532	Target has not been met by in excess of 212kg per household per year of additional rubbish been collected and this result is higher than the 139kg excess per household for the 2018/19 year. Anecdotal evidence suggests that dumping of green waste as refuse may have contributed to the change, along with impacts of COVID-19 lockdown and growing population. This result has identified the need for waste minimisation incentivisation or training .	459kg per household
	Customer satisfaction	% residents very/fairly satisfied with Waste Management Systems	90%	84%	Lower result than that of 2018/19. There has been a lot of confusion nationally regarding recycling which has been highlighted by the media and perhaps influenced public perception. During the COVID-19 lockdown period recycling was suspended and all waste was sent to the landfill. Also in the last quarter bin auditing for contamination commenced and has been very unpopular given this resulted in some bins being rejected and customers having to remove contaminants and bring clean recyclables to the recycling centre.	91%
	Compliance	Compliance with resource consent conditions at the landfill	100%	0 failure	New leachate management programme has been implemented at the landfill to improve compliance with resource consent.	1 failure

● Not Measured
 ● Achieved
 ● Not Achieved

Rotorua Lakes Council: Funding Impact Statement for 2019/20 for Waste Management

	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Actual 2019/20 (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,465	1,493	1,476
Targeted rates	5,765	5,911	5,518
Subsidies and grants for operating purposes	-	-	261
Fees and charges	931	952	(0)
Internal charges and overheads recovered	-	-	(0)
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	751
Total operating funding (A)	8,161	8,356	8,005
Applications of operating funding			
Payments to staff and suppliers	6,999	7,152	7,255
Finance costs	45	27	-
Internal charges and overheads applied	689	711	523
Other operating funding applications	-	-	-
Total applications of operating funding (B)	7,732	7,889	7,779
Surplus (deficit) of operating funding (A – B)	429	467	227
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	0
Development and financial contributions	-	-	-
Increase (decrease) in debt	(429)	(467)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total capital funding (C)	(429)	(467)	0
Applications of capital funding			
Capital expenditure—			
• to meet additional demand	-	-	2
• to improve the level of service	-	-	-
• to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	125
Increase (decrease) of investments	-	-	99
Total applications of capital funding (D)	-	-	227
Surplus (deficit) of capital funding (C – D)	(429)	(467)	(227)
Funding balance ((A - B) + (C - D))	-	(0)	-

Te Tuku Wai

Water supplies

Rotorua Vision 2030 Goals



Kāinga noho, kāinga haumarū
Homes that match needs

Why we do it – How does this affect you?

To provide a 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.

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 measured ? (Measures)	2019/20 Target	2019/20 Result	Year-end comment	2018/19 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	Bacterial Compliance All ten treatment plants = Yes Protozoal Compliance All ten treatment plants = Yes	All actual water supplied is fully compliant with the Drinking Water Standards for NZ. The 10 treatment plants are: Deep Creek, Hamurana, Mamaku, Matipo, Reporoa, Rotoiti, Rotoma, Taniwha Springs, Utuhina, Whakarewarewa Forest Springs.	Bacterial Compliance All ten treatment plants = Yes Protozoal Compliance Mamaku = No Other nine treatment plants = Yes
	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%	23%	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.	19.1%
	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	25 minutes	Our contract management model encourages constant improvement through collaboration, and overall this enables the performance and results to be kept consistently high. The objective is to maintain service interruptions below the tolerable limit of 60-minutes.	27 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 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	85 minutes	Our contract management model encourages constant improvement through collaboration, and overall this enables the performance and results to be kept consistently high. The objective is to repair service interruptions below the tolerable limit of 210-minutes.	73 minutes

● Not Measured
 ● Achieved
 ● Not Achieved

Activity	Level of service	How will it be measured?	2019/20 Target	2019/20 Result	Year-end comment	2018/19 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: 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	4 hours 39 minutes	Our contract management model encourages constant improvement through collaboration, and overall this enables the performance and results to be kept consistently high. The objective is to inspect and assess the seriousness of the fault in terms of effects on the public within the tolerable limit of 1-day.	5 hours 14 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	19 hours 40 minutes	Our contract management model encourages constant improvement through collaboration, and overall this enables the performance and results to be kept consistently high. The objective is to remedy the identified fault to minimise the effects on the public within the tolerable limit of 3-days.	22 hours 5 minutes
	Customer satisfaction	The total number of complaints received by the local authority about any of the following: <ul style="list-style-type: none"> • 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	4 clarity 9 taste 0 odour 53 pressure or flow 91 continuity complaints 15 service complaint. Total = 7.02 / 1000 connections	169 complaints from 26,040 connected properties. Our water quality and pressure is kept consistently high so complaints about these will be generally low. However with an ageing system such as ours, the need to undertake repairs is increasing and that impacts on the continuity of service. Continuity refers to the number of repairs needed where water loss is experienced. On an 800km network that is ageing like all others in the world, these will generally be the most common problems experienced.	1 clarity 3 taste 1 odour 43 pressure or flow 59 continuity complaints 22 service complaint. Total = 5.0 / 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	339 litres per person per day	Figures based on domestic residential consumption using a sample of residential water meters which have been installed.	320 litres per person per day

● Not Measured
 ● Achieved
 ● Not Achieved

Rotorua Lakes Council: Funding Impact Statement for 2019/20 for Water Supplies

	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Actual 2019/20 (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	(0)	-	-
Targeted rates	9,194	9,596	9,737
Subsidies and grants for operating purposes	-	-	-
Fees and charges	8	8	13
Internal charges and overheads recovered	357	371	863
Local authorities fuel tax, fines, infringement fees, and other receipts	408	418	209
Total operating funding (A)	9,967	10,394	10,823
Applications of operating funding			
Payments to staff and suppliers	4,774	4,886	6,035
Finance costs	685	826	445
Internal charges and overheads applied	1,856	1,950	1,839
Other operating funding applications	-	-	-
Total applications of operating funding (B)	7,315	7,662	8,319
Surplus (deficit) of operating funding (A – B)	2,653	2,731	2,503
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	42
Development and financial contributions	-	-	-
Increase (decrease) in debt	2,553	2,095	1,325
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total capital funding (C)	2,553	2,095	1,366
Applications of capital funding			
Capital expenditure—			
• to meet additional demand	300	308	148
• to improve the level of service	2,000	1,538	2,911
• to replace existing assets	2,906	2,981	2,453
Increase (decrease) in reserves	-	-	(1,892)
Increase (decrease) of investments	-	-	250
Total applications of capital funding (D)	5,206	4,826	3,870
Surplus (deficit) of capital funding (C – D)	(2,653)	(2,732)	(2,503)
Funding balance ((A - B) + (C - D))	-	(0)	-



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Auditors Report

Independent Auditor's Report

To the readers of Rotorua Lakes Council's annual report for the year ended 30 June 2020

The Auditor-General is the auditor of Rotorua Lakes Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, 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 26 November 2020. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 85 to 161:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2020;
 - 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 162, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan];

- the service performance information on pages 38 to 75:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2020, 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 42 to 75, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's long-term plan; and
- the funding impact statement for each group of activities on pages 42 to 75, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 190 to 194, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's long-term plan and annual plans.

Emphasis of matter – Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the District Council as set out in note 1.28 of the financial statements and pages 38 to 75 of the service performance information.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our

responsibilities under those standards further in the “Responsibilities of the auditor for the audited information” section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General’s Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council’s responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General’s Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council’s long-term plan and annual plans.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General’s Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

-
- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.
 - We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
 - We determine the appropriateness of the reported intended levels of service in the service performance information, 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 37, 76 to 77, 163 to 189 and 195 to 196 but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit and our report on the disclosure requirements, 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 Auditor-General
Tauranga, New Zealand

Statement of compliance and responsibility

The governing body and management of Rotorua Lakes Council confirm that all the statutory requirements in relation to this annual report, as outlined in the Local Government Act 2002, have been met.

Responsibility

The governing body and management of Rotorua Lakes Council accept responsibility for the preparation and completion of the financial statements and the related judgements. The governing body and management adopted the financial statements as presented here on 26 November 2020.

The governing body, the management of Rotorua Lakes Council and the Rotorua Lakes Council Group accept responsibility for establishing and maintaining systems of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and performance reporting.

In the opinion of Rotorua Lakes Council, the group annual report, for the year ended 30 June 2020 fairly presents the financial performance, financial position, cash flows and service performance of the Rotorua Lakes Council Group and Rotorua Lakes Council.

Steve Chadwick

Mayor

26 November 2020

G. Williams

Chief Executive

26 November 2020

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2020

Note	Council			Group	
	Actual	Budget	Actual	Actual	Actual
	2020	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000

Revenue

Rates*	2	96,918	97,372	91,818	96,826	91,722
Development and financial contributions	5	796	-	574	796	574
Subsidies and grants	3	22,477	33,950	29,202	22,477	29,202
Interest revenue	4	889	134	858	346	346
Other revenue	6	15,729	16,971	15,184	22,015	21,647
Gains	7	74	-	510	74	510
Total revenue		136,883	148,427	138,146	142,534	144,001

Expenses

Personnel Costs	8	28,683	26,458	26,594	42,004	39,330
Depreciation and amortisation expense	19	32,624	30,279	30,503	35,580	33,300
Finance costs	4	7,866	9,948	8,300	7,934	8,300
Loss on disposal/impairment of plant, property and equipment	9	1,836	-	2,825	1,841	2,847
Other expenses	9	61,018	61,616	61,837	50,753	52,605
Total expenses		132,027	128,301	130,059	138,112	136,382
Surplus/(deficit) before tax		4,856	20,126	8,087	4,422	7,619
Income tax expense	10	-	-	-	(104)	(63)
Surplus/(deficit) after tax		4,856	20,126	8,087	4,526	7,682

OTHER COMPREHENSIVE REVENUE AND EXPENSE

Items that could be reclassified to surplus/(deficit)

Net change in fair value of hedges	25	-	-	89	-	89
Net change in fair value of investment	25	(657)	-	2,179	-	(1)

Items that will not be reclassified to surplus/(deficit):

Revaluation on property, plant and equipment	25	56,666	19,071	3,992	56,339	6,578
Revaluation on intangibles	25	35	-	73	35	73
Total other comprehensive revenue and expense		56,044	19,071	6,333	56,374	6,739
Total comprehensive revenue and expense		60,900	39,197	14,420	60,900	14,421

* Actual rates revenue incorporates property rates and water rates expense on Council owned properties of circa \$2.1m. Budgeted revenues do not include these expenses. On a like for like basis, actual rates revenue is \$1.7m higher than budget.

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

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position

As at 30 June 2020

Note	Council			Group	
	Actual	Budget	Actual	Actual	Actual
	2020	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000

ASSETS

Current assets

Cash and cash equivalents	11	31,496	114	6,727	33,758	8,725
Debtors and other receivables	12	12,841	30,496	18,797	11,843	17,424
Inventories	15	81	-	87	859	923
Current tax receivables	10	58	-	-	90	-
Non-current assets held for sale	16	831	437	200	831	200
Total current assets		45,307	31,047	25,811	47,381	27,273

Non-current assets

Other financial assets:						
-Investment in CCO's and other similar entities	14	51,819	52,961	52,331	62	85
-Investment in other entities	14	3,412	-	3,364	3,412	3,364
Property, plant and equipment	17	1,222,708	1,307,452	1,210,476	1,295,154	1,278,052
Work in progress	17	72,572	-	-	72,572	-
Intangible assets	18	3,068	7,115	3,699	3,509	4,244
Loans and receivables	12	17,331	14,400	14,548	122	148
Total non-current assets		1,370,910	1,381,928	1,284,419	1,374,831	1,285,892
Total assets		1,416,217	1,412,975	1,310,230	1,422,212	1,313,165

LIABILITIES

Current liabilities

Payables and deferred revenue	21	52,620	22,488	29,504	52,574	29,867
Derivative financial instruments	13	-	-	-	-	-
Borrowings and other financial liabilities	22	44,362	15,089	17,810	44,362	18,211
Provisions	24	18	99	68	74	87
Employee entitlements	23	4,415	3,091	3,019	5,751	4,175
Total current liabilities		101,415	40,767	50,401	102,761	52,340

Non-current liabilities

Borrowings and other financial liabilities	22	183,866	225,175	188,700	187,622	188,700
Employee entitlements	23	72	111	91	72	91
Provisions	24	2,207	2,249	3,283	2,207	3,283
Deferred tax liabilities	10	-	-	-	892	997
Total non-current liabilities		186,145	227,535	192,074	190,793	193,071
Total liabilities		287,560	268,302	242,475	293,554	245,411
Net assets		1,128,657	1,144,673	1,067,757	1,128,657	1,067,757

EQUITY

Accumulated funds	25	731,673	797,352	727,112	732,799	727,112
Reserves	25	396,983	347,321	340,645	395,858	340,645
Total equity attributable to the Entity		1,128,657	1,144,673	1,067,757	1,128,657	1,067,757
Total equity		1,128,657	1,144,673	1,067,757	1,128,657	1,067,757

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

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2020

	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2020	2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July		1,067,757	1,105,476	1,053,335	1,067,757	1,053,335
Surplus / (deficit) after tax	25	4,856	20,126	8,087	4,526	7,682
Other comprehensive revenue and expense	25	56,044	19,071	6,333	56,374	6,740
Balance as at 30 June		1,128,657	1,144,673	1,067,757	1,128,657	1,067,757

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

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2020

	Council			Group	
	Actual	Budget	Actual	Actual	Actual
	2020	2020	2019	2020	2019
Note	\$'000	\$'000	\$'000	\$'000	\$'000

Cash flows from operating activities

Receipts from rates revenue		94,993	96,715	90,189	94,900	89,954
Interest received		889	134	858	346	346
Dividends received		205	-	2	205	2
Receipts from other revenue		64,794	50,921	45,294	72,588	48,161
Payments to suppliers		(62,204)	(60,243)	(56,743)	(52,130)	(43,765)
Payments to employees		(27,305)	(26,458)	(26,614)	(40,447)	(39,339)
Interest paid		(8,003)	(9,948)	(8,427)	(8,071)	(8,427)
Income tax paid		(58)	-	-	(91)	-
Goods and Services Tax (net)		2,444	-	230	2,676	140
Net cash flow from operating activities (note 26)	26	65,755	51,121	44,789	69,977	47,072

Cash flows from investing activities

Receipts from sale of property, plant, and equipment		58	4,000	2,269	506	2,351
Receipts from sale of intangible assets		81	-	-	81	-
Loan advances repaid		58	-	603	-	-
Receipts from sale or maturity of investments		-	-	-	-	-
Purchase of property, plant and equipment		(59,468)	(91,524)	(55,402)	(67,349)	(61,248)
Purchase of intangible assets		(3,093)	-	(1,403)	(3,220)	(1,664)
Payments to Suppliers Capital expenditure		-	-	-	-	-
Loan advances made		-	-	(850)	27	-
Purchase of financial assets		(123)	-	(569)	(90)	-
Net cash flow from investing activities		(62,486)	(87,524)	(55,352)	(70,044)	(60,561)

Cash flows from financing activities

Proceeds from borrowings		68,000	36,231	68,620	72,574	69,023
Repayment of borrowings		(46,500)	-	(51,770)	(47,474)	(51,770)
Net cash flow from financing activities		21,500	36,231	16,850	25,100	17,253

Net increase / (decrease) in cash and cash equivalents		24,769	(172)	6,287	25,033	3,764
Cash and cash equivalents at the beginning of the year		6,727	286	440	8,725	4,961
Cash and cash equivalents at the end of the year	11	31,496	114	6,727	33,758	8,725

* This includes amounts received and paid on behalf of and from BOPRC, NZTA and petrol tax. The accompanying notes form part of these financial statements.

Notes to the financial statements

1 Statement of accounting policies

1.1 Reporting entity

Rotorua Lakes 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 Lakes Council group (Group) consists of the ultimate parent, Rotorua Lakes 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), Terax Limited Partnership (50% owned) and Kauae Cemetery Trust Board by special relationship. 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 practices.

The financial statements of the Council and the Group are for the year ended 30 June 2020. The financial statements were authorised for issue by Council on 26 November 2020.

1.2 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 practices 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.

Changes in accounting policies

There have been three changes in accounting policy during the 30 June 2020 financial year.

Work in progress

Work in progress is now disclosed separately in the Non-current assets section of the Statement of Financial Position and the Property, plant and equipment schedule at note 17. In prior years, Work in progress was allocated to the additions of the associated asset.

Adoption of PBE IPSAS 34 - PBE IPSAS 38

Council and Group have adopted the new group standards, PBE IPSAS 34 to 38, in preparing these financial statements. Council and Group have adopted these standards by not restating the comparative year information in accordance with the transitional provisions (with the exception of retrospectively adjusting the comparative year group balances and opening net assets/equity for Kauae Cemetery which was deemed not material).

The accounting policies and notes to the financial statements have been updated to comply with PBE IPSAS 34 to 38. The main updates are:

- Note 1: basis of consolidation - the subsidiaries policy has been updated to include an amended definition of control;
- Note 1: basis of consolidation - the associates policy has been updated to include an amended definition of significant influence;
- Note 1: basis of consolidation - the joint venture policy has been updated to include a new classification of joint arrangements and remove the option of using the proportionate consolidation method; and
- Note 14: other financial assets - the disclosure has been updated to include additional information on interests in other entities as required by PBE IPSAS 38.

The financial effects from the adoption of the new standards is that:

- Kauae Cemetery Trust Board has been recognised as a subsidiary for the first time accounted for at fair value through comprehensive revenue and expense in the parent financial statements and consolidated in the Group financial statements. This has resulted in \$942,000 of the Trust Board's net assets being recognised in the Group figures and an increase in net surplus of \$36,000.
- Pukaki Trust and Rotorua Museum Centennial Trust have been recognised as associates for the first time. This has not resulted in a financial impact as Council and group's ownership interest is nil.

Employee benefits

Council and group have adopted the new standard, PBE IPSAS 39 - Employee Benefits which replaces PBE IPSAS 25 Employee benefits.

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.

This Standard has not had an effect on any line items in the 30 June 2020 financial accounts.

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:

Financial instruments:

In March 2019, the XRB issued PBE IPSAS 41 Financial Instruments which supercedes PBE IFRS 9 Financial Instruments and parts of PBE IPSAS 29 Financial Instruments: Recognition and Measurement. It is effective for annual periods beginning on or after 1 January 2022, with early adoption permitted. The main changes under PBE IPSAS 41 Financial Instruments 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.

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 2022 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 2022 financial statements. The Council and Group are currently assessing the effects of these new standards.

1.3 Basis of consolidation

The group financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses and cash flows of entities in the group on a line by line basis. All intragroup balances, transactions, revenue and expenses are eliminated on consolidation.

The group financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation of an entity begins from the date the Council and Group obtains control of the entity and ceases when the Council and group loses control of the entity.

Subsidiaries

Rotorua Regional Airport Limited
Rotorua Economic Development Limited
Infracore Limited
Kauae Cemetery Trust Board

The Council and group consolidates in the group financial statements those entities it controls. Control exists where the Council and group is exposed, or has rights, to variable benefits (either financial or non-financial) and has the ability to affect the nature and amount of those benefits from its power over the entity. Power can exist over an entity if, by virtue of its purpose and design, the relevant activities and the way in which the relevant activities of the entity can be directed has been predetermined by the Council and group.

Investments in subsidiaries are measured at fair value through other comprehensive revenue and expense using the net asset backing value method in the parent financial statements. The net asset backing method is assessed as an appropriate fair value technique as the assets and liabilities on the entities' balance sheets are predominantly carried at fair value rather than cost.

Investments in subsidiaries 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.

The Council and group 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.

Associates

Mountain Bike Events Limited
Pukaki Trust
Rotorua Museum Centennial Trust

An associate is an entity over which the Council and group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of another entity but is not control or joint control of those policies.

Investments in associates are measured using the equity method in the parent and group financial statements.

Joint Venture

Terax 2013 Limited
Terax Limited Partnership

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in joint ventures are measured using the equity method in the parent and group financial statements.

Equity method of accounting in group financial statements

Under the equity method of accounting, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the Council and group's share of the change in net assets of the entity after the date of acquisition. The Council and group's share of the surplus or deficit is recognised in the parent and group surplus or deficit. Distributions received from the investee reduce the carrying amount of the investment in the parent and group financial statements.

If the share of deficits of the entity equals or exceeds the interest in the entity, the Council and group discontinues recognising its share of further deficits. After the Council and group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the Council and group has incurred legal or constructive obligations or

made payments on behalf of the entity. If the entity subsequently reports surpluses, the Council group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

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 or deficit.

Investments in subsidiaries, associates and joint ventures

Refer to note 1: basis of consolidation.

Term deposits and 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)

BOP Local Authority Shared Services Limited
Waikato Local Authority Shared Services Limited
Civic Financial Services Limited

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.

1.4 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.

(i) 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 Lakes Council is acting as an agent for BOPRC.

(ii) 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.

(iii) New Zealand Transport Agency (NZTA) roading subsidies

The Council receives funding assistance from the NZTA, which subsidises part of the costs 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.

(iv) 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.

(v) Building and resource consent revenue

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

(vi) Entrance fees

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

(vii) Sales of goods

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

(viii) 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.

(ix) 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.

(x) 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).

(xi) Interest and dividends

Interest revenue is recognised using the effective interest method. Interest revenue 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.

(xii) 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.

1.5 Borrowing costs

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

1.6 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 the Council and the approval has been communicated to the applicant.

1.7 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.

1.8 Income tax

Income tax expense includes components relating to both 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.

1.9 Leases

Operating leases

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

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

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

1.10 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.

1.11 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.

1.12 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.

1.13 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).

1.14 Property, plant and equipment

Property, plant, and equipment consist of:

(i) Operational assets

These include land, buildings, landfill post-closure,

library books, plant and equipment, recreational forests and motor vehicles.

(ii) 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.

(iii) 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 costs 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, then the off-cycle asset classes are revalued.

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

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

The value of land and buildings is their market value as determined by a registered valuer.

Additions:

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

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

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

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Disposals:

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset or when no further economic benefits or service potential are expected. Gains and losses on disposals are reported net in the surplus or deficit.

When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation:

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

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

All other assets are depreciated on a 'straight-line' basis at rates that will write off their cost or valuation

over their expected useful economic lives.

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

The expected lives of major classes of assets are:

Buildings

Structure	10 to 80 years
Services	20 to 50 years
Fit-out	5 to 40 years
Site specific	2 to 20 years

Plant and equipment 10 to 20 years

Parks and Reserves 5 to 100 years

Airport Assets

Runway, Taxiways, Aprons	10 to 80 years
Other paved areas	13 years
Surround Security Fences	10 years

Landfill improvements 3 to 100 years

Computer Software 3 to 7 years

Roads and footpaths

Seal - first coat and base	80 years
Seal - second coat	12 years
Footpaths (concrete)	100 years
Footpaths (bitumen)	7 to 20 years
Bridges	40 to 100 years

Water

Treatment plants + facilities	5 to 100 years
Water and reticulation (other assets)	10 to 130 years

Sewage system

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

Stormwater drainage 10 to 130 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.

1.15 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 as an expense 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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1.16 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 impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

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 the 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.

1.17 Creditors and other payables

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

1.18 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.

1.19 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, sick leave and e-Bike loans.

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

A liability and an expense are recognised for bonuses where the Council or Group has a contractual obligation 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 entitlement 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 Revenue and Expense 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.

1.20 Provisions

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

Provisions are measured at the present value of 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'.

1.21 ACC Partnership 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.

1.22 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.

1.23 Net assets/equity

Net assets/equity is the community's interest in the Rotorua Lakes 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.

Fair value through equity reserve:

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

Cash flow hedge reserve

This reserve comprises the effective portion of the cumulative net change in the fair value of derivatives designated as cash flows hedges.

1.24 Goods and Services Tax

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.

1.25 Budget figures

The budget figures are approved by the Council in the Annual Plan 2019-20. 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.

1.26 Cost allocation

Rotorua Lakes 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.

1.27 Critical accounting estimates and judgements

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.

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 Lakes Council's accounting policies for the period ended 30 June 2020:

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.

1.28 COVID-19 considerations

Impact on Council during alert levels

The financial performance of Council was not impacted materially by COVID-19 during the alert levels due

to its main income streams being driven by rates as opposed to fees and charges. During April lockdown Council reviewed the outstanding May rates balance and considered the potential impact to rates given the business sectors impacted, namely tourism, accommodation and hospitality. Based on that analysis there was an anticipation that up to \$10,000,000 of rates revenue could be at risk. However, even though Council provided a rates deferral scheme the uptake of this was negligible; potentially due to the current (at this time) ongoing central government wage subsidy.

The Energy Events Centre income however, has been impacted severely since late March with close to \$500,000 of budgeted revenue no longer expected. Parking revenue has also seen a decline since April. Given the nature of Council businesses, expenditure has remained relatively unchanged as services continued to be provided and the ability of staff and external consultants to work from home during all levels. As an example the Civic Building remained in use during all levels which kept many operational costs i.e. electricity at close to normal if not higher levels (e.g. increased levels of cleaning).

Non-financial performance

The 2019/2020 non-financial performance measure results evidence the significant impact of the global pandemic organisation-wide and recognises that people and business areas are still hurting and are going to need ongoing support.

The disruption of COVID-19 with the lockdown and various alert levels has not affected all activity areas equally. Some activity areas are deemed essential and the disruption was minimal i.e. the sealing of the local road network (roads and footpath), operations continued throughout all alert levels. Other activity areas whilst deemed essential still suffered an impact to normal business operations i.e. recycled material recovered (waste management). The measure was achieved, however the COVID-19 impact resulted in a loss of 500700 tonnes recycling. Activity areas that suffered a greater impact were those such as Arts and Culture with business operations focused towards events, venues, markets and festivals. The impact of COVID-19 was significant due to event and venue closures and the capacity restrictions at various alert levels. Despite the negative impact on some measures, COVID-19 pandemic has not adversely affected the ability to provide the reporting.

Council activated the Emergency Operations Centre (EOC) during Alert Level-4 in response to the COVID-19

pandemic. The EOC is part of Council's Civil Defence Emergency Management function. We take direction from the National Emergency Management Agency (NEMA), work regionally with Emergency Management Bay of Plenty (EMBoP), and locally with other EOCs, such as Lakes District Health Board's (DHB's) EOC. The Ministry of Health and local DHB's led the health response to the COVID-19 pandemic and the Rotorua Lakes Council (RLC) worked to support the community in non-health related ways such as checking on our vulnerable populations; making sure everyone had enough food and access to hygiene products; ensuring people had somewhere to stay and had access to important information about the COVID-19 response and that they understood it. The RLC's EOC is made up of almost 50 staff members. These are Council staff members who have regular, non-emergency, day jobs at Council but have also been trained in Civil Defence and are ready to be called upon and redeployed in situations like what we have experienced with COVID-19.

Council controlled organisations

InfraCore Limited and Rotorua Economic Development Limited both applied for and received the government wage subsidy assistance. A significant portion of the InfraCore Limited workforce was required to be stood down for the entire Level 4 stage, however some services were deemed essential during this time. InfraCore Limited are working alongside Council in undertaking the "Shovel Ready" programme to not only keep their current workforce employed, but also to deploy additional staffing. Because of this, their management team does not see a significant negative impact on the future of the company in relation to Covid-19.

Rotorua Economic Development Ltd operate the Rotorua i-site which was severely impacted by Covid-19 due to travel restrictions. The company is working closely with Council as a key partner in the Economic Recovery Task Force which is focused on key strategies to build on Rotorua's unique strengths.

Rotorua Regional Airport Limited Covid19 has had a significant impact on the operations and financial performance of Rotorua Airport. As a lifeline utility and of key local and regional infrastructural significance, Rotorua Airport has maintained full operational capability throughout the Covid event and across alert level escalation and deescalation. The following specific disclosures are made:

- Throughout the Covid19 event and across alert level escalation and deescalation, Rotorua Airport has maintained full operational continuity;

- Rotorua Airport fully adapted to the challenges of Covid19 on its people and business. Where required, staff adapted to working under the constraints and restrictions of our Business Continuity Plan (BCP);
- Rotorua Airport met and embraced Ministry of Health and Ministry of Transport guidance and mandatory requirements around operations and staff and passenger safety;
- Rotorua Airport maintained its full organisational structure (12.4 full time employees). Where required split shifts, staff isolation and revised ways of working were adopted to ensure we maintained a safe working environment preserving airport operational continuity; and
- All performance indicators as noted under Rotorua Regional Airport Limited's Statement of Intent were maintained and reported against through the event.

Key assumptions for the future

Council's main revenue stream is its rates revenue. Whilst not expected, it is also not impossible that rates revenue through 2020/2021 year could be impacted as well as a continued drag on parking and or other user pays fees as Rotorua attempts to build back better. Any material revenue reductions will be covered by debt. As at 30 June 2020, ~\$4,000,000 of debt was anticipated to cover fees and charges shortfall over 2020/2021 however, there is obvious risk that this number could be substantially higher should unemployment and/or economic migration that could cause rates revenues to fall. Any decrease is not expected to be for the long term. The planning of our capital programme has also been adjusted to reflect the uncertainties of COVID-19 with a number of capital works deferred to ensure funding headroom is retained allowing Council to be flexible in responding to events as they unfold in the coming months. The deferment of these capital works is also subject to receipt of CIP funding, whereby if Council should receive the CIP funds some of these programmes might be able to continue at an earlier time.

Non-adjusting subsequent events

Following balance date, no subsequent events have occurred which would require any adjustments by Council.

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	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

General rates	58,925	56,144	58,833	56,047
Targeted rates attributable to activities:				
- Water, excluding water supply rates	5,029	5,001	5,029	5,001
- Targeted water supply rates	4,794	4,668	4,794	4,689
- Sewerage	15,847	14,136	15,847	14,057
- Refuse and sanitation	5,519	5,291	5,519	5,292
- Lakes enhancement rate	475	464	475	473
- Eastern sewerage capital rates	679	633	679	665
- Business development targeted rates	6,218	6,031	6,218	6,047
- Urban sewerage development rates	64	63	64	64
Rates penalties	1,676	1,498	1,676	1,498
Less rates charges to Council properties	(2,308)	(2,111)	(2,308)	(2,111)
Rates	96,918	91,818	96,826	91,722

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 2020 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	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

Total gross rates	97,871	92,688	97,779	92,592
Rates remissions:				
- General rates remissions	621	578	621	578
- Targeted rates remissions	331	292	331	292
Total remissions	953	870	953	870
Rates (net of remissions)	96,918	91,818	96,826	91,722

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 Lakes Council at 30 June 2020 was 29,742 (2019: 28,652).

The total capital value of rating units within the district or region of Rotorua Lakes Council at 30 June 2020 was \$17,503,694,500 (2019: \$17,552,214,300).

The total land value of rating units within the district or region of Rotorua Lakes Council at 30 June 2020 was \$8,456,435,600 (2019: \$8,805,086,700).

3 Subsidies and grants

Council		Group	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

New Zealand Transport Rooding subsidies	7,722	10,564	7,722	10,564
Grants subsidies and donations capital	13,980	17,544	13,980	17,544
Other subsidies operating	775	1,094	775	1,094
Total subsidies and grants	22,477	29,202	22,477	29,202

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2019: \$Nil).

4 Finance revenue and costs

Council		Group	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

Finance income

Interest income:				
-term and call deposits	889	858	346	346
Total finance income	889	858	346	346

Finance costs

Interest expense:				
-interest on bank borrowings	7,866	8,300	7,934	8,300
Total finance costs	7,866	8,300	7,934	8,300
Net finance costs	6,977	7,442	7,588	7,954

5 Development and financial contributions

Council		Group	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

Financial contributions from subdivisions	796	574	796	574
Total development and financial contributions	796	574	796	574

6 Other revenue

Council		Group	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

Other revenue

Traffic and parking infringements	1,172	1,141	1,172	1,141
Rendering of services (other trading revenue)	3,661	3,391	9,550	12,233
Petrol tax	579	623	579	623
Vested assets	1,613	668	1,613	668
Dividend income	205	2	205	2
Fees and charges	5,297	5,654	5,297	5,654
Lease and rental revenue	3,200	3,703	3,351	3,935
Other revenue	2	2	248	(2,609)
Total other revenue	15,729	15,184	22,015	21,647

7 Other gains / (losses)

Council		Group	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

Non-financial instruments

Property, plant and equipment gains on disposal	46	510	46	510
Gain/(Loss) on fair value of investments	28	-	28	-
Total other gains / (losses)	74	510	74	510

8 Personnel costs

Council		Group	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

Salaries and wages	26,265	25,625	39,586	38,361
Defined contribution plan employer contributions	1,011	947	1,011	947
Increase/(decrease) in employee entitlements	1,377	(20)	1,377	(20)
Restructuring	30	42	30	42
Total personnel costs	28,683	26,594	42,004	39,330

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

9 Other expenses

	Council		Group	
	Actual	Actual	Actual	Actual
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Fees to auditors				
- fees to Audit New Zealand for audit of the financial statements	164	161	256	237
- fees to Audit New Zealand for audit of the Council's Long Term Plan 2018 - 2028 amendment	30	-	30	-
- fees to Audit New Zealand for under provision of prior year audit fees	-	37	6	45
- fees to Audit New Zealand for audit of the Council's debenture trust deed	8	8	8	8
Grant and contributions	1,318	1,338	1,318	1,338
Contractors and physical works	32,382	32,435	11,928	17,062
Insurance premiums	1,655	1,556	1,722	1,621
Consultants and legal advice	4,099	4,618	4,509	799
Marketing and promotion	209	358	1,428	2,204
Energy	4,279	4,519	4,507	4,519
ACC	65	98	186	106
Bad debts written off	697	836	698	836
Elected member remuneration (incl. hearing fees)	922	706	922	786
Impairment of receivables	271	18	271	18
Loss on disposal of property, plant and equipment	-	-	-	-
Operating lease expense	216	319	531	319
Increase/(decrease) in landfill provision	(1,076)	1,063	(1,076)	1,063
Other expenditure	14,890	13,767	22,621	21,645
Impairment of other financial assets	-	-	(1)	(1)
WIP Write-off - buildings	889	-	889	-
Loss on disposal of property, plant and equipment	1,836	2,825	1,841	2,847
Total other expenses	62,854	64,662	52,594	55,452

10 Taxation

Council		Group	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

Components of tax expense

Current tax expense	-	-	(104)	(63)
Adjustments to current tax in prior years	-	-	-	-
Deferred tax expense	-	-	-	-
Tax expense	-	-	(104)	(63)

Relationship between tax expense and accounting profit

Surplus/(deficit) before tax	4,856	8,087	4,422	7,619
Tax at 28%	1,360	2,265	1,300	2,133
Plus/(less) tax effect of:				
Non-taxable income	(1,334)	(2,387)	(1,361)	(2,386)
Non-deductible expenditure	-	-	6	66
Loss to carry forward	-	-	350	383
Tax loss not recognised	(117)	(164)	(531)	(308)
Group loss offset	91	286	-	-
Deferred tax on temporary differences	-	-	1	3
Deferred tax adjustment	-	-	100	96
Deferred tax not recognised	-	-	31	(50)
Tax expense	-	-	(104)	(63)

Property, plant and equipment \$000	Employee entitlements \$000	Other provisions \$000	Tax losses \$000
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Deferred tax assets/(liabilities)

Balance at 30 June 2018	(826)	15	14	(797)
Charged to surplus or deficit	62	-	1	63
Charged to other comprehensive revenue and expense	(263)	-	-	(263)
Balance at 30 June 2019	(1,027)	15	15	(997)
Charged to surplus or deficit	99	1	4	104
Charged to other comprehensive revenue and expense	-	-	-	-
Balance at 30 June 2020	(928)	16	19	(893)

A deferred tax asset has not been recognised in relation to the unused tax losses of Council of \$20,059,600 (2019: \$19,740,998), Group \$21,532,660 (2019: \$21,108,411).

The Group has unrecognised temporary tax differences of \$115,052 (2019: \$187,072).

11 Cash and cash equivalents

Council		Group	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

Cash at bank and on hand	31,496	6,727	33,758	8,725
Total cash and cash equivalents	31,496	6,727	33,758	8,725

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 Cash Flows.

12 Debtors and other receivables

Council		Group	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

Current debtors and other receivables

Rates receivables	7,222	5,952	7,222	5,952
Other receivables	7,056	12,894	5,838	11,040
GST receivable	-	1,387	14	1,599
Finance lease receivables	31	-	31	-
Prepayments	1,338	1,065	1,549	1,336
Current gross debtors - other receivables	15,647	21,298	14,654	19,927
Provision for impairment of receivables	(2,806)	(2,501)	(2,811)	(2,501)
Total current portion	12,841	18,797	11,843	17,426

Non-current portion debtors and other receivables

Other receivables	17,331	14,548	122	149
Trade receivables	-	-	-	(1)
Total non-current portion	17,331	14,548	122	148
Total receivables	30,172	33,345	11,965	17,572

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	9,702	14,084	8,528	14,084
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	20,470	19,261	3,437	3,489
	30,172	33,345	11,965	17,573

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 judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

Other Receivables

The fair value of other receivables is \$24,387,000 (2019: \$27,442,000).

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

The status of receivables as at 30 June 2020 and 2019 are detailed below:

	2020			2019		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Council

Not past due	24,317	-	24,317	28,479	(86)	28,393
Past due 1-60 days	2,660	(212)	2,448	2,095	(112)	1,983
Past due 61-120 days	101	(5)	96	93	(5)	88
Past due > 121 days	5,900	(2,589)	3,311	5,180	(2,299)	2,881
Total	32,978	(2,806)	30,172	35,847	(2,502)	33,345

Group

Not past due	6,115	-	6,115	12,705	(85)	12,620
Past due 1-60 days	2,660	(212)	2,448	2,095	(112)	1,983
Past due 61-120 days	101	(7)	94	93	(5)	88
Past due > 121 days	5,900	(2,592)	3,308	5,180	(2,299)	2,881
Total	14,776	(2,811)	11,965	20,073	(2,501)	17,572

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 debt write offs.

Council		Group	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

Individual impairment	2,806	2,501	2,811	2,501
Total provision for impairment	2,806	2,501	2,811	2,501

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	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

Not past due	-	85	-	85
Past due 1-60 days	212	112	212	112
Past due 61-120 days	5	5	7	5
Past due > 121 days	2,589	2,299	2,592	2,299
Total individual impairment	2,806	2,501	2,811	2,501

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

Council		Group	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

As at 1 July	2,501	2,466	2,501	2,466
Additional provisions made during the year	1,002	684	1,007	684
Receivables written-off during the period	(697)	(650)	(697)	(650)
As at 30 June	2,806	2,500	2,811	2,500

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

13 Derivative financial instruments

Council had no derivative financial instruments as at 30 June 2020 (2019:Nil).

14 Other financial assets

Council		Group	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

Non-current portion

Investment in CCO's and other similar entities:

Unlisted shares Rotorua Regional Airport Ltd	50,645	50,968	-	-
Unlisted shares Waikato Local Authority Shared Services Ltd	57	78	57	78
Unlisted shares BOP Local Authority Shared Services Ltd	5	7	5	7
Unlisted shares Terax Limited Partnership	-	60	-	-
Unlisted shares InfraCore Ltd	716	599	-	-
Unlisted shares RED Ltd	396	619	-	-
	51,819	52,331	62	85

Investment in other entities:

Unlisted shares Mountain Bike Events Limited	150	225	150	225
Unlisted shares Civic Financial Services Limited	163	280	163	280
Borrower notes	3,099	2,859	3,099	2,859
	3,412	3,364	3,412	3,364
Total Non-current portion	55,231	55,695	3,474	3,449
Total other financial assets	55,231	55,695	3,474	3,449

Fair value

	Rotorua Regional Airport Limited	Rotorua Economic Development Limited	Infracore Limited
Subsidiaries			
Number of shares	28,645,000	100	1,616,081
Cost Price	22,322,821	232,493	1,616,000

Book value as at 1 July 2018	48,098,582	595,481	1,309,780
Revaluation gain/(loss) through Other comprehensive income	2,869,239	23,136	-
Acquisition/(disposal) of shares	-	-	-
Revaluation gain/(loss) through Surplus/(Deficit)	-	-	(710,877)
Book value as at 30 June 2019	50,967,821	618,617	598,903

Accumulated impairment as at 30 June 2019	-	-	(1,017,097)
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Book value as at 1 July 2019	50,967,821	618,617	598,903
Revaluation gain/(loss) through Other comprehensive income	(322,768)	(222,573)	-
Acquisition/(disposal) of shares	-	-	-
Revaluation gain/(loss) through Surplus/(Deficit)	-	-	117,097
Book value as at 30 June 2020	50,645,053	396,044	716,000

Accumulated impairment as at 30 June 2020	-	-	(900,000)
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Fair Value

Other financial assets	Waikato LASS Limited	BOP LASS Limited	Civic Financial Services Limited
Number of shares	134,220	5	175,906
Cost Price	181,511	15,968	167,911
Book value as at 1 July 2018	62,618	6,410	265,943
Revaluation gain/(loss) through Other comprehensive income	-	-	-
Acquisition/(disposal) of shares	-	-	-
Revaluation gain/(loss) through Surplus/(Deficit)	15,443	848	14,000
Book value as at 30 June 2019	78,061	7,258	279,943
Accumulated impairment as at 30 June 2019	(103,450)	(8,710)	-
Book value as at 1 July 2019	78,061	7,258	279,943
Revaluation gain/(loss) through Other comprehensive income	-	-	(112,032)
Acquisition/(disposal) of shares	-	-	-
Revaluation gain/(loss) through Surplus/(Deficit)	(21,083)	(2,451)	(4,469)
Book value as at 30 June 2020	56,978	4,807	163,442
Accumulated impairment as at 30 June 2020	(124,533)	(11,161)	(4,469)

Unlisted shares

Subsidiaries

Rotorua Regional Airport Limited

For the purposes of the new PBE IPSAS 34 – 38 standards, Rotorua Regional Airport Limited is assessed by Council as a subsidiary due to Council having control of the organisation and rights or exposure to its variable benefits. The key judgements and assumptions in making this assessment are:

- Council is the sole shareholder;
- A reasonable level of economic dependence exists; and
- A special relationship exists to the extent of the interests of the Rotorua region's tourism industry.

Rotorua Lakes Council and Rotorua Regional Airport Limited are subject to a Service Funding Agreement dated 18 February 2016. In the agreement, Council is committed to providing funding to the airport for a 20 year term due to the company purchasing the airport assets and maintaining acceptable levels of stewardship. Currently, the funding sits at \$211,266.83 excl GST per month. Rotorua Regional Airport Limited also has a loan from Council for the sum of \$14.4m which it is repaying on an interest-only basis in the short term.

Rotorua Economic Development Limited

For the purposes of the new PBE IPSAS 34 – 38 standards, Rotorua Economic Development Limited is assessed by Council as a subsidiary due to Council having control of the organisation and rights or exposure to its variable benefits. The key judgements and assumptions in making this assessment are:

- Council is the sole shareholder;
- A reasonable level of economic dependence exists, including a letter of comfort dated 11 September 2015 stating Council's intention to supply sufficient funding and support to the company to ensure it operates efficiently;
- A special relationship exists to the extent of the interests of the Rotorua region's tourism industry; and
- The activities of the company were predetermined by Council prior to incorporation.

Council provides monthly funding of \$364,166 (excl GST) to Rotorua Economic Development Limited as part of the Statement of Intent when the functions performed by the company were separated from within Council.

InfraCore Limited

For the purposes of the new PBE IPSAS 34 – 38 standards, InfraCore Limited is assessed by Council as a subsidiary due to Council having control of the organisation and rights or exposure to its variable benefits. The key judgements and assumptions in making this assessment are:

- Council is the sole shareholder;
- A high level of economic dependence exists. Council have agreed in the Letters of Comfort dated 30 June 2016 and 19 August 2020 to provide working capital where necessary and support the success of the company; and
- The activities of the company were predetermined by Council prior to incorporation.

Council has no binding arrangements in place with InfraCore Limited which would give rise to significant restrictions of any kind. Council have however loaned InfraCore Limited amounts totalling \$2,810,000 pursuant to the loan agreement dated 22 June 2016.

Kauae Cemetery Trust Board

Kauae Cemetery Trust Board was formed by a Maori Land Court Order on 4 February 2003 and is controlled by a Board of eight trustees. Four of the trustees must be of Ngati Whakaue descent and four trustees represent Rotorua Lakes Council. The Board fixes the scale of fees, appoints a secretary, sexton and grave diggers. It has delegated the administrative operations of the urupa to Council.

For the purposes of the new PBE IPSAS 34 – 38 standards, Kauae Cemetery Trust Board is assessed by Council as a subsidiary due to Council having a special relationship with the Trust. The key judgements and assumptions in making this assessment are:

- Council has the ability to direct the relevant activities of the Trust via a majority representation of Trustees;
- Council provides the majority of services to the Kauae Cemetery including operational and administrative support; and
- Council derives some non-financial benefits from the Kauae Cemetery Trust Board activities, ie if the Trust Board did not provide cemetery services, the Council would have to provide an alternative for people in the district. The Trust Board and Council therefore have congruent activities. These non-financial benefits are deemed to be variable as the Council is exposed to the performance risk of the Trust Board.

Council has no binding arrangements in place with Kauae Cemetery Trust Board which would give rise to significant restrictions of any kind. Council does not provide financial support to Kauae Cemetery Trust Board.

Rotorua District Council Holdings Limited

Council also has a 100% shareholding in one non-active company - Rotorua District Council Holdings Limited.

Associates**Mountain Bike Events Limited**

For the purposes of the new PBE IPSAS 34 – 38 standards, Mountain Bike Events Limited is assessed by Council as an associate due to Council having significant influence over the company. On balance the following key judgements and assumptions in making this assessment were:

- Council has the right to appoint two of a maximum of six directors thereby exerting influence but not power;
- Non-financial benefits arise from the company promoting major events in Rotorua;
- Council holds 4,900 shares out of a total of 10,000 shares, representing 49% of ordinary shares on issue; and
- Council has no control of the organisation but does have some rights and exposure to its variable benefits.

Historically, Council has supported the Crankworx event by an amount of \$75,000 sponsorship each year. For the 30 June 2021 financial year, this funding will increase to \$100,000. Council funding for years 2022 – 2027 will be \$250,000 per year. There is no binding arrangement in place with Mountain Bike Events Limited which would give rise to significant restrictions of any kind.

Pukaki Trust

Pukaki Trust was established by Trust Deed on 13 November 2001 to provide for the care, conservation and custody of the Pukaki carving on behalf of the Crown. It requires there to be four trustees represented as follows:

- Minister for Culture and Heritage;
- One Ngati Whakaue representative;
- One appointee of the Auckland Museum Trust Board; and
- One appointee of Rotorua Lakes Council.

For the purposes of the new PBE IPSAS 34 – 38 standards, Pukaki Trust is assessed by Council as an associate due to Council having significant influence of the Trust. The following key judgements and assumptions in making this assessment are:

- In accordance with the Trust Deed, Council has the right to appoint one of four trustees, giving it a 25% portion of influence over the Trust's policies, financial affairs and governance;
- Council derives a non-financial benefit from the Trust in the care and protection of a Crown taonga, the Pukaki carving;
- Council provides Pukaki Trust with funding; and
- Council performs the financial administration of the Trust.

Council pays the expenses of the Trust on its behalf and has not yet been reimbursed by the Trust. Council has no binding arrangements in place with the Pukaki Trust which would give rise to significant restrictions of any kind.

Rotorua Museum Centennial Trust

The Rotorua Museum Centennial Trust was established by Trust Deed on 17 March 2006 to raise funds to celebrate, in 2008, the centennial of Rotorua Museum and also to apply such funds towards a proposed expansion of the Rotorua Museum. The Trust's purpose is also to promote public awareness of, and interest in, care of the architectural and historic importance of the Rotorua Museum and its surroundings. Trustees may number up to twelve but no less than five. Mayor Stephanie Chadwick is a current Trustee of the Trust. Council has recently taken over the financial administration of the Trust.

For the purposes of the new PBE IPSAS 34 – 38 standards, Rotorua Museum Centennial Trust is assessed by Council as an associate due to Council having significant influence of the Trust. The following key judgements and assumptions in making this assessment were:

- Council derives a non-financial benefit from the Trust in the enhancement and increased public awareness of, and interest in, Rotorua Museum and its surroundings;
- The Mayor of Rotorua is one of five appointed Trustees;
- The Trust Deed cannot be altered without a further resolution of the Council; and
- Council performs the financial administration of the Trust.

Council does not provide funding to the Rotorua Museum Centennial Trust and has no binding arrangements in place with the Trust which would give rise to significant restrictions of any kind.

Joint Ventures

Terax 2013 Limited

The cost price of the share investment in the joint venture Terax 2013 Limited amounts to \$300. The result for the year of \$Nil (2019: \$Nil) is recognised in the Statement of comprehensive revenue and expense. This company is in liquidation (refer to note 36) and the \$372 investment in this joint venture has been written off. Council does not expect to receive any funds from the liquidation process.

Terax Limited Partnership

The cost price of the share investment in the joint venture Terax Limited Partnership amounts to \$1,060,000. The result for the year of \$Nil (2019: \$Nil) is recognised in the Statement of comprehensive revenue and expense. This entity is in liquidation (refer to note 36) and the \$60,488 investment in this joint venture has been written off. Council does not expect to receive any funds from the liquidation process.

Council has determined that its interest in the Terax entities are joint ventures with Scion based on the following facts:

- The Terax entities were a collaborative vehicle to deal with the Rotorua urban wastewater treatment plant sludge, the end product from all wastewater treatment processes;
- The Terax entities were owned in equal parts by Scion and Council;
- Funding obtained from the Ministry for the Environment Waste Minimisation Fund jointly via the Terax entities;
- Influence over the entities was exerted by both parties; and
- The aims of the Terax project were for the benefit of both joint venture owners.

Council no longer provides funding of any kind to the Terax entities.

Other financial assets

Civic Financial Services Limited

The cost price of the share investment in Civic Financial Services Limited amounts to \$167,911. The recoverable amount is approximated by using the net asset backing method and amounts to \$163,442 (2019: \$279,943). The shares in this entity are fair valued through Other comprehensive revenue and expense. The net change in fair value for this year is a decrease of \$116,501 (2019: increase of \$14,000). The Council holds 167,911 ordinary shares.

Council has no binding arrangements in place with Civic Financial Services Limited which would give rise to significant restrictions of any kind.

Waikato Local Authority Shared Services Limited

The cost price of the share investment in Waikato Local Authority Shared Services Ltd amounts to \$181,511. The recoverable amount is approximated by using the net asset backing method and amounts to \$56,978 (2019: \$78,061). The loss for the year of \$(21,083) (2019 profit: \$15,443) is recognised in the Statement of comprehensive revenue and expense. The Council holds 134,220 shares.

The Waikato LASS share investment comprises:

- 1 ordinary share;
- 126,703 Shared Valuation Database shares; and
- 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.

Council makes an annual contribution to the operating costs of Waikato Local Authority Shared Services Ltd. The loss of \$21,083 was recognised through surplus / deficit this year.

Council has no binding arrangements in place with Waikato Local Authority Shared Services Limited which would give rise to significant restrictions of any kind.

BOP LASS Limited

The cost price of the share investment in BOP LASS Limited amounts to \$15,968. The recoverable amount is approximated by using the net asset backing method and amounts to \$4,807 (2019: \$7,258). The loss for the year of \$(2,451) (2019 profit: \$858) is recognised in the Statement of comprehensive revenue and expense. The Council holds 5 ordinary shares.

Council makes an annual contribution to the operating costs of BOP LASS Ltd. The loss of \$2,451 was recognised through surplus / deficit this year.

Council has no binding arrangements in place with BOP LASS Limited which would give rise to significant restrictions of any kind.

Impairment

A total impairment write-back of \$89,094 has been recognised in the surplus/deficit of the Statement of comprehensive revenue and expense. This related to investment in subsidiaries and other entities.

15 Inventory

Council		Group	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

Non-commercial inventory:

Water and sewerage reticulation spare parts	28	24	287	270
Other	18	18	18	18
Total non-commercial inventory	46	42	305	288

Commercial inventory:

Nursery store	5	12	394	497
Museum retail stock	30	33	30	33
Other	-	-	130	105
Total commercial inventory	35	45	554	635
Total inventories	81	87	859	923

No inventories are pledged as security for liabilities (2019: \$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 2020 amounted to \$46,000 (2019: \$42,000).

The write-down of inventory held for distribution because of a loss in service potential amounted to \$Nil (2019: \$Nil). There have been no reversals of previous write-downs (2019: \$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 (2019: \$Nil). There have been no reversals of write-downs (2019: \$Nil).

16 Non-current assets held for sale

As at 30 June 2020, 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	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

Non-current assets held for sale are:

Land	831	200	831	200
Total Non-current assets held for sale	831	200	831	200

17 Property, plant and equipment

Council 2020

2020 Classification	Cost / revaluation 1 Jul 2019	Accumulated depreciation and impairment charges 1 Jul 2019	Carrying amount 1 Jul 2019	Current year additions	Transfers from capital work in progress	Infrastructural Assets transferred to Council	Assets transferred (to) from held for sale
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operational assets							
Land	45,607	-	45,607	-	-	-	(814)
Buildings	170,349	(15,811)	154,538	-	2,497	-	-
Library books	5,871	(2,729)	3,142	-	-	-	-
Motor vehicles	2,649	(1,074)	1,575	-	412	-	-
Art collections	25,548	(137)	25,411	-	-	-	-
Plant and equipment	30,699	(19,796)	10,903	-	1,732	-	-
Total operational assets	280,723	(39,547)	241,176	-	4,641	-	(814)
Infrastructural assets							
Land	96	-	96	-	-	-	-
Parks and reserves	19,569	(180)	19,389	-	1,293	-	-
Recreational forests	1,895	-	1,895	-	-	-	-
Roading and footpaths	355,486	(6,452)	349,034	-	9,357	-	-
Sewerage treatment plant and facilities	45,170	(2,027)	43,143	-	12,745	-	-
Sewerage other	138,510	(7,054)	131,456	-	6,836	756	-
Water treatment plant and facilities	17,703	(498)	17,205	-	769	-	-
Water other	112,967	(2,298)	110,669	-	1,074	499	-
Stormwater	109,186	(5,802)	103,384	-	1,560	359	-
Land under roads	46,612	-	46,612	-	-	-	-
Total infrastructural assets	847,194	(24,311)	822,883	-	33,636	1,613	-
Restricted assets							
Airport	771	(427)	344	-	-	-	-
Land	86,036	-	86,036	-	-	-	-
Landfill	11,915	(140)	11,775	-	-	-	-
Total restricted assets	98,722	(567)	98,155	-	-	-	-
Total Council	1,226,639	(64,425)	1,162,214	-	38,277	1,613	(814)

Other transfers	Current year disposals	Current year impairment charges	Current year depreciation	Revaluation surplus / depreciation write-back	Other cost and depreciation movements	Cost / revaluation 30 Jun 2020	Accumulated depreciation and impairment charges 30 Jun 2020	Carrying amount 30 Jun 2020
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

5,334	(120)	-	-	10,655	-	60,662	-	60,662
(10)	(500)	-	(8,639)	9,117	-	166,005	(9,001)	157,004
-	-	-	-	-	-	5,871	(2,729)	3,142
458	(94)	-	(335)	-	-	3,234	(1,217)	2,016
(1)	-	-	-	381	-	25,935	(143)	25,791
(1,573)	(88)	-	(2,144)	-	-	27,954	(19,124)	8,830
4,208	(801)	-	(11,117)	20,153	-	289,661	(32,215)	257,446

-	-	-	-	-	-	96	-	96
28	(49)	-	(2,288)	-	-	20,677	(2,304)	18,373
0	-	-	-	-	-	1,895	-	1,895
(5,612)	-	-	(6,907)	-	-	359,200	(13,328)	345,872
(4,961)	-	(392)	(2,539)	-	-	52,987	(4,991)	47,996
8,840	(243)	-	(3,474)	10,045	-	154,269	(54)	154,215
2,616	-	(414)	(529)	-	-	21,094	(1,447)	19,647
(6,055)	(380)	-	(2,423)	-	-	111,755	(8,371)	103,384
(1)	(75)	-	(2,565)	9,071	-	114,317	(2,583)	111,733
111	-	-	-	-	-	46,723	-	46,723
(5,033)	(747)	(806)	(20,726)	19,116	-	883,013	(33,078)	849,935

0	-	-	(80)	-	-	771	(507)	264
168	-	-	-	17,324	-	103,528	-	103,528
0	(99)	-	(141)	-	-	11,808	(273)	11,535
169	(99)	-	(221)	17,324	-	116,107	(780)	115,327
(656)	(1,647)	(806)	(32,064)	56,593	-	1,288,781	(66,073)	1,222,708

Council 2019

	Cost / revaluation 1 Jul 2018	Accumulated depreciation and impairment charges 1 Jul 2018	Carrying amount 1 Jul 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

Operating 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	280,993	(29,997)	250,996	8,753	-	-	-

Infrastructure 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	-	-
Sewerage other	147,298	(3,464)	143,834	-	899	-	-
Water treatment plant and facilities	18,707	(27)	18,680	-	1,778	-	-
Water 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	843,958	(10,203)	833,755	121	45,851	527	-

Restricted assets

Airport	771	(347)	424	-	-	-	-
Land	86,168	-	86,168	-	8	-	-
Landfill	11,986	(5)	11,981	-	-	-	-
Total	98,925	(352)	98,573	-	8	-	-
Total Council	1,223,876	(40,552)	1,183,324	8,874	45,859	527	-

Other transfers	Current year disposals	Current year impairment charges	Current year depreciation	Revaluation surplus / depreciation write-back	Other cost and depreciation movements	Cost / revaluation 30 Jun 2019	Accumulated depreciation and impairment charges 30 Jun 2019	Carrying amount 30 Jun 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	355,805	(6,452)	349,353
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

Group 2020

	Cost / revaluation 1 Jul 2019	Accumulated depreciation and impairment charges 1 Jul 2019	Carrying amount 1 Jul 2019	Current year additions	Transfers from capital work in progress	Infrastructural Assets transferred to Council	Assets transferred (to) from held for sale
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Operating assets

Land	45,607	-	45,607	-	-	-	(814)
Buildings	186,975	(16,857)	170,118	4,866	2,497	-	-
Library books	5,871	(2,729)	3,142	-	-	-	-
Motor vehicles	5,923	(2,863)	3,060	1,026	412	-	-
Art collections	25,548	(137)	25,411	-	-	-	-
Plant and equipment	33,052	(21,239)	11,813	384	1,552	-	-
Total	302,976	(43,825)	259,151	6,277	4,461	-	(814)

Infrastructural assets

Land	24,101	-	24,101	730	-	-	-
Parks and reserves	19,569	(180)	19,389	-	1,293	-	-
Recreational forests	1,895	-	1,895	-	-	-	-
Roading and footpaths	355,486	(6,452)	349,034	-	9,357	-	-
Sewerage: treatment and plant facilities	45,170	(2,027)	43,143	-	12,745	-	-
Sewerage: other	138,510	(7,054)	131,456	-	6,836	756	-
Water: treatment plant and facilities	17,703	(498)	17,205	-	769	-	-
Water: other	112,967	(2,298)	110,669	-	1,074	499	-
Stormwater	109,186	(5,802)	103,384	-	1,560	359	-
Land under roads	46,612	-	46,612	-	-	-	-
Total	871,198	(24,311)	846,887	730	33,636	1,613	-

Restricted assets

Airport	26,367	(427)	25,939	18	-	-	-
Land	86,036	-	86,036	-	-	-	-
Landfill	11,915	(140)	11,775	-	-	-	-
Total	124,318	(567)	123,750	18	-	-	-
Total Group	1,298,492	(68,703)	1,229,788	7,025	38,097	1,613	(814)

Other transfers	Current year disposals	Current year impairment charges	Current year depreciation	Revaluation surplus / depreciation write-back	Other cost and depreciation movements	Cost / revaluation 30 Jun 2020	Accumulated depreciation and impairment charges 30 Jun 2020	Carrying amount 30 Jun 2020
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

5,334	(120)	-	-	10,655	-	60,661	-	60,661
(10)	(894)	336	(9,023)	9,117	-	202,551	(25,543)	177,008
0	-	-	-	-	-	5,871	(2,729)	3,142
458	(97)	-	(611)	-	-	7,722	(3,475)	4,247
(1)	-	-	-	381	-	25,928	(137)	25,791
(740)	(142)	37	(2,384)	-	-	34,106	(23,587)	10,519
5,041	(1,253)	373	(12,018)	20,153	-	336,840	(55,471)	281,369

-	-	-	-	-	-	24,831	-	24,831
28	(49)	-	(2,288)	-	-	20,841	(2,468)	18,373
0	-	-	-	-	-	1,895	-	1,895
(5,612)	-	-	(6,907)	-	-	359,231	(13,359)	345,872
(4,961)	-	(392)	(2,539)	-	-	52,953	(4,958)	47,996
8,840	(243)	-	(3,474)	10,045	-	164,744	(10,528)	154,215
2,616	-	(414)	(529)	-	-	21,088	(1,441)	19,647
(6,055)	(380)	-	(2,423)	-	-	108,106	(4,721)	103,384
(1)	(75)	-	(2,565)	9,071	-	120,100	(8,367)	111,733
111	-	-	-	-	-	46,723	-	46,723
(5,033)	(747)	(806)	(20,726)	19,116	-	920,513	(45,843)	874,670

-	-	-	(1,904)	-	-	26,384	(2,331)	24,053
168	-	-	-	17,324	-	103,527	-	103,527
-	(99)	-	(141)	-	-	11,816	(281)	11,535
168	(99)	-	(2,045)	17,324	-	141,727	(2,612)	139,115
176	(2,099)	(433)	(34,789)	56,593	-	1,399,080	(103,926)	1,295,154

Group 2019

	Cost / revaluation 1 Jul 2018	Accumulated depreciation and impairment charges 1 Jul 2018	Carrying amount 1 Jul 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)	175,265	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)	266,066	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 and plant facilities	48,470	40	48,510	-	21,173	-	-
Sewerage: other	147,298	(3,464)	143,834	-	899	-	-
Water: treatment plant and facilities	18,707	(27)	18,680	-	1,778	-	-
Water: 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	866,053	(10,203)	855,850	121	45,851	527	-

Restricted assets

Airport	31,316	(4,567)	26,749	163	-	-	-
Land	86,168	-	86,168	8	-	-	-
Landfill	11,986	(5)	11,981	-	-	-	-
Total	129,470	(4,572)	124,898	171	-	-	-
Total Group	1,295,416	(48,668)	1,246,814	12,854	45,851	527	-

Other transfers	Current year disposals	Current year impairment charges	Current year depreciation	Revaluation surplus / depreciation write-back	Other cost and depreciation movements	Cost / revaluation 30 Jun 2019	Accumulated depreciation and impairment charges 30 Jun 2019	Carrying amount 30 Jun 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)	174,288
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)	264,537

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	914,076	(24,311)	889,765

(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)	-	(32,439)	7,199	(4,051)	1,346,689	(68,703)	1,278,052

Core infrastructure asset disclosures

Council 2020

	Last Valuation Date	Replacement Cost 2020*	Replacement Cost 2019
		\$'000	\$'000
Water:			
– treatment plant and facilities	2018	38,241	33,612
– other	2018	222,401	219,154
Sewerage:			
– treatment plant and facilities	2018	141,962	129,391
– other	2020	294,828	255,397
Stormwater	2020	234,109	208,131
Roading and footpaths	2018	522,184	540,604

*The above replacement costs for 2020 exclude capital work in progress.

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 Beca Limited, and was effective as at 1 July 2019.

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.

Land is valued as if vacant and incorporates the influences of size, contour, quality, location, zoning, designation and current and potential usage.

Buildings (operational and restricted)

The fair value of buildings is reviewed at three yearly intervals. The most recent valuation was performed by independent registered valuer Beca Limited. The valuation is effective as at 1 July 2019.

The non-specialised properties have been valued on a market-based approach with research and analysis of market data compiled and applied to the valuation of these assets.

For the specialised properties which are rarely if ever traded on the open market, valuations are based on depreciated replacement cost approach. In assessing if a building is specialist in nature, Beca has taken into

regard the surrounding neighbourhood and likely alternative use demand.

The depreciated replacement cost reflects the minimum cost to provide the current level of utility or service. In this way the DRC approach is often referred to as the optimised depreciated replacement cost (ODRC) approach.

The ODRC approach method uses the assessment of replacement cost new of a modern equivalent asset as the starting point and applies optimisation and depreciation to adjust for age, condition, use and performance and remaining useful life.

The 13% of the grouped building assets valued on a market-based approach equates to \$59,086,000 or 36% of the total fair value of RLC's building assets.

The 87% of the grouped building assets valued on a depreciated replacement cost approach equates to \$107,576,000 or 64% of the total fair value of RLC's building assets. \$1,500 to \$3,000 per square metre, depending on the nature of the specific asset valued.

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 Revenue 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 registered valuers Beca Limited. The effective dates of these valuations are:

- Water reticulation system: 30 June 2018
- Wastewater reticulation system: 1 July 2019
- Wastewater treatment plant and facilities: 30 June 2018
- Water treatment plant and facilities: 30 June 2018
- Stormwater and land drainage system: 1 July 2019
- Roothing 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 \$25,931,000. The latest valuation was completed by independent valuer Art + Object and is effective 30 June 2020.

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 \$814,000 (2019: \$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'.

Reclassification of work in progress

Property plant and equipment in the course of construction named work in progress, has previously been included within the asset classes disclosed in the property plant and equipment note. In the current year's financial statement, the work in progress has been removed from the asset classes and disclosed separately.

The reconciliation of the closing balance 2019 to the opening balance 2020 is:

	Carrying Amount 2019	WIP Classification	Adjusted Carrying Amount 2019
Operational Assets			
Land	45,627	20	45,607
Buildings	158,708	4,170	154,538
Library books	3,142	-	3,142
Motor vehicles	1,575	-	1,575
Art collections	25,931	520	25,411
Plant and equipment	11,579	676	10,903
Infrastructural assets			
Land	96	-	96
Parks and reserves	24,706	5,317	19,389
Recreational forests	1,895	-	1,895
Roads and footpaths	349,354	320	349,034
Sewerage - treatment plant and facilities	70,494	27,351	43,143
Sewerage - other	137,584	6,128	131,456
Water - treatment plant and facilities	19,471	2,266	17,205
Water - other	110,669	-	110,669
Stormwater	104,879	1,495	103,384
Land under roads	46,612	-	46,612
Restricted Assets			
Airport	344	-	344
Land	86,036	-	86,036
Landfill	11,775	-	11,775
Total	1,210,477	48,263	1,162,214

Work in progress

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

	Council and Group	
	Actual	Actual
	2020	2019
	\$'000	\$'000
Operational assets		
Land	158	20
Buildings	21,247	4,170
Motor vehicles	34	-
Art collections	663	520
Plant and equipment	991	676
Infrastructural assets		
Parks and reserves	9,391	5,317
Roading and footpaths	6,809	320
Sewerage - treatment plant facilities	13,833	27,351
Sewerage - other	8,324	6,128
Stormwater	1,426	1,495
Water - treatment plant facilities	6,576	2,266
Restricted Assets		
Landfill	2	-
Intangibles		
Computer software	3,118	-
Total work in progress	72,572	48,263

Leasing

The net carrying amount of plant and equipment held under financing leases is \$Nil (2019: \$Nil).

Security

No tangible assets are pledged as security for liabilities.

18 Intangible assets

	Goodwill	Computer software	Carbon credits	Total Council	Total Group
	\$'000	\$'000	\$'000	\$'000	\$'000

Cost

Balance as at 1 July 2019	95	10,446	173	10,714	11,522
Additions from internal development	-	154	-	154	281
Other transfers	-	(179)	-	(179)	(179)
Additions acquired separately	-	-	-	-	-
Revaluations	-	-	35	35	35
Disposals	-	-	(81)	(81)	(86)
Balance as at 30 June 2020	95	10,421	127	10,643	11,572

Balance as at 1 July 2018	95	9,888	18	10,001	10,536
Additions from internal development	-	1,403	82	1,485	1,791
Other transfers	-	(845)	-	(845)	(845)
Revaluations	-	-	73	73	73
Disposals	-	-	-	-	-
Balance as at 30 June 2019	95	10,446	173	10,714	11,554

Accumulated amortisation and impairment

Balance as at 1 July 2019	-	7,014	-	7,014	7,279
Amortisation charge	-	561	-	561	792
Disposals	-	-	-	-	(5)
Impairment	-	-	-	-	-
Balance as at 30 June 2020	-	7,575	-	7,575	8,066

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

Carrying amounts

As at 30 June 2019	95	3,432	173	3,699	4,244
As at 30 June 2020	95	2,846	127	3,068	3,507

Carbon credits

As at 30 June 2020 the Council's residual closing balance of 3,956 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

The carrying amount of the goodwill on the Museum Cafe is unchanged for the year.

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	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

Directly attributable depreciation and amortisation expense by group of activity

Community facilities	6,634	5,572	6,634	5,572
Community safety	2	17	2	17
District development	417	298	417	298
Governance	2,522	3,934	5,479	6,731
Inner city services	455	356	455	356
Open spaces and recreation	4,108	2,242	4,108	2,242
Roads and footpaths	6,799	6,309	6,799	6,309
Sewerage disposal	6,218	5,829	6,218	5,829
Stormwater	2,547	2,895	2,547	2,895
Waste management	-	149	-	149
Water supplies	2,922	2,902	2,922	2,902
Total directly attributable depreciation and amortisation by activity	32,624	30,503	35,581	33,300
Depreciation and amortisation not directly related to group of activities	-	-	-	-
Total depreciation and amortisation expense	32,624	30,503	35,581	33,300

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 10.0 hectares of Pinus Radiata with a current age of 18 years.
- Near the Rotorua Landfill that measures 2.4 hectares of Pinus Radiata with a current age of 35 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 30 years.
- Reservoir Road spring reserve measures 7.6 hectares of Pinus Radiata forest with a current age of 17 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 5 to 116 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 twenty nine years.

21 Payables and deferred revenue

Council		Group	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

Exchange – current portion

Trade payables and accrued expenses	10,318	12,827	11,616	14,274
Deposits and bonds	91	65	91	65
Accrued interest	1,484	1,621	1,484	1,621
Amounts due to subsidiaries and associates	1,432	1,712	269	365
Rates in advance	-	-	-	-
Retentions accrued for contract work	1,507	2,177	1,507	2,177
Other payables	-	-	71	13
Metered water and revenue received in advance	978	801	978	845
Total payables under exchange transactions	15,810	19,203	16,016	19,360

Non-exchange – current portion

Trade payables	672	-	681	-
Deposits and bonds	1,078	751	1,078	751
Rates received in advance (excluding metered water)	2,589	2,491	2,589	2,491
Grants received in advance	1,130	1,746	504	1,746
Other payables	2,218	2,249	2,345	2,249
Deferred grant revenue	28,065	3,064	28,065	3,064
Taxes payable	1,058	-	1,296	206
Total payables under Non-exchange transactions	36,810	10,301	36,558	10,507
Total creditors and other payables - current portion	52,620	29,504	52,574	29,867

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	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

Current portion

Registered debenture stock	-	15,000	-	15,000
LGFA borrowing	42,810	2,810	42,810	3,210
Registered security stock	-	-	-	-
Other loans	1,552	-	1,552	-
Total current portion	44,362	17,810	44,362	18,210

Non-current portion

LGFA borrowings	173,700	178,700	173,700	178,700
Registered debenture stock	10,000	10,000	10,000	10,000
Other loans	166	-	3,922	-
Total non-current portion	183,866	188,700	187,622	188,700
Total borrowings	228,228	206,510	231,984	206,910

Fair values of non-current borrowings

Registered debenture stock	11,007	11,099	11,007	10,000
Registered security stock	-	-	-	-
LGFA Borrowing	182,090	192,667	182,095	178,700
Other (Lease and MBIE)	1,756	-	1,756	-
Total	194,853	203,766	194,858	188,700

Registered security stock

Security stock of \$Nil (2019: \$Nil) 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 \$176,510,000 (2019: \$151,500,000) is at fixed interest rates for the term of the stock.

Borrowing from the local Government Funding Agency (LGFA) of \$40,000,000 (2019: \$30,000,000) is at floating interest rates. The interest rate is reset quarterly, based on the equivalent bank bill rate plus a margin for credit risk.

Registered debenture stock

Debenture stock of \$10,000,000 (2019: \$25,000,000) is at fixed interest rates for the term of the stock. Debenture stock of \$Nil (2019: \$Nil) is at floating interest rates. The interest rate is reset quarterly, 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	2020	2019
Net Debt / Total Revenue	<225%	143.62%	144.38%
Net Interest / Total Revenue	<20%	5.18%	5.46%
Net Interest / Annual Rates Income	<25%	7.20%	8.10%
Liquidity [a]*	>110%	135.71%	120.21%
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 \$15,000,000, 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 3.1% (2019: 3.8%).

23 Employee entitlements

Council		Group	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

Current

Payroll payables	(5)	150	983	926
Accrued Pay	1,690	471	1,690	471
Accrued leave	2,755	2,398	3,065	2,736
Long service leave	-	-	38	42
Employee loans	(25)	-	(25)	-
Total current	4,415	3,019	5,751	4,175

Non-current

Long service leave	12	33	12	33
Retirement gratuities	60	58	60	58
Total non-current	72	91	72	91

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% (2019: 1.5%) and a salary inflation factor of 1.5% (2019: 1.7%) have been used.

24 Provisions

Council		Group	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

Current provisions are represented by:

Landfill aftercare provisions	-	-	-	-
ACC accredited employers programme	-	-	56	19
Weathertightness claims	18	68	18	68
Total current provisions	18	68	74	87

Non-current provisions are represented by:

Landfill aftercare provision	2,138	3,214	2,138	3,214
Provision for refund of rates	69	69	69	69
Total non-current provisions	2,207	3,283	2,207	3,283
Total provisions	2,225	3,351	2,281	3,370

Movements for each class of provisions are as follows:

Council and Group	Weathertightness claims	Landfill aftercare	Refund of rates	ACC accreditation
	\$'000	\$'000	\$'000	\$'000
2020				
Balance at 1 July 2019	68	3,214	69	19
Additional provisions made during the year	-	-	-	37
Change in provision	-	(1,076)	-	-
Unused amounts reversed	(50)	-	-	-
Discount unwinding	-	-	-	-
Balance at 30 June 2020	18	2,138	69	56
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

Weathertightness claims

There are currently no claims lodged with the Weathertight Homes Resolution Service (WHRS) and the Financial Assistance Package as at 30 June 2020 (2019: no claims). Council has recognised a provision of \$18,000 for actual and any potential future claims, which has been based on historical average claim levels and other information held.

A Notice of Discontinuance issued by the High Court on 3 September 2020 has removed the uncertainty existing at year end as to the possible liability of Council for weathertightness claims with Carter Holt Harvey. This has resulted in the reduction of the provision to \$nil as the Council has no liability (see note 28).

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 weathertightness claim.

Landfill aftercare costs

Council has resource consent to operate the Rotorua Landfill. The Council has responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the site is closed. The future management of the landfill will influence the timing of recognition of some liabilities.

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:

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 Council assumes the landfill will remain capped until January 2030 at which point the resource consent will expire, the landfill will close and the cash outflows in relation to the provision will start. The landfill aftercare provision does not reflect the Request for Proposal implications, due to their current uncertainty.

The overall Landfill Aftercare Provision has significantly decreased by \$1,076,000 in the 2020 financial year from \$3,214,000 (2019) to \$2,138,000 (2020), due to the following significant changes.

- Cash outflows for the landfill are expected to occur from January 2030 upon expiry of the resource consent.
- Monitoring Costs - Council are in excess of the consent requirements regarding the frequency of sampling and monitoring being conducted by the Laboratory team. Monitoring will be maintained until a point when the nitrogen levels are unlikely to have an adverse effect on the environment.
- Leachate - During the 30 June 2020 year, Council commissioned PDP Limited to formulate a Leachate Management Plan. The recommendation of capital works to prevent stormwater from entering the leachate system has been implemented. Upon completion, leachate from the landfill site will reduce, however Council has kept the costs in the model for the 30 June 2021 the same as 30 June 2020 to ensure sufficient time is allowed for the capital works to be carried out. The ultimate aim of these works is to contain the daily flow rate going to the water treatment plant to 150m³/day.
- Gas Control - This is not a cost to Council. The current site contractors, Waste Management NZ Ltd, are required under the Landfill Management Agreement (Contract 15/072) to maintain the gas flume and replace if required. Further, when the consent expires in 2030 the gas flume will continue to be maintained by an external contractor.
- Supervision - The 2019 landfill aftercare model did not allocate any Council staff time to maintain the Landfill Management Agreement contract with Waste Management NZ Ltd, conduct safety audits or site inspections, resulting in an increase in costs.
- Depreciation - Has decreased significantly from 2019. An investigation into the Waste Services asset register has identified that some assets included in the previous model are not related to the operation of the landfill site. These include transfer stations, recycling centre, assets no longer in use and assets that are to be maintained and replaced by Waste Management NZ Ltd under the Landfill Management Agreement Contract. When the consent expires in 2030 the landfill will continue being managed by an external contractor.
- Discount rate - The discount rate of 2.22% has been applied (2019: 2.77%).
- Length of aftercare - The assumption for the length of aftercare has changed to 35 years (2019: 30 years).

In conclusion the cash outflows for the landfill are expected to cease in 2064 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. The management of the landfill site will continue to be contracted to an external party to maintain the landfill site beyond the current consent and into the foreseeable future.

The cash out flows for the landfill post-closure, and as soon as the resource consent expires, are expected to occur in about 9 years' time. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred.

Refund of rates

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

25 Equity

Council		Group	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

Accumulated funds

Balance as at 1 July	727,112	717,717	727,112	717,719
Net surplus/(deficit)	4,856	8,087	4,526	7,682
Transfers from Fair Value through equity	(1,129)	-	326	-
Transfers from asset revaluation reserves on disposal of PPE and intangible assets	58	295	58	295
Transfers (to)/from Council-created reserve	12	17	12	17
Transfers (to)/from restricted reserve	(792)	996	(792)	996
Transfers (to)/from self-funding reserves	1,556	-	1,556	-
Correction of error	-	-	-	403
Balance as at 30 June	731,673	727,112	732,798	727,112

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.

Opening balance 1 July 2019	Deposits	Withdrawals	Interest earned / charged to 30 June 2020	Transfer to accumulated funds	Closing balance 30 June 2020
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Council and Group 2020

Pensioner housing	1,556	-	-	(1,556)	-
Total self-funding reserves	1,556	-	-	(1,556)	-

Opening balance 1 July 2018	Deposits	Withdrawals	Interest earned / charged to 30 June 2019	Transfer to accumulated funds	Closing balance 30 June 2019
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Council and Group 2019

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.

Opening balance 1 July 2019	Deposits	Withdrawals	Interest earned / charged to 30 June 2020	Transfer to accumulated funds	Closing balance 30 June 2020
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Council and Group 2020

Reporoa Domain	59	13	-	-	72
Waikite Domain	6	-	(1)	-	5
Total Council-created reserves	65	13	(1)	-	77

Opening balance 1 July 2018	Deposits	Withdrawals	Interest earned / charged to 30 June 2019	Transfer to accumulated funds	Closing balance 30 June 2019
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Council and Group 2019

Reporoa Domain	59	-	-	-	59
Waikite Domain	23	-	(17)	-	6
Total Council-created reserves	82	-	(17)	-	65

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.

Opening balance 1 July 2019	Deposits	Withdrawals	Interest earned / charged to 30 June 2020	Closing balance 30 June 2020
\$'000	\$'000	\$'000	\$'000	\$'000

Council and Group 2020

Reserves development	3,514	796	-	4,310
Creative NZ Reserve	23	-	(4)	19
Total restricted reserves	3,537	796	(4)	4,329

Opening balance 1 July 2018	Deposits	Withdrawals	Interest earned / charged to 30 June 2019	Closing balance 30 June 2019
\$'000	\$'000	\$'000	\$'000	\$'000

Council and Group 2019

Te Arawa Lakes Enhancement Reserve	1,551	-	(1,551)	-
Reserves development	2,959	555	-	3,514
Creative NZ Reserve	23	-	-	23
Total restricted reserves	4,533	555	(1,551)	3,537

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.

Council		Group	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

Cash flow hedge reserve

Opening balance	-	(89)	-	(89)
Valuation gains/(losses) taken to equity	-	-	-	-
Transfer to other comprehensive revenue and expense	-	89	-	89
Closing balance	-	-	-	-

Fair value through equity reserve

Opening balance	20,420	18,241	(24)	(23)
Transfers to accumulated funds	1,129	-	(326)	-
Valuation gains/(losses) taken to equity	(657)	2,179	-	(1)
Closing balance	20,892	20,420	(350)	(24)

Asset revaluation reserves – Property, Plant and Equipment 2020

2020 asset revaluation reserve for each asset class consist of:

Opening balance 1/07/19	Transfers relating to prior period	Transfers between asset classes	Revaluation gains / losses during year	Transfer to accumulated funds on disposal	Other transfers	Closing balance 30/06/20
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Council 2020

Art collections	18,554	-	-	381	-	-	18,935
Buildings	48,221	-	-	9,117	(47)	-	57,291
Land- operational	7,307	-	-	10,655	(79)	-	17,883
Land- restricted	4,446	-	-	17,324	-	-	21,770
Landfill	7,370	-	-	-	-	-	7,370
Library books	335	-	-	-	-	-	335
Parks and reserves	5,859	-	-	-	(18)	-	5,841
Roading and footpaths	99,836	-	-	-	-	-	99,836
Stormwater	59,763	-	-	9,071	37	-	68,871
Sewerage- other	8,524	-	-	10,045	92	-	18,661
Water- other	54,763	(73)	-	73	6	-	54,769
Total	314,978	(73)	-	56,666	(9)	-	371,562

Group 2020

Art collections	18,554	-	-	381	-	-	18,935
Buildings	50,332	-	-	9,117	(47)	-	59,402
Land- operational	7,307	-	-	10,655	(79)	-	17,883
Land- restricted	21,972	-	-	17,324	-	-	39,296
Landfill	7,370	-	-	-	-	-	7,370
Library books	335	-	-	-	-	-	335
Parks and reserves	5,859	-	-	-	(18)	-	5,841
Roading and footpaths	99,836	-	-	-	-	-	99,836
Stormwater	59,763	-	-	9,071	37	-	68,871
Sewerage- other	8,524	-	-	10,045	92	-	18,661
Water- other	54,763	734	-	(254)	6	-	55,249
Total	334,615	734	-	56,339	(9)	-	391,679

Asset revaluation reserves Property, Plant and Equipment 2019

2019 asset revaluation reserve for each asset class consist of:

Opening balance 1/07/18	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
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Council 2019

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 and reserves	2,022	-	167	3,992	(312)	(10)	5,859
Roading and footpaths	99,835	-	1	-	-	-	99,836
Stormwater	59,763	-	-	-	-	-	59,763
Sewerage- other	8,533	-	(9)	-	-	-	8,524
Water- other	54,763	-	-	-	-	-	54,763
Total	311,308	-	-	3,992	(312)	(10)	314,978

Group 2019

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 and reserves	2,022	-	167	3,992	(312)	(10)	5,859
Roading and footpaths	99,835	-	1	-	-	-	99,836
Stormwater	59,763	-	-	-	-	-	59,763
Sewerage- other	8,533	-	(9)	-	-	-	8,524
Water- other	54,763	-	-	-	-	-	54,763
Total	328,359	-	-	6,578	(312)	(10)	334,615

Asset revaluation reserve – Intangibles

Council		Group	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

Carbon credits

Opening balance	89	16	89	16
Revaluation gains/(losses) during year	35	73	35	73
Transfer to accumulated funds on disposal	-	-	-	-
Closing balance	124	89	124	89

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

	Council		Group	
	Actual	Actual	Actual	Actual
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Surplus/(deficit) after tax	4,856	8,087	4,526	7,682
Add/(less) non-cash items				
Depreciation	32,063	29,798	34,794	32,397
Amortisation	561	705	787	903
Impairment of PPE / intangible assets	1,463	-	1,090	-
Impairment of accounts receivable	305	34	310	35
Vested assets and assets recognised for the first time	(1,613)	(668)	(1,613)	(668)
Decrease in landfill aftercare provision	(1,123)	-	(1,089)	-
Total non-cash items	31,657	29,869	34,279	32,667
Add/(less) items classified as investing or financing activities				
(Gains)/losses on disposal of property, plant, and equipment	-	2,315	-	2,847
Movement in capital creditors	-	567	-	567
(Gains)/losses in fair value of derivatives	-	(89)	-	(89)
(Gains)/losses in fair value of investments	(28)	-	(28)	585
Total items classified as investing or financing activities	(28)	2,793	(28)	3,910
Add/(less) movements in working capital items				
Debtors and other receivables	3,389	(4,694)	5,822	(4,866)
(Increase)/Decrease in prepayments	(272)	-	(213)	-
Inventories	8	9	65	119
Creditors and other payables	23,699	7,690	22,968	6,522
Provision for taxation	(58)	-	(89)	-
Provisions	1,126	1,055	1,089	1,047
Employee benefits	1,377	(20)	1,558	(9)
Net movement in working capital items	29,270	4,040	31,200	2,813
Net cash inflow/(outflow) from operating activities	65,755	44,789	69,977	47,072

27 Capital commitments and operating leases

Capital commitments

Council		Group	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

Buildings	2,689	264	2,816	264
Parks and reserves	16,770	1,887	16,647	1,887
Roading	13,446	16,936	13,346	16,936
Stormwater	3,351	2,753	3,351	2,753
Wastewater - other	2,714	10,010	2,714	10,010
Wastewater treatment	470	2,110	470	2,110
Water - other	359	521	36	521
Water treatment	-	513	-	513
Intangibles	127	28	127	28
Plant and equipment	252	-	252	2,048
Vehicles	-	-	-	-
Total capital commitments	40,178	35,022	39,759	37,070

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 leases have non-cancellable terms that range between 22 and 1,189 months. The future aggregate minimum lease payments payable under non-cancellable leases are as follows:

Council		Group	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

Not later than one year	232	404	362	534
Later than one year but not later than two years	195	218	295	348
Later than two years but not later than five years	424	533	552	761
Later than five years	870	1,034	870	1,034
Total non-cancellable operating lease commitments as lessee	1,721	2,189	2,079	2,677
Total capital commitments	40,178	35,022	39,759	37,070
Total commitments	41,899	37,211	41,838	39,747

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$Nil (2019: \$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 leases have non-cancellable terms that range between 12 and 530 months. The future aggregate minimum lease payments to be collected under non-cancellable leases are as follows:

	Council		Group	
	Actual 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Not later than one year	1,324	1,396	1,033	1,105
Later than one year but not later than two years	956	1,335	932	1,044
Later than two years but not later than five years	2,461	2,741	2,461	2,717
Later than five years	7,525	8,534	7,525	8,534
Total non-cancellable operating leases as lessor	12,266	14,006	11,951	13,400

No contingent rents have been recognised during the period.

28 Contingencies

Contingent liabilities

	Council		Group	
	Actual 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000

Financial guarantees

Financial guarantees to community and sporting groups	39	49	39	49
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Suspensory loan

Housing New Zealand Corporation suspensory loan	1,532	1,532	1,532	1,532
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Legal proceedings

The Group's effective exposure to legal claims	1,080	883	1,080	883
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Total contingent liabilities	2,651	2,464	2,651	2,464
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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 four legal claims (2019: three). An estimate of Council's share of exposure is \$1,080,000 (2019: \$883,213), 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 \$18,000 (2019: \$68,000) has been recognised for weathertightness claims. Included in this amount is an estimate of \$Nil (2019:\$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 High Court has confirmed that the CHH claim was resolved on 3 September 2020 with no liability to Council.

The Notice of Discontinuance issued by the High Court on 3 September 2020 has removed the uncertainty which Council was subject to at year end.

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. A call for funds was issued by RiskPool for 1 July 2019. A payment of \$66,000 excl. GST was made on 26 August 2019. RiskPool advises of a final call for funds in either the 2023 or 2024 financial year.

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 2020 the Scheme had a past deficit of \$2,800,000 (95.9% 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.

In the actuarial review, completed as at 31 March 2019, the Actuary recommended the employer contribution rate to the Scheme be set at 3.0 times contributors' contributions from 1 April 2020 with further scheduled increases in 2021 and 2022.

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 2020, the Council is one of 56 local authority guarantors of the LGFA. Together with the other guarantors, the Council is a guarantor of all of the LGFA's borrowings. At 30 June 2020, the LGFA had borrowings totalling \$11,907,503,000 (2019: \$9,500,000,000).

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 recover sufficient funds to meet any debt obligations if further funds were required.

Contingent assets

Council		Group	
Actual	Actual	Actual	Actual
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

Loan guarantees

Rotorua Badminton Club Incorporated	224	223	224	223
Rotorua Hockey Trust and BOP Hockey Association	350	350	350	350
Total loan guarantees	574	573	574	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 2020 there are two facilities with a book value of \$574,000 (2019: \$574,000).

Suspensory loans

John Paul College	-	15	-	15
Total suspensory loans	-	15	-	15

Total contingent assets	574	588	574	588
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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	
	Actual	Actual
	2020	2019
	\$'000	\$'000
Key management personnel compensation		
Key management personnel compensation	2,075	2,242
Councillors salaries	816	706
Total Group key management remuneration	2,891	2,948
Total full-time equivalent personnel	19.2	20.0

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

Included in key management personnel compensation is \$59,046 (2019: \$56,463) to defined contribution plans.

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	
	Actual	Actual
	2020	2019
	\$	\$
Salary	362,750	374,721
Vehicle (including Fringe Benefit Tax)	17,963	15,650
Total Chief Executive's remuneration	380,713	390,371

Elected representatives

Elected representatives received the following remuneration:

Honoraria	Other Fees	Total	Total
2020	2020	2020	2019
\$	\$	\$	\$

Mayor

Chadwick S	147,553	-	147,553	134,172
Chadwick S - Mayor's vehicle	6,579	-	6,579	5,639

Councillors

Bentley P	54,186	200	54,386	47,987
Donaldson D	86,396	-	86,396	69,893
Gould M	16,544	395	16,939	48,655
Hunt K	20,361	4,774	25,135	73,034
Kent R	16,544	-	16,544	49,152
Maxwell T H	64,696	-	64,696	53,343
Raukawa-Tait M	73,318	-	73,318	58,860
Sturt C W	20,361	-	20,361	58,860
Tapsell T	73,318	-	73,318	58,860
Kumar R	54,186	-	54,186	47,827
Kai Fong S	46,244	-	46,244	-
MacPherson R	37,642	-	37,642	-
Wang F	46,244	-	46,244	-
Yates M	46,244	-	46,244	-
Total Councillor remuneration	810,416	5,369	815,785	706,282
Rotorua Lakes/Rural Community Boards	90,018	1,750	91,768	96,707
Total Councillor remuneration	900,434	7,119	907,553	802,989

The monetary remuneration consists of honoraria and meeting allowances, and is determined by the remuneration authority under the local government elected members determination 2019-20. 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

	Number of employees	
	2020	2019
< \$60,000	137	128
\$60,000 – \$79,999	111	113
\$80,000 – \$99,999	72	63
\$100,000 – \$119,999	38	37
\$120,000 – \$139,999	16	14
\$140,000 – \$159,999	6	6
\$160,000 – \$199,999	9	9
\$200,000 – \$279,999	6	6
\$280,000 – \$379,999	-	2
\$280,000 – \$389,999	2	-
Total employees	397	378

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 316 (2019: 298) full-time employees, with the balance of staff representing 39.69 (2019: 38.08) 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, Council made one severance payment consisting of: \$16,000. (In 2019 there was one severance payment consisting of: \$29,950).

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 Cash Flows, 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.

Bay of Plenty Local Authority Petrol Tax Distribution for the year ended 30 June:	2020	Percentage	2019	Percentage
	\$'000	%	\$'000	%
Kawerau District Council	63	2.2%	69	2.2%
Opotiki District Council	69	2.4%	77	2.5%
Rotorua Lakes Council	579	19.9%	623	19.9%
Taupo District Council	416	14.3%	453	14.5%
Tauranga District Council	1,054	36.3%	1,122	35.9%
Western BOP District Council	437	15.0%	471	15.1%
Whakatane District Council	287	9.9%	308	9.9%
Total tax distributable to Councils	2,905	100.0%	3,123	100.0%

2020	2019
\$'000	\$'000

State Highways administration

Expenditure on State Highways roading network	306	226
(Reimbursed from New Zealand Transport Agency and Whakatane District Council)		

2020	2019
\$'000	\$'000

Regional Council rates

Rates were collected on behalf of the following Regional Authorities:

Bay of Plenty Regional Council	12,145	11,192
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33 Financial instruments

(a) Financial instrument categories

Council		Group	
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

FINANCIAL ASSETS

Loans and receivables

Total cash and cash equivalents (including short-term deposits 3 months or less)	31,496	6,727	33,758	8,725
Debtors and other receivables (including community loans)	28,803	30,893	10,371	14,638
Borrower notes	3,099	2,859	3,099	2,859
Total loans and receivables	63,398	40,479	47,228	26,222

Fair value through other comprehensive revenue and expense

Unlisted shares	52,132	52,836	375	590
Total financial assets	115,530	93,315	47,603	26,812

Council		Group	
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000

FINANCIAL LIABILITIES

Financial liabilities at amortised cost

Creditors and other payables	19,858	21,402	20,438	24,785
Borrowings:				
Registered debenture stock	10,000	25,000	10,000	25,001
Registered security stock	-	-	-	-
LGFA borrowings	216,510	181,510	216,510	181,910
Other loans	1,718	-	5,474	-
Total financial liabilities	248,086	227,912	252,422	231,696

(b) 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:

	Valuation Technique			
	Total	Quoted market price	Observable inputs	Significant non-observable inputs
	\$'000	\$'000	\$'000	\$'000
2020				
Council				
Financial assets				
Borrower notes	3,099	-	3,099	-
Shares	52,132	-	-	52,132
Financial liabilities				
Registered debenture stock	10,000	-	10,000	-
Registered security stock	-	-	-	-
LGFA borrowings	216,510	-	216,510	-
Other Loans	1,718	-	1,718	-
Group				
Financial assets				
Borrower notes	3,099	-	3,099	-
Shares	375	-	-	375
Financial liabilities				
Registered debenture stock	10,000	-	10,000	-
Registered security stock	-	-	-	-
LGFA borrowings	216,510	-	216,510	-
Other loans	5,474	-	5,474	-
Derivatives	-	-	-	-

	Valuation Technique			Significant non-observable inputs
	Total	Quoted market price	Observable inputs	
	\$'000	\$'000	\$'000	\$'000

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	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	
	Actual	Actual	Actual	Actual
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	52,836	50,582	590	495
Capital movement	-	75	(75)	-
Write off of investment through surplus and deficit	(60)	-	-	-
Change in fair value of investment through surplus and deficit	13	-	(140)	96
Gains and losses recognised in other comprehensive revenue and expense	(657)	2,179	-	(1)
Balance at 30 June	52,132	52,836	375	590

Any hedging must be approved by Council.

(c) 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 cash flows 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 cash flow interest rate risk.

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

	Minimum Fixed Rate	Maximum Fixed Rate
Term of 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 risk exposure for each class of financial instrument is as follows:

	Council		Group	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Cash at bank and term deposits	31,496	6,727	33,758	8,725
Debtors and other receivables (including community loans)	28,803	30,893	10,371	14,638
Borrower notes	3,099	2,859	3,099	2,859
Unlisted shares	52,132	52,836	375	590
Financial guarantees	574	573	39	49
Total	116,104	93,888	47,642	26,861

The Council is exposed to credit risk as a guarantor of all of the 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 nor 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	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000

Counterparties with credit ratings:

Cash at bank and term deposits (AA-)	31,496	6,727	33,758	8,725
Total cash at bank and term deposits	31,496	6,727	33,758	8,725

Borrower notes (AA+/A-1)	3,099	2,859	3,099	2,859
Total borrower notes	3,099	2,859	3,099	2,859

Counterparties without credit ratings

Unlisted shares	52,132	52,836	375	590
Total unlisted shares	52,132	52,836	375	590

Community and related party loans

Existing counterparty with no defaults in the past	17,210	17,210	121	172
Total community and related party loans	17,210	17,210	121	172

Debtors and other receivables mainly arise from the 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.

The Council has a maximum amount that can be drawn down against its bank facilities of \$50,000,000 (2019: \$35,000,000). 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 cash flows	Less than 1 year	1–2 years	2–5 years	More than 5 years
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Council 2020

Creditors and payables	19,858	19,848	19,848	-	-	-
Financial guarantees	574	574	574	-	-	-
Registered debenture stock	10,000	11,319	527	527	10,265	-
LGFA borrowings	216,510	251,905	49,335	15,451	68,875	118,244
Other loans	1,718	1,718	1,552	166	-	-
Total	248,660	285,364	71,836	16,144	79,140	118,244

Group 2020

Creditors and payables	20,438	22,177	22,177	-	-	-
Financial guarantees	39	39	39	-	-	-
Registered debenture stock	10,000	11,319	527	527	10,265	-
LGFA borrowings	216,510	251,905	49,335	15,451	68,875	118,244
Other loans	5,474	5,474	1,552	172	3,750	-
Total	252,461	290,914	73,630	16,150	82,890	118,244

Liability	Contractual cash flows	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	-
LGFA borrowings	181,510	222,708	9,345	26,501	58,908	127,954
Total	228,485	273,229	48,549	27,027	69,699	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
Total	232,269	276,835	52,155	27,027	69,699	127,954

Contractual maturity analysis of financial assets

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

Carrying amount	Contractual cash flows	Less than 1 year	1–2 years	2–5 years	More than 5 years
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Council 2020

Cash and cash equivalents (including short term deposits 3 months or less)	31,496	31,496	31,496	-	-	-
Debtors and other receivables	28,803	-	11,530	-	17,331	-
Other financial assets:						
-Borrower notes	3,099	3,099	320	160	875	1,744
-Unlisted shares	52,132	52,132	52,132	-	-	-
Total	115,530	86,727	95,478	160	18,206	1,744

Group 2020

Cash and cash equivalents (including short term deposits 3 months or less)	33,758	31,496	33,758	-	-	-
Debtors and other receivables	10,371	-	-	-	-	-
Other financial assets:						
- Borrower notes	3,099	3,099	320	160	875	1,744
- Unlisted shares	375	375	375	-	-	-
Total	47,603	34,970	34,453	160	875	1,744

Carrying amount	Contractual cash flows	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	93,292	75,908	320	15,224	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

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 the Council and Group's financial instrument exposure as at balance date:

Council	2020 \$'000				2019 \$'000			
	-100bps	-100bps	+100bps	+100bps	-100bps	-100bps	+100bps	+100bps
	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	(315)	-	315	-	(67)	-	67	-
Financial liabilities								
Derivatives that are Hedge-accounted	-	-	-	-	-	-	-	-
Borrowings:								
- Debenture stock / LGFA	423	-	(423)	-	288	-	(288)	-
- Security stock	-	-	-	-	-	-	-	-
Total sensitivity	108	-	(108)	-	221	-	(221)	-

Group	2020 \$'000				2019 \$'000			
	-100bps	-100bps	+100bps	+100bps	-100bps	-100bps	+100bps	+100bps
	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	(338)	-	338	-	(87)	-	87	-
Financial liabilities								
Derivatives that are hedge-accounted	-	-	-	-	-	-	-	-
Borrowings:								
- Debenture stock / LGFA	423	-	(423)	-	288	-	(288)	-
- Security stock	-	-	-	-	-	-	-	-
Total sensitivity	85	-	(85)	-	201	-	(201)	-

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 points (bps) movement. For example, a decrease in 100 bps is equivalent to a decrease in interest rates of 1%.

Explanation of other price risk sensitivity

The sensitivity for listed shares has been calculated based on a -10% / +10% (2019: -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

Explanations of major variations against the budget information at the start of the financial year are as follows:

Statement of Comprehensive Revenue and Expense

Rotorua Lakes Council recorded a surplus of \$4.9 million compared to a budgeted surplus of \$20.1 million.

The major reasons for the variance between actual and budgeted result of \$14.8 million are discussed below:

Revenue

Overall revenue was lower than budget by \$11.5 million driven by the following:

- Subsidies and grants - \$11.5m down on budget with the bulk of this driven by receipt of planned funding for key projects such as Museum, Lakefront and the Forest which were deferred for a number of reasons including COVID-19 impact to supply chains;
- Other Revenue was \$1.2m lower than budget largely due to the impact of COVID-19 resulting in the closure of the EEC which reduced planned event revenues. In addition, the level 4 lock down period placed further strain on parking revenues;
- Development and Financial Contributions up \$0.8m due to over 70 resource consent applications received with the single driving contribution being for the resource consent application for Redwood Park

Expenditure

Overall expenditure was higher than budget by \$3.7 million due to the following

- Loss on disposal/impairment of plant, property and equipment – Was unbudgeted for and resulted in a \$1.8m unfavourable variance.
- Depreciation Expense – Was unfavourable by \$2.3m primarily due to the effect of the 2019 and 2020 building revaluation and the commissioning of the Rotoiti/Rotoma plant. Depreciation budgets are set prior to revaluation data being available.
- Personnel cost are \$2.2m higher than budget due an increase in hires for supporting the delivery of digital platforms, compliance/regulatory requirements and market rate increases in order to retain best talent.
- Finance Costs were \$2.1m below budget mainly due to the historically low OCR and subsequent borrowing rates now available on the marke and due to less borrowings required due to deferred capital works.
- Other Expenses were \$0.6m lower than budget with no individual significant driver.
- Other comprehensive revenue and expenses was \$37m favourable against budget primarily due to the revaluation of council infrastructural assetse.g Buildings, Storm Water and Waste Water. This is a non-cash movement reflecting the increased value of designated infrastructural assets.

Statement of Financial Position

Overall Net assets of \$1.129 billion are comparable to the budgeted amount of \$1.145 billion. Significant variances are as follows:

Current Assets

Cash and cash equivalents were \$31.4m higher than budget due to timing of subsidies received as government agencies provided agreed subsidies earlier to ensure cashflow was available during the COVID-19 lockdown crisis.

Debtors and other receivables were \$17.7m lower than budget due to the deferment in capital projects.

Non-current assets

Property, plant and equipment (including work in progress) was \$12.2m lower than budget due to a combination of asset disposals and impairments and the deferment of a number of key capital works.

Investments in other entities are higher than budget by \$3.4m due to holdings of Local Government Funding Authority borrower notes.

Current Liabilities

Payables and deferred revenue are higher than budget by \$30.1m 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 \$12.3 million lower than budget due to the deferment of a number of key capital projects partially offset by the prudent decision to use short term borrowings as a contingency during the COVID-19 lockdown.

Non-current liabilities

Non-current borrowings lower than budget due to more debt being held short term (see contingency borrowings referred to above).

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 Lakes Council and New Zealand Forest Research Institute. The venture has now come to an end and the company has been put into liquidation.

Council's share of equity in this venture amounts to \$373 and has been written off.

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 lakes Council and New Zealand Forest Research Institute. The venture has now come to an end and the company has been put into liquidation.

Council's share of equity in this venture amounts to \$60,448 and has been written off.

37 Insurance

Rotorua Lakes 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 2020.

Material Damage – \$656,609,000

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.

The Risk Management Strategy (RMS) and Reinsurance Management Strategy (REMS) identify the Group's policies and procedures, processes and controls that comprise its risk management and control systems. These systems address all material risks, financial and non-financial, likely to be faced by the Group. Annually, the Board certifies to Australian Prudential Regulation Authority (APRA) that adequate strategies have been put in place to monitor those risks, that the Group has systems in place to ensure compliance with legislative and prudential requirements and

that the Board has satisfied itself as to the compliance with the RMS and REMS.

Fine Arts – \$32,450,000

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

Commercial Motor Vehicles – \$2,316,000

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

Infrastructure – \$780,616,000

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 Lakes 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 \$8,000,000 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

MBIE Loan (note 22)

Council repaid a \$1.5m loan to MBIE on 31 August 2020 which it received in error on 25 June 2020.

Terax Joint Ventures (note 36)

Terax Partnership LLP and Terax (2013) Limited are both in liquidation and have been written off post balance date.

Weathertightness Claims (note 24)

A Notice of Discontinuance issued by the High Court on 3 September 2020 has removed the uncertainty existing at year end as to the possible liability of Council for weathertightness claims with Carter Holt Harvey. This has resulted in the reduction to the provision of \$50,000.

Rotorua Lakes Council: Funding Impact Statement for 2019/20 for Whole of Council

		2019		2020	
Annual Plan 2018/19 (\$000)	Actual 2018/19 (\$000)	*Annual Plan 2019/20 (\$000)	Actual 2019/20 (\$000)		

Sources of operating funding					
General rates, uniform annual general charges, rates penalties*	57,658	55,572	60,169	58,340	
Targeted rates	34,860	36,247	37,202	38,578	
Subsidies and grants for operating purposes	4,112	4,680	4,112	3,995	
Fees and charges	7,885	10,018	8,513	8,835	
Interest and dividends from investments	134	860	134	1,094	
Local authorities fuel tax, fines, infringement fees, and other receipts	8,070	4,502	8,458	5,358	
Total operating funding (A)	112,719	111,880	118,589	116,201	

Applications of operating funding					
Payments to staff and suppliers	85,218	88,655	87,949	89,766	
Finance costs	8,054	8,300	9,948	7,866	
Other operating funding applications	-	-	-	-	
Total applications of operating funding (B)	93,272	96,955	97,897	97,632	

Surplus (deficit) of operating funding (A – B)	19,447	14,924	20,692	18,569	
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Sources of capital funding					
Subsidies and grants for capital expenditure	24,541	23,737	29,838	18,402	
Development and financial contributions	-	574	-	796	
Increase (decrease) in debt	30,230	16,850	36,231	21,718	
Gross proceeds from sale of assets	2,000	510	4,000	75	
Lump sum contributions	-	-	-	-	
Other dedicated capital funding	-	-	-	-	
Total capital funding (C)	56,770	41,671	70,069	40,990	

Applications of capital funding					
Capital expenditure—					
• to meet additional demand	420	1,917	420	151	
• to improve the level of service	47,213	34,945	64,157	41,276	
• to replace existing assets	29,185	19,201	26,184	20,459	
Increase (decrease) in reserves	-	(2,327)	-	(872)	
Increase (decrease) of investments	(600)	2,859	-	(1,454)	
Total applications of capital funding (D)	76,217	56,595	90,761	59,559	

Surplus (deficit) of capital funding (C – D)	(19,447)	(14,924)	(20,692)	(18,569)	
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Funding balance ((A - B) + (C - D))	-	-	-	-	
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* Actual rates revenue incorporates property rates and water rates expense on Council owned properties of circa \$2.1m. Budgeted revenues do not include these expenses. On a like for like basis, actual rates revenue is \$1.7m higher than budget.

Ngā Whakahaere i Raro i te Mana o te Kaunihera Council Controlled Organisations

Council-controlled organisations (CCO) 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 Regional Airport Ltd
- InfraCore Ltd
- Rotorua Economic Development Ltd
- Bay of Plenty LASS Ltd
- Waikato LASS Ltd

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 Ltd

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 2020):

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 2020: Date of appointment

Peter Stubbs (Chairman)	21/05/2014
John Fenwick	01/10/2017
Anthony John Marks	01/07/2016
Mere George	05/03/2020
Danielle Auld	05/03/2020

As a result of the COVID-19 pandemic, Parliament passed legislation on 5 August to extend the statutory reporting time frames by up to two months for organisations with 30 June 2020 balance dates that report under the Local Government Act 2002.

The statutory time frames have been extended to ensure that there is no reduction in the quality of the financial and performance reporting or of audits because of the impact of COVID-19.

At the time of printing this report, the results for Rotorua Regional Airport Ltd year ending 30 June 2020 are draft, and the information contained herein is subject to change as it is currently undergoing review by Audit New Zealand.

Highlights of the year

What we achieved in the last year

- Project- Airport Masterplan:

Precinct A (General Airport Business & Heliport Precinct) concept design completed and advancement to completion of feasibility progressed.

Precinct B (General Aviation Hangar Precinct) feasibility and preliminary business case completed based on a design, build and own approach.

- Project completed for the Terminal Redevelopment:

Stage1: Arrivals Hall & Departure Toilets/Amenities Block, new food & beverage offering: Structural upgrade complete with interior fit-out.

Stage 2: Departures & Link Walkway:

- Purchased new replacement Airport Rescue Fire Fighting Vehicle
- Settled the purchase of an area of land comprising 4ha including 2 dwellings for the purposes of a Runway Safety End Area (RESA).
- Achieved from the Civil Aviation Authority full certification of its Safety Management Systems (SMS). This is a mandated operating requirement of the Civil Aviation Authority (CAA).
- Under a confidentiality agreement RRAL and Airways agreed to enter into a process of undertaking an aeronautical study to determine the future requirements for air traffic control and management services across the airport, lakefront and hospital heliports.
- Further works have been undertaken within the airport to ensure protection of key apron, taxiway and runway surfaces against significant weather events. In June 7800 lineal meters of runway crack / joint sealing works were completed.
- Supporting Rotorua Reo Rua (Bilingual Rotorua) Te Reo signage is included throughout the terminal redevelopment as well as the Emergency Operations Centre.

Performance Measures

Measure	2020 Target	2020 Actual	Achieved/Not Achieved	2018 Actual
Aircraft Movements	6,614	5,842	Not Achieved	7,498
Passenger Movements	258,672	206,143	Not Achieved	265,443
Customer service & facility rating	Suspend	Suspend		Suspend
Number of Controllable Safety Incidents	0	0	Achieved	0
Number of employee Injuries (days off work)	1.0	0	Achieved	0
Project Performance	Precinct B	Complete	Achieved	Complete

Note (1) Customer Service and Facility Rating to be reinstated upon completion of the terminal upgrade works at the commencement of FY21.

Note (2) A controllable safety incident is an undesired event that adversely affects normal airport operations.

Note (3) A lost-time injury is something that results in a fatality, permanent disability or time lost from work.

Note (4) The Airport Masterplan provides a vision for development of the airports land holdings. This will provide for incremental and broader revenue generation opportunities across the Company's operations.

Financial performance

	2020 Target	2020 Actual	Achieved/Not Achieved	2019 Actual
Total Revenue	5,677,782	5,067,141	Not Achieved	5,493,429
Total Expenses	5,437,828	5,492,733	Not Achieved	5,273,739
Net surplus/(deficit) after tax	239,954	(321,173)	Not Achieved	282,911
Capital expenditure	3,810,000	6,808,976	Not Achieved	3,781,335

Note (1) 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.

Income derived from Council

	2019/20 \$000's	2018/19 \$000's
	2,663,580	2,563,020

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 2020):

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 2020: Date of appointment

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

As a result of the COVID-19 pandemic, Parliament passed legislation on 5 August to extend the statutory reporting time frames by up to two months for organisations with 30 June 2020 balance dates that report under the Local Government Act 2002.

The statutory time frames have been extended to ensure that there is no reduction in the quality of the financial and performance reporting or of audits because of the impact of COVID-19.

At the time of printing this report, the results for Infracore Ltd year ending 30 June 2020 are draft, and the information contained herein is subject to change as it is currently undergoing review by Audit New Zealand.

Performance Measures

Measure	Target	Achieved/ Not Achieved	Comment
To achieve financial budget	To achieve financial budget allowing any future surpluses to be used to enhance business capability and invest in further plant and equipment and/or capability	Achieved	Budget was set to break even and a surplus of \$118k was achieved.
To secure additional revenue within this financial year that upon completion has a positive contribution to margin.	To secure additional revenue streams within the financial year that increases EBITDA compared to budget. This will be measured upon project completion, and monitored on a monthly basis.	Achieved	Total project revenue of \$1.5m received during the financial year, which includes additional project work from RLC and other parties. As at 30 June 2020, the projects were not at the point of completion.
Consolidated KPI scoring Parks and Open Spaces	75%	Not measured	Due to COVID-19, scores were not given between March and June.
Consolidated KPI Utilities	75%	Achieved	Annual Average 89% June Result 100%
Targeting full employee engagement with Health and Safety	75%	Achieved	76%. This was based upon employee attendance in the health and safety committee representative meetings.
Gain ISO 9001 accreditation	100%	Not achieved	Working towards accreditation. 80% completed.
Individual performance plan in place per employee	90%	Achieved	100%. All InfraCore employees have individual performance plans that are set with their managers. We have a performance management process that is followed, with annual and 6 monthly reviews.
Develop and document social enterprise project of work	3	Achieved	1 project completed, in conjunction with the Department of Corrections 1 project underway – Culvert & vegetation control 2 further projects under discussion.
Understand the satisfaction level of the beneficiaries of the social enterprise's activities (Engagement survey)	70%	Achieved	100% based upon 3 feedback datasets from corrections

Financial performance

	2019/20 \$000's	2018/19 \$000's
Revenue	15,529	14,228
Expenditure	15,411	14,940
(Deficit)/Surplus	118	(712)
Tax Benefit/(Expense)	-	-
Net surplus/(deficit) for year	118	(712)

Income derived from Council

	2019/20 \$000's	2018/19 \$000's
	13,009	12,321

Rotorua Economic Development Ltd

What we do?

Rotorua Economic Development (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
-  Employment choices
-  Outstanding places to play

Structure of the Company's operations, including governance arrangements (30 June 2020):

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 2020;	Date of appointment
Mr John Walter McRae- Chairperson	14/04/2020
Mr Christopher Auld	27/07/2016
Mr Tim Mark Thomas Cossar	09/06/2020
Mr Aaron Wilfred Donnelley	01/07/2020
Dr Ganesh Nana	22/08/2019
Mr Desterney Mana Newton	14/04/2020

As a result of the COVID-19 pandemic, Parliament passed legislation on 5 August to extend the statutory reporting time frames by up to two months for organisations with 30 June 2020 balance dates that report under the Local Government Act 2002. The statutory time frames have been extended to ensure that there is no reduction in the quality of the financial and performance reporting or of audits because of the impact of COVID-19.

At the time of printing this report, the results for Rotorua Economic Development Ltd year ending 30 June 2020 are draft, and the information contained herein is subject to change as it is currently undergoing review by Audit New Zealand.

2020 Key Performance Measures

Measure	Target	Actual	Achieved/ Not Achieved	Comment
Provide relevant destination data and insights in target sectors to support investment and reinvestment decision making by business. Subject matter of insights will be delivered during the year based on relevance and need.	>= 6	25	Achieved	Data and insights provided during the year included market overview for start-up businesses, market intelligence for investments underway, information for feasibility studies and collation of industry specific insights for national investment. 2020 results reflect the impact from increased capacity in the team and team members' continued focus on strengthening relationships and building a reputation for excellence.
Level of satisfaction of businesses going through the High Performance Institute coaching	>= 80%	95%	Achieved	Businesses received targeted support including the part funded ACCELERATE programme. The programme continues to evolve to meet the needs of each cohort based on previous feedback and recommendations. This agile approach ensures that the programme remains relevant to current business needs, which is reflected in this year's performance measure.
The value of international students to the Rotorua economy	>= +2%	N/A	No Data available	Discussion between RED and Rotorua education providers indicates the volume of international student enrolments up until late December 2019 was stronger than previous years and prior to COVID the value of international students was expected to have achieved target.
i-SITE to be self-sufficient Profit(+) / Loss (-)	>= \$0	-\$753,873	Not Achieved	The COVID-19 travel restrictions had a negative impact on the volume of visitors to Rotorua i-SITE and resulted in a decline in revenue from February onwards. Operational resourcing was adjusted to better meet the reduced demand, however expenses continued to exceed revenue resulting in the year end June 2020 target not being achieved. The 2021 budget has been revised to achieve break-even by minimizing losses and optimising domestic revenue arising from substitution of overseas travel for domestic travel.
Business Events- Value of bids won in financial year based on MBIE data and DR lead sheet confirmed conferences * Events are typically won more than 12 months in advance of the event date. Some events won in the June 2019 year were to be held during 2020 and were cancelled due to COVID-19, additionally as business events occur the tentative room nights held are adjusted to reflect actual room nights and therefore the June 2019 year value published herewith and in the 2018-19 Annual Report will not reconcile to the latest value in DR business records for June 2019 year.	>= \$5.2m	\$4.7m	Not Achieved	This value is based on room nights tentatively held as a result of multi-day event bids won by RED and MBIE's Business Events Delegate Survey 2017 calculation of \$385 avg delegate spend per night. For the seven months to January 2020 the value of bids won was \$5.5 million, which exceeded the \$5.2 million target and the projection was for the June 2020 year end result to be at least as good as the previous year. 15 of the 26 multi-day events won during the 2019/20 year were impacted by the COVID-19 situation with 12 being rescheduled and three being cancelled. The three cancelled multi-day business events (collectively worth \$1.6 million) resulted in the value of bids won being revised downward and the June 2020 year target not being achieved.
Total international expenditure data for Rotorua (based on MBIE statistics)	>= \$361m	\$273m	Not Achieved	MBIE's estimation of the total international visitor expenditure in Rotorua for the six months to December 2019 was on track for possibly achieving target, which reflects RED's strategic focus on increasing the value that international visitors bring to the economy by encouraging them to spend more while they are here. COVID-19 travel restrictions commenced in late January and were reinforced further with the border closing in mid-March with no definitive date on when it will reopen. Rotorua's flow of international visitor expenditure was effectively reduced to near zero when the border closed and resulted in the June 2020 year target not being achieved.
Total domestic expenditure data for Rotorua (based on MBIE statistics)	>= \$482m	\$443m	Not Achieved	MBIE's estimation of the total domestic visitor expenditure in Rotorua for the seven months to January 2020 was on track for achieving 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. The COVID-19 situation disrupted domestic travel behaviours from February 2020 onwards leading up to inter-regional travel being restricted for seven weeks from late March and resulted in the June 2020 year target not being achieved.

2019 Key Performance Measures not reported in 2020

These 2019 KPMs were discontinued in 2020 because data was no longer available and/or was not relevant to achieving 2020 business goals.

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- 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.
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 land owners with Whakarewarewa Forest commercial opportunities and working with Rotorua Lakes Council and external stakeholders to facilitate and support commercial sector investment.
Maintain key influencer database to develop Rotorua investor ecosystem to accelerate opportunity identification and conversion	>= 2	2	Achieved	Active use of the Customer Relationship Management (CRM) tool by:
<i>Maintain key influencers in CRM AND</i>	<i>>= 40</i>	<i>70</i>		<i>- adding 70 key influencers to CRM</i>
<i>Host events to identify key influencer/ investors</i>	<i>>= 2</i>	<i>19</i>		<i>- holding 19 events to engage with key influencers/investors.</i>
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.

Measure	Target	Actual	Achieved/Not Achieved	Comment
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

	2019/20 \$000's	2018/19 \$000's
Revenue	6,774	7,289
Expenditure	6,997	7,266
(Deficit)/Surplus	(223)	23
Tax Benefit/(Expense)	0	0
Net Surplus/(Deficit) for year	(223)	23

Income derived from Council

	2019/20 \$000's	2018/19 \$000's
	4,320	4,300

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.

Due to COVID-19, the latter part of the financial year has not been without its challenges for the shareholding councils. BOPLASS has been able to remain on target during the various stages of the alert levels and has delivered against all performance measures.

Although adjustments naturally had to be made to some business operations, the unprecedented impact of COVID-19 highlighted BOPLASS' effective administration systems, with the ability of staff to immediately transition to working remotely. They have been able to continue operations almost seamlessly while still progressing projects and collaborating with our constituent councils and the greater local government community. The Board acknowledges and thanks the significant commitment of the staff during this period.

As a result of the COVID-19 pandemic, Parliament passed legislation on 5 August to extend the statutory reporting time frames by up to two months for organisations with 30 June 2020 balance dates that report under the Local Government Act 2002. The statutory time frames have been extended to ensure that there is no reduction in the quality of the financial and performance reporting or of audits because of the impact of COVID-19.

At the time of printing this report, the results for BOP LASS Ltd year ending 30 June 2020 are draft, and the information contained herein is subject to change as it is currently undergoing review by Audit New Zealand..

Performance Measures

Target 2019/20	Result	Comment
<p>Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils.</p> <p>Manage and/or renegotiate existing contracts.</p> <p>Contracts are reviewed annually to test for market competitiveness.</p> <p>New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable.</p>	Achieved	<p>Contracts negotiated and/or renewed for:</p> <p><u>Internal Audits</u> – Following a review by BOPLASS councils, the Internal Audit Services agreement has been renewed with KPMG. The collective arrangement provides competitive pricing for these services but also enables the sharing of internal audit information and insights across the group.</p> <p><u>Video Conferencing Services</u> – Video conference services with Canon and Zoom enhanced and expanded to deliver desktop and meeting room services to participating councils.</p> <p>Specific project undertaken to increase capacity, create additional meeting rooms and ensure licences were available to all councils/users during the pandemic.</p> <p><u>GIS software and services</u> –</p> <ul style="list-style-type: none"> • FME • Geocortex Essentials • Geocortex Analytics • X-Tools • NZ Archaeological Association • RetroLens <p>Contracts renegotiated and renewed – no alternative suppliers.</p> <p><u>Print Media Copyright Agency (PMCA)</u> – Collective contract and requirements reviewed and renewed with PMCA – the sole NZ provider of print and media copyright services.</p> <p><u>ESRI Enterprise Licensing Agreement</u> – Core GIS software used in all BOPLASS councils. BOPLASS Enterprise Agreement renewed with no increases in cost to councils. No alternative provider in NZ.</p> <p><u>N3</u> – Purchasing group (previously known as GSB) membership negotiated by BOPLASS. Councils achieving significant savings on membership costs and trade pricing through the group scheme. Sole NZ provider.</p> <p><u>Vertical Horizonz</u> – Renegotiated Health and Safety training contract for a further two-year period with the same terms, conditions, and costs.</p> <p><u>Inter-Council Network</u> – High-speed fibre network providing connectivity to and between BOPLASS councils.</p> <p>Significant cost savings through renegotiation of some contracts, utilisation of newer technologies, and design changes. Multiple contracts and suppliers.</p> <p><u>Media Monitoring services</u> – iSentia reappointed as media monitoring provider to the BOPLASS councils following a review process undertaken by councils' communication managers. This service has provided significant value to the councils this year with the BOPLASS provider providing daily COVID-19 media summaries covering all essential information from NZ and international media.</p>

Target 2019/20	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><u>Tender Facilitation</u> – BOPLASS led a competitive process for the appointment of a facilitator to manage a collective procurement process on behalf of BOPLASS, Waikato LASS, MW LASS and Hawke’s Bay councils. Grant Thornton NZ Ltd were appointed.</p> <p><u>Regional LiDAR Capture 2020–2025</u> – Working in conjunction with Land Information NZ, a tender process was run to appoint a provider for LiDAR capture across the Bay of Plenty region. Aerial Surveys Ltd were appointed to complete a region-wide five- year plan for LiDAR capture. The data will be used by councils to create highly accurate 3D terrain and surface models of the land, which are vital for flood modelling purposes and mapping water flows.</p> <p><u>Infrastructure Insurance</u> – Securing councils’ insurance cover requires a new procurement process to be undertaken every 12-months, with a variety of insurers and underwriters engaged, to negotiate favourable terms and competitive pricing. This year BOPLASS represented a collective group of NZ councils for direct placement into the London markets for councils’ infrastructure insurance. Options for placements into the Asian markets were also explored. Through this competitive process and the aggregated approach, BOPLASS councils were able to achieve rates with an average 20% discount compared with each council securing individual policies.</p> <p>A new contract was established with a mix of Lloyds’ syndicates.</p> <p><u>Standards NZ</u> – BOPLASS engaged with Standards NZ to host a single BOPLASS portal to allow all councils to access the full Standards catalogue at significantly reduced pricing. BOPLASS councils were using differing forms of access/licences with not all councils having access to the same range of Standards data. The collective agreement has meant a broader range of catalogues are available to all councils and at a lower cost than individual arrangements. This has enabled better utilisation of Standards and negated expensive individual subscriptions.</p> <p><u>Accounts Payable Automation Software</u> – Following presentations from vendors on workflow automation for the BOPLASS councils, Esker were selected as the preferred solution for the implementation of Accounts Payable automation software.</p> <p><u>FME Server</u> – GIS software. Reviewed options for multiple councils to participate in shared procurement of this software rather than purchasing individual licences. BOPLASS currently manages shared procurement of the FME Desktop software on behalf of councils.</p> <p><u>Human Resources Information Systems</u> – BOPLASS undertook an investigation into opportunities for the collective procurement of an HR information system and the development of a standardised platform across the councils. It was agreed for the BOPLASS councils to review options available under the All of Government purchasing.</p> <p><u>Insurance Brokerage and Risk Management Services</u> – BOPLASS led a procurement project on behalf of BOPLASS, Waikato LASS, MW LASS and Hawke’s Bay councils for the appointment of an insurance broker. The collective approach to the tender delivered considerable value, including savings in fees and premiums, but also an opportunity to share best practices and further align insurance programmes across the regions. Aon NZ Ltd were appointed as broker by all participating LASS and councils.</p>

Target 2019/20	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>Resource assignment measured from project job tracking.</p>	<p>Achieved</p>	<p>0.6 FTE provided through BOPLASS staff engagement committed directly to support of council shared service projects or individual council support – measured by fortnightly timesheets.</p> <p>Support provided to councils in development of the following services:</p> <p><u>Robotic Process Automation (RPA)</u> – BOPLASS is leading a project to review opportunities for RPA services to be developed collectively and shared across participating councils. RPA provides an opportunity for the automation of repeatable processes that can run without intervention. A presentation of existing services has been completed and options for developing a centre of excellence are being explored as a means of supporting collaborative development and the efficient use of design/development expertise. This project is ongoing.</p> <p><u>Treasury Staff</u> – Meetings have been coordinated by BOPLASS for councils’ treasury staff and finance representatives to be provided information from senior economists on New Zealand and international economies. This has been proven to be particularly valuable given the current international and NZ economic turmoil.</p> <p><u>Sustainable Public Procurement</u> – BOPLASS Councils are participating in this project in conjunction with the Sustainable Business Network and Toi Ohomai. The collective approach provides opportunity for local government procurement policies and practices to become better aligned with national objectives of sustainability and identify where improvements might be made. BOPLASS has engaged with MBIE to ensure the scope and goals align with central government procurement strategies.</p> <p><u>Debt Recovery Services</u> – Partnering with MW LASS and being provided as a shared service, BOPLASS councils have access to Debt Management Central to provide specialised local government debt recovery services. Several councils have now begun using this shared service.</p> <p><u>Inter-Council Network (ICN)</u> – Review, redesign and renegotiation of suppliers and services. The ICN is a shared service high capacity fibre network connecting the majority of BOPLASS councils. A review of ICN contracts was undertaken to deliver further cost reductions and improved capacity.</p> <p><u>Zoom Video Conference Services</u> – Zoom video conference services were established and implemented as a shared service option for BOPLASS councils providing for centralised account management and shared infrastructure for participating councils.</p> <p><u>Civil Defence Emergency Management GIS Group</u> – GIS data and tools are now an integral part of a Civil Defence response and the BOPLASS councils have formed a group to work collaboratively on CDEM initiatives. This approach is largely made possible due to all councils using the same core GIS systems aligned through BOPLASS contracts.</p> <p><u>Standardisation of Insurance Valuations</u> – Support was provided to councils in establishing a common standard of reporting for insurance asset valuations. Developing a consistent standard and a common valuations process has been extremely beneficial to the BOPLASS infrastructure insurance programme through providing improved, consistent, and accurate data to the international markets when negotiating placements of councils’ insurance.</p> <p><u>Inter-LASS collaboration</u> – A number of procurement projects are underway or being investigated covering multiple LASS and benefitting from the aggregated volumes. Collaboration across the regions is driving greater efficiencies within collective projects and allows the projects to be better resourced. BOPLASS has been working particularly closely with MW LASS and Waikato LASS and has recently provided information to South Island councils investigating collective opportunities.</p> <p><u>Regional Waste Operator Licensing and Data Collection</u> – Cross-regional approach to establishing a regional or cross-regional entity that would administer and enforce licensing conditions on behalf of territorial authorities. Project aims to ensure a level playing field for all waste operators in a council’s area while enabling councils to collect the data necessary to prepare detailed waste assessments and inform effective identification of priority waste management and minimisation actions.</p> <p><u>Skype for Business inter-council communication</u> – Project to undertake investigation, testing and resolution of issues to resolve inter-council communication use of Skype for Business.</p>

Target 2019/20	Result	Comment
<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.</p> <p>Proactively market the benefits to councils.</p> <p>Number of listed projects to increase by 20% per year.</p> <p>Number of active users to increase by 20% per year.</p>	Achieved	<p>Active promotion of the MahiTahi Collaboration Portal over the last 12 months has resulted in a 60% increase in the number of local government users with 85 new members joining.</p> <p>Ongoing development of on-boarding and training material to help increase membership and support ongoing usage. Training provided to councils to maximise usage and ensure increased uptake.</p> <p>During COVID-19 lockdowns the MahiTahi Collaboration Portal was marketed through SOLGM to all NZ councils' CEOs as an online collaboration tool.</p> <p>Collaboration Portal demonstrations provided to collaborative advisory groups.</p> <p>Nine additional projects added to the Collaboration Portal increasing from 39 to 48 lodged projects.</p> <p>The number of Collaboration Portal specialised channels and teams have increased by 14 over the last year with 66 channels and 6 specialised teams now registered.</p> <p>Developed a new fit-for-purpose back-up solution using DATTO to increase robustness and reliable access to shared material.</p> <p>Developed Terms of Service for the Collaboration Portal to provide governance and security for BOPLASS, member councils, and portal participants.</p> <p>Development of Azure services to further support the Collaboration Portal, including implementing multi- factor authentication of portal administrators and migration of DNS services to Azure.</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>	Achieved	<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.</p> <p>Executive-level meetings held with councils. Three Operations Committee meetings held during the year with executive level input provided by all shareholding councils. Executive Leadership Team representation and attendance at one or more meetings from every council.</p>
<p>Ensure current funding model is appropriate.</p> <p>Review BOPLASS expenditure and income and review council contributions and other sources of funding.</p> <p>Performance against budgets reviewed quarterly. Company remains financially viable.</p>	Achieved	<p>The sources of BOPLASS funding and the viability of the funding model are regularly reviewed with financial reporting provided to the BOPLASS Board.</p> <p>Council contributions levied.</p> <p>Contributions received from activities producing savings.</p> <p>Vendor rebates collected.</p> <p>Monthly and quarterly performance reviewed.</p> <p>Financial statements reported and reviewed at Board meetings.</p> <p>Financial position year end 30 June 2020: \$15,223 deficit.</p>

Waikato LASS Ltd

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 2020):

Following a strategic review in late 2017, the company's operating model changed.

Transformation of the company to a service delivery agent and strategic partner to its shareholding councils has steered the activity of the company during the year. The structural changes to that transformation have been bedded in with a smaller Board in place, chaired by an independent director.

WLASS employs a full-time chief executive and business analyst to help drive the development of opportunities and provide thought leadership to councils.

The objectives of WLASS are to:

- achieve effectiveness and efficiency gains
- reduce duplication of effort and eliminate waste through repetition
- helping the councils achieve an appropriate balance in risk and return
- promote and contribute to the development of best practice
- make it easier for communities to engage with councils in the Waikato region on a consistent basis
- promote business transformation to improve communities' experiences
- 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

2020 will not be a year any of us forget anytime soon. While the company has been able to continue with little direct impact from COVID-19, we recognise the significant pressure the pandemic has placed on our shareholders. We are grateful for their continued support. We believe that pressure only serves to reinforce the need for councils to use WLASS to work together in the best way possible to achieve greater value for ratepayers.

As a result of the COVID-19 pandemic, Parliament passed legislation on 5 August to extend the statutory reporting time frames by up to two months for organisations with 30 June 2020 balance dates that report under the Local Government Act 2002.

The statutory time frames have been extended to ensure that there is no reduction in the quality of the financial and performance reporting or of audits because of the impact of COVID-19.

At the time of printing this report, the results for WLASS Ltd year ending 30 June 2020 are draft, and the information contained herein is subject to change as it is currently undergoing review by Audit New Zealand.

Performance Measures

Target	Measure	Outcome	Status
Procurement			
Joint procurement initiatives for goods and services for WLASS councils will be investigated and implemented. Method: Procurement is from sources offering best value, service, continuity of supply, and/or opportunities for integration.	New suppliers are awarded contracts through a competitive tender process.	Supply contracts are tendered in line with WLASS procurement policy (which in turn is consistent with the regional procurement framework developed last year). For substantial contracts (e.g. LiDAR, insurance and risk management services, Professional Services Panel), a public tender process has been undertaken. Other contracts have been renegotiated with existing suppliers where it is appropriate to do so.	Achieved
	Professional Services Panel contracts are successfully negotiated.	Contracts have been negotiated on time with the panel in place from 1 August 2019, as planned.	Achieved
Collaborative Projects			
Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented. Method: The focus is on shared services which will benefit all councils.	A minimum of six priority projects for collaboration are identified per annum.	A new Professional Services Panel was established from 1 August 2019 with eight councils participating (previously four). Five priority projects to develop opportunities were approved by the Board in November and development of the opportunities commenced prior to year-end. The legal services group is also in early deliberations on a joint procurement for a tool to support legislative compliance. The Coordinated Infrastructure Procurement project was approved by the Board and recommendations from that project made to the Board in June. The business case to expand RATA into waters asset management services was approved by the Board in July last year. The Waters Lead Manager has since been appointed. The business case for Waikato OneView was approved by the Board in November last year. Due to capacity constraints the Board agreed to defer commencing the project until July 2020.	Achieved
	If considered of value, business cases are developed for approval by the Board, and the projects are implemented.	The development of any opportunity is subject to a phased approach involving discovery (validating why we would investigate the opportunity, or the problem being solved), opportunity assessment (a light business case), and business case (if required). The Board approves each phase before progression to the next stage.	Achieved
	Savings to Councils identified in developed business cases exceeds \$300k.	Business cases or opportunity assessments delivered during the period related to: <u>RATA – Waters collaboration:</u> Benefits are not quantified but based on investment objectives they are considered substantial <u>Waikato OneView:</u> From surveys undertaken, users of OneView estimate that it will save them time, conservatively estimated at ~\$500k p.a. – which should translate to reduced fees to councils. In addition, it is estimated that there will be software savings of ~\$20k p.a. and council staff time would reduce because users will be better equipped to ‘self-serve’ <u>Coordinated Infrastructure procurement:</u> The case notes that if 0.5% of infrastructure spend is achieved from the project outcomes sought, that will represent a saving of ~\$1m+ p.a. <u>Building Consent Shared Services:</u> The discovery report presented to the Board in May 2020, estimates savings (in time and cost) of \$1.75m p.a.	Achieved

Target	Measure	Outcome	Status
Existing LASS Projects			
Existing contracts are managed and renegotiated as required.	The WLASS Contracts Register is maintained and managed.		Achieved
Method: Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.	Contracts which are due for renewal are either renegotiated (where it makes commercial sense to continue with the current supplier) or re-tendered through a competitive process.	Supply contracts are tendered in line with WLASS procurement policy (which in turn is consistent with the regional procurement framework developed last year. For substantial contracts (e.g. LiDAR) a public tender process has been undertaken. Other contracts have been renegotiated with existing suppliers where it is appropriate to do so.	Achieved
Cost Control			
Administration expenditure shall be managed and monitored.	Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.	Company administration costs exceed the 2020 budget by ~8% (\$47k). This excess is being met by funds available from the prior year. It principally reflects: <ul style="list-style-type: none"> recruitment fees relating to the Board Chair (originally budgeted for in FY19) and the Executive Assistant (EA); salaries associated with increasing the EA role to a full-time position; and professional fees to progress the digital strategy. Each of the above has been approved by the board.	Achieved
Reporting			
Six monthly reports provided to Shareholders.	The Board shall provide a written report on the business operations and financial position of WLASS to the shareholders every six months.	The 2019 Annual report was prepared and provided to shareholders in September 2019. The Half-yearly report was delivered in February 2020.	Achieved
Method: The Chief Executive prepares a written report for the WLASS Board every meeting.	Every second report shall be the Annual Report.		
A Half-yearly and Annual Report are prepared for shareholders.			

Target	Measure	Outcome	Status
Shared Valuation Data Services (SVDS)			
The SVDS is reliable, well maintained and available to all users.	The SVDS is available to users at least 99% of normal working hours.	The SVDS has been available 99.95% for users during normal business hours.	Achieved
Method: A Contract Manager is appointed for SVDS.	The SVDS Advisory Group meets at least 6-monthly.	Four meetings held in August, November, March & June	Achieved
The Contract Manager monitors performance of the contractors and reports quarterly to the SVDS Advisory Group.			
Risks associated with the SVDS are well managed.			
	The Annual Business Plan is accepted by the Advisory Group by 31 March 2020.	Accepted by the Advisory Group on 5 March	Achieved
Insurance			
Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with Aon.	Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WCLASS Shareholders' survey by the participating councils.	Formal feedback from shareholders by way of annual survey is not being undertaken this year and therefore we are unable to measure performance against this measure. WCLASS notes however that the collaborative insurance programme continues to deliver significant benefit to councils. Premium savings are estimated at \$1m- \$1.5m per annum. During the year, insurance and risk management services retendered with Aon re-appointed as the successful participant. The 2020 SOI sets out a new performance framework for the company which puts in place performance measures that better reflect the outcomes we are seeking. For that reason, we are not intending on undertaking a survey of shareholders this year as we have historically done. We will instead be meeting with council CEs on a 1x1 basis and soliciting feedback on performance by this means.	Not measured
Method: The Insurance Broker delivers on the terms of their contract and provides value to the participating councils.	The day-to-day service provided by Aon is assessed as satisfactory in the annual WCLASS Shareholders' survey by the participating councils.	Refer to comment above.	Not measured

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 reports supplied to stakeholders. Improved reporting through Power BI was successfully trialled.	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.	Reports to WLASS Board presented to required deadlines.	Achieved
Data supplied by contractors is of good quality and meets all of the participating councils' requirements.	All data are reviewed for compliance and all good practice requirements are met.	All data received was reviewed for quality requirements and approved.	Achieved
Method: Innovation: Identify opportunities to modify standard approaches and/or develop new approaches that will lead to optimal asset management.	Procurement of services complies with WLASS and NZTA's procurement requirements.	Procurement of services is in line with WLASS procurement policy and NZTA requirements.	Achieved
Leadership: Lead engagement and increase capability within the sector.	Present to a national conference on RATA innovations at least once per year.	RATA presented the Waters Collaboration business case to the Mayoral Forum in August 2019. However, conferences were delayed due to COVID-19. An application to the WaterNZ conference has been submitted for a poster presentation in August 2020.	Not achieved
	At least two RATA guidance documents detailing good practice are produced each year.	Issues and Options report prepared for Traffic management Coordinators investigating operational improvements. Stock Underpass business case investigated improvements for management of the assets across the region. RATA is supporting Waters Collaboration investigation work for seven participating councils. This is ongoing.	Achieved
	RATA Forums are held 2-monthly to share learnings and experience.	RATA forums were significantly disrupted during the financial year with the departure of the previous RATA Manager and the COVID-19 lockdown. These have now recommenced.	Not achieved

Target	Measure	Outcome	Status
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	Stantec continues to provide Service Reports. Ad hoc reporting is provided as requested.	On Track
Method: RATA manages the WRTM on behalf of the participating councils, and monitors the performance of the model supplier (currently Traffic Design Group).	A report from RATA on any new developments and on the status of the model is provided to the WCLASS Board at least every six months.	Report for the six months to 30 June 2020 is being prepared. The report to 31 December 2019 was presented to the board meeting in February 2020.	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 complies with guidelines but there are issues with modelling accuracy in some areas. Development of business case is underway to consider upgrading the model.	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> <p>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>	<p>The activity of the Waikato Building Consent Group has been heavily impacted throughout the year by a lack of resource (refer commentary under "Key Achievements" section above) and more recently, the WCLASS Building Consent Shared Services (BCSS) project.</p> <p>Thames-Coromandel, Waipa and Waitomo DCs have successfully implemented the preferred online Alpha One System. Matamata-Piako DC is transitioning to Alpha One in July 2020 and Hauraki DC in September 2020.</p> <p>Hamilton CC and Waikato DC will initiate a transition plan for implementation in the 2021/22 financial year. Otorohanga DC are not planning on changing to Alpha One.</p> <p>The Build Waikato website redesign has been put on hold until a clear direction from the BCSS project is reached. This decision was made to avoid costs being incurred on the redesign which may quickly become redundant.</p>	On Track
	<p>People capability. Success is defined as a successful recruitment and training programme, measured by compliance with BCA Reg. 8-11.</p>	<p>WCLASS has completed discovery work on a collaborative cadet programme. Discovery has highlighted that the immediate benefits of such a scheme are minimal until the BCSS project outcomes are clear. Councils agreed that the post-COVID environment has produced a level of uncertainty in the next financial year as to building consent numbers which may impact on the success of any programme. Such a programme is being considered as part of the BCSS project.</p>	On Track
	<p>Quality assurance. Success is defined as continued accreditation and increased service consistency, measured by accreditation outcomes, BCA annual audits, and customer surveys.</p>	<p>There have been successful IANZ audits with good feedback on the cluster QA overall. A new Quality Assurance Coordinator has been appointed and work will commence in the next twelve months on the quality manual and internal audit regime.</p>	On Track
	<p>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>	<p>This is an area requiring continuous improvement. The Technical Committee is continuing to work on consistency across councils on RFI's to improve the customer experience. The BCSS project also has this work in scope.</p>	Partially achieved
	<p>Central government: engagement and legislative influence. Success is measured by legislative submissions and outcomes.</p>	<p>Submissions are made when appropriate. Importantly, engagement with Central Government (MBIE) has been targeted and is improving.</p>	On Track

Target	Measure	Outcome	Status
Method: Fulfil the roles and responsibilities set out in clause 9 of the WBCG's Memorandum of Understanding, 2016.	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:	Good participation of all in projects when required but an area where we strive for continuous improvement.	Achieved
	Full participation in WBCG projects and programmes		
	Audits demonstrating implementation and compliance with the agreed QA systems	Audits are demonstrating compliance with QA systems.	Achieved
	Consistency in service delivery, measured by customer surveys	No customer survey was undertaken this year. However, customers were engaged as part of the discovery phase of the BCSS project, which reinforced that consistency could be improved. Customers are being engaged via a stakeholder reference group as part of that project which has improving "customer experience" as a critical success factor.	Not measured
	Risk management is visible through regular reviews of the Risk Register.	Risk register implemented and reported on quarterly to Advisory Group	On Track
	All funding requirements are met by each of the participating councils.	All funding commitments met.	On Track
Minimum of two reports presented to the WLASS Board on the Group's activities.	Reporting on performance measures received and presented to board as part of the annual report. In addition, the Advisory Group Chair has provided the Board with verbal updates on progress recruiting a new group manager (which has now occurred). Monthly reporting to the WLASS CE on delivery of the annual workplan, a summary of which is included in the monthly portfolio reporting to board.	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>The Future Proof budget is well managed and monitored.</p> <p>Method: Bi-monthly reports presented to the Future Proof Chief Executives Advisory Group, and six monthly and annual reports to the WLASS Board.</p> <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>Phase 2 of the Future Proof Strategy is adopted by the Future Proof Implementation Committee no later than December 2020.</p> <p>The Future Proof budget is well managed and monitored.</p> <p>Method: Bi-monthly reports presented to the Future Proof Chief Executives Advisory Group, and six monthly and annual reports to the WLASS Board.</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>Phase 2 of the Future Proof Strategy update has been on hold to allow other projects to sufficiently progress, including the H2A. Work has commenced again on Phase 2. It is anticipated that a draft will be completed early 2021.</p> <p>The Future Proof work programme to end June 2020 was on budget; however several line items were significantly over budget due to high activity associated with the H2A. This was balanced by unspent items. Government funding for the Sub-Regional Three Waters Study has not yet been successful.</p> <p>Future Proof has lodged 11 submissions over the past 12 months</p>	<p>Not achieved</p> <p>Achieved</p> <p>Achieved</p>
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 2020 SOI sets out a new performance framework for the company which puts in place performance measures that better reflect the outcomes we are seeking. For that reason, we are not intending on undertaking a survey of shareholders this year as we have historically done. We will instead be meeting with council CEs on a 1x1 basis and soliciting feedback on performance by this means.</p>	<p>Not achieved</p>
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>WLASS achievements are included in the half-yearly report and in the 2019 Annual Report.</p> <p>Some, but not all areas of the website have been updated. This remains a work in progress. We are also working on enhancing the WLASS website to include additional information for councils on what the company is doing.</p>	<p>Achieved</p> <p>Not achieved</p>

Tauākī Puakanga Disclosure statements

Annual report disclosure statement year ending 30 June 2020

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.

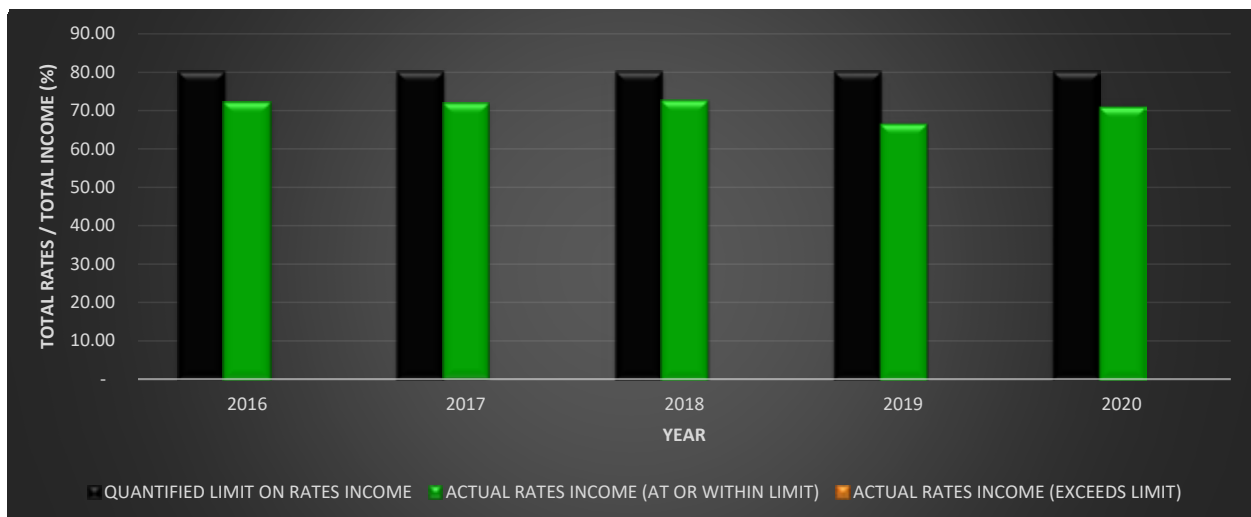
Rates affordability benchmark

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.

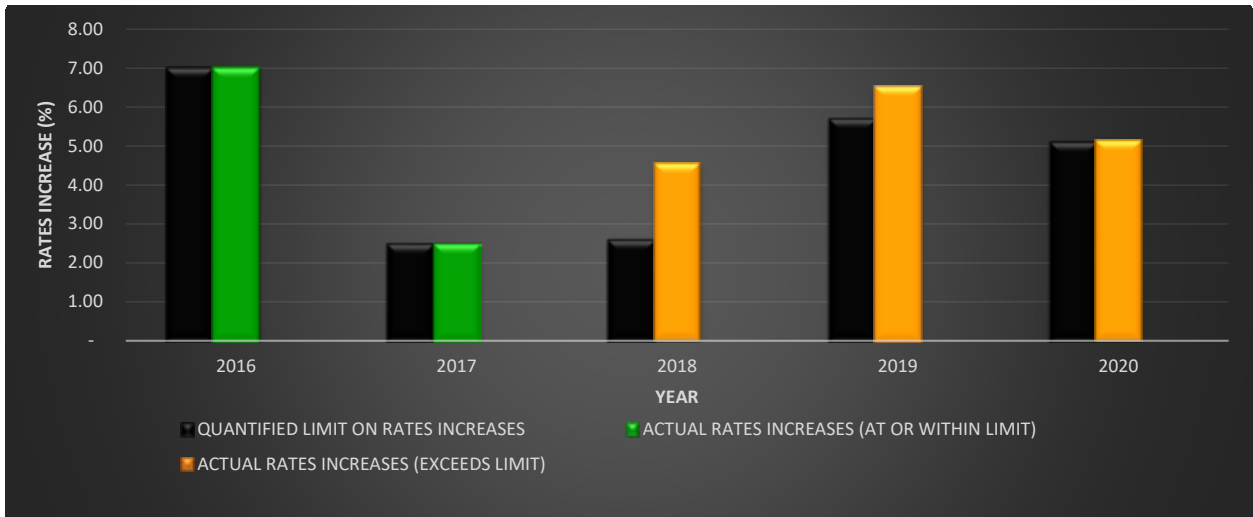
Rates (income) affordability

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%.



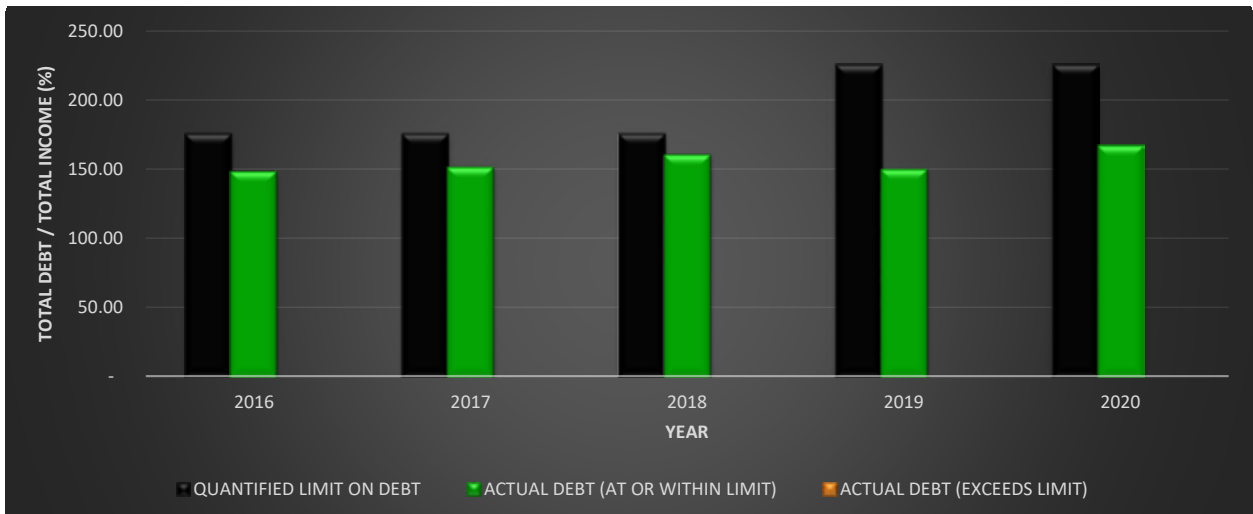
Rates (increases) affordability

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 limited for 2019/20 was set at 5.1%.



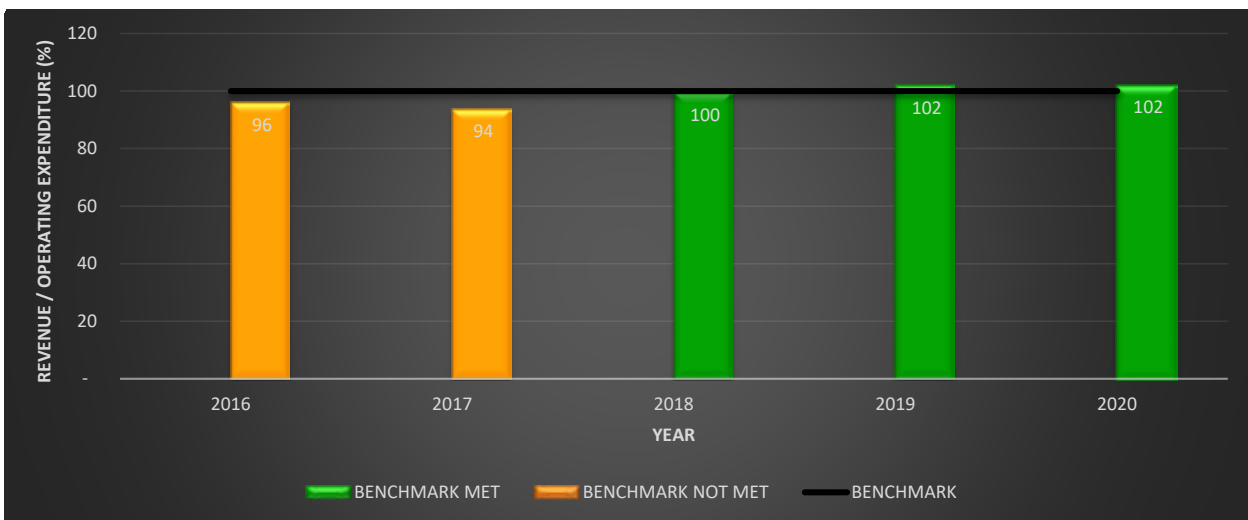
Debt affordability benchmark

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.



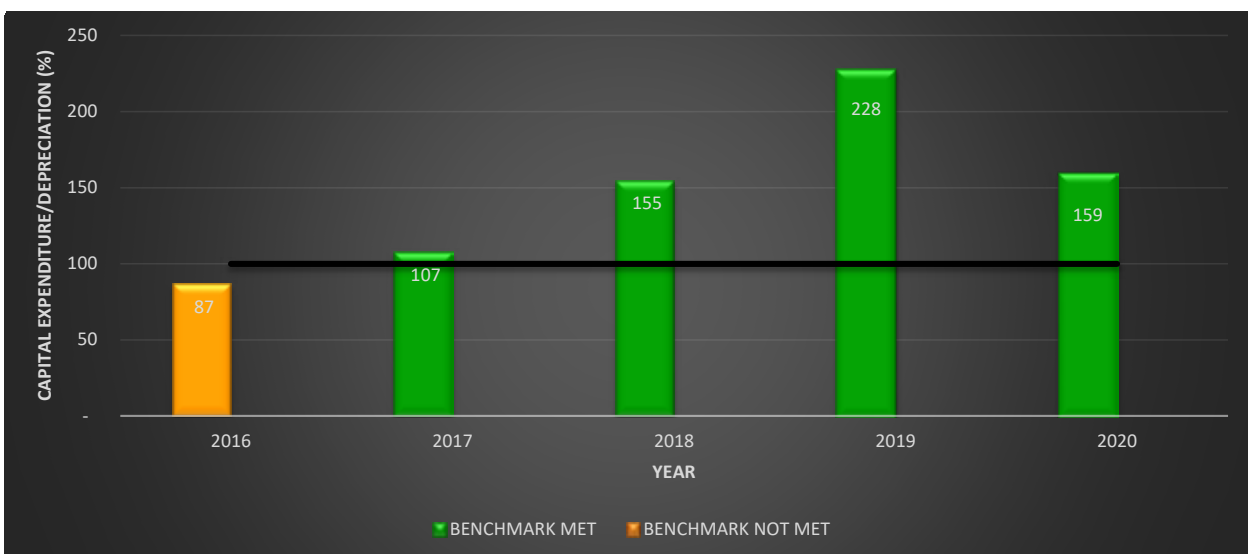
Balanced budget benchmark

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.



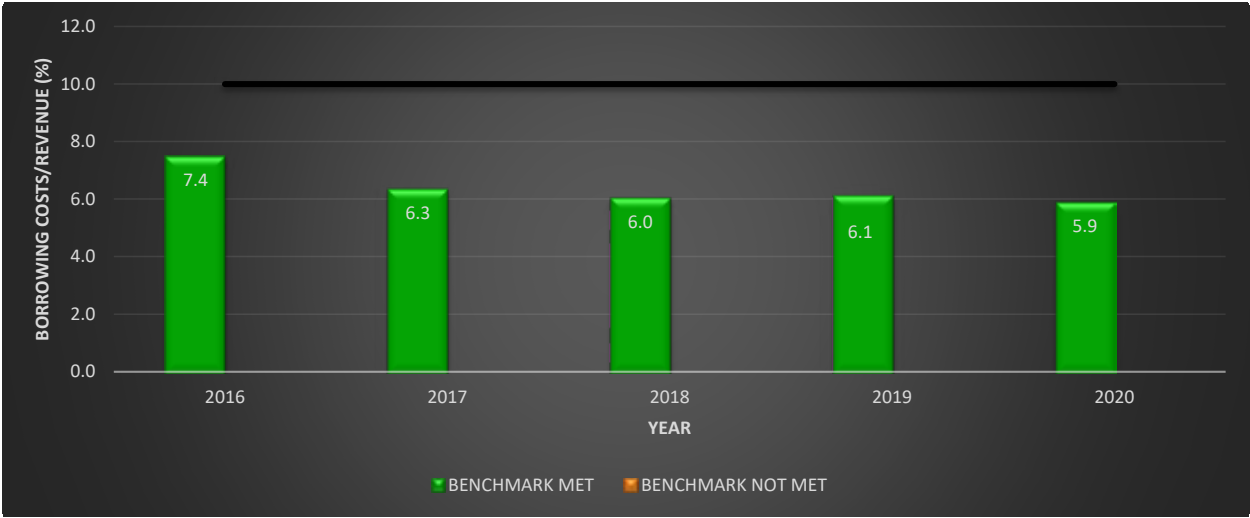
Essential services benchmark

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.



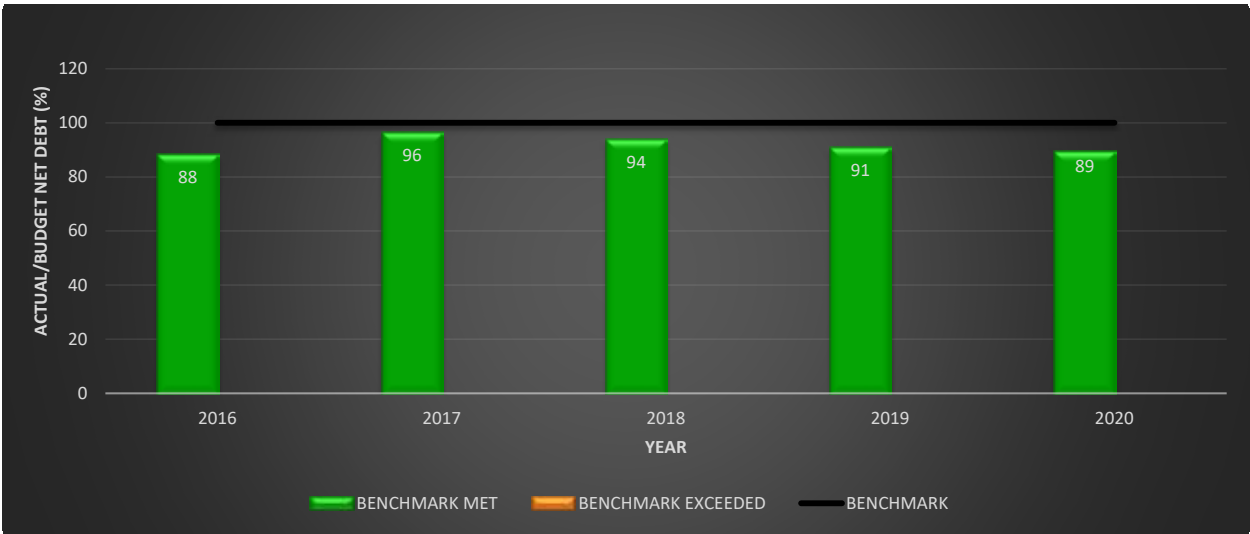
Debt servicing benchmark

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.



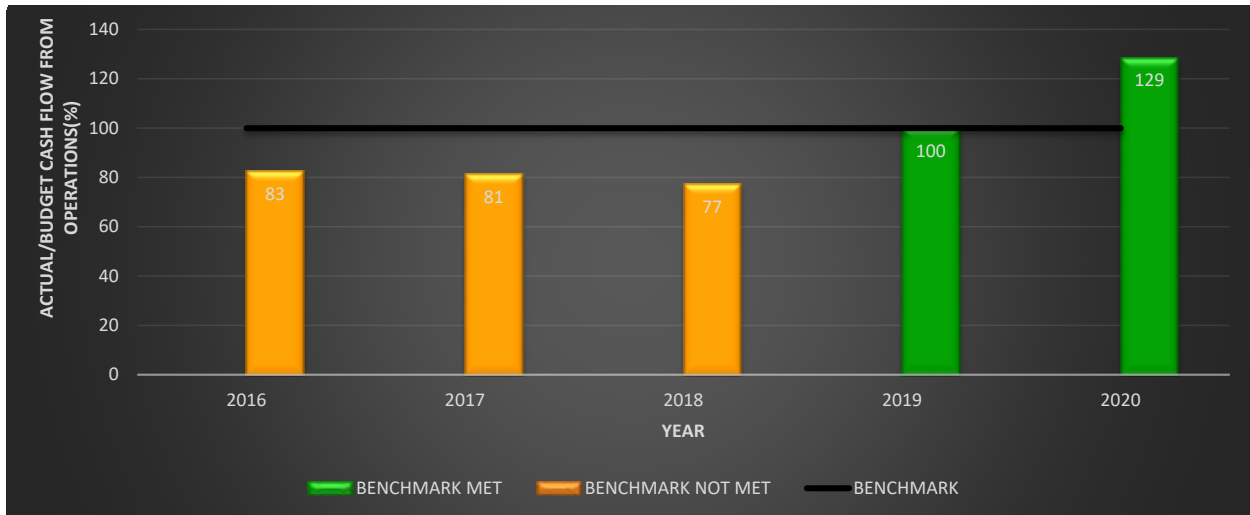
Debt control benchmark

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.





ROTORUA
LAKES COUNCIL
Te Kaunihera o ngā Roto o Rotorua