

Readers' Survey

We consider that our Annual Report is an important part of our being accountable for what we do and how we do it. We aimed at the highest standards in terms of information content, accuracy and clarity in designing and compiling this document, within financial constraints.

Please help us continue to improve this part of what we do by giving us your views. We would greatly appreciate a few minutes of your time to fill out this questionnaire, then fold, seal and post it back to us.

1 What parts of our Annual Report have you read?

[Tick as many boxes as apply]

- All of them None of them
- The Year in Summary
- 5 Year Financial Summary
- Message from the Mayor
- Chief Executive's Report
- Governance Report
- Social Well-being Report
- State of the Environment Report
- Cultural and Heritage Report
- Employee Relations Report
- Corporate Health Report
- Statement of Service Performance
- Financial Statements
- Other (please specify) _____

2 On a scale of 1 to 5, what is your overall impression of these parts of the Report?

[1 = Poor, 5 = Outstanding]

Text	1	2	3	4	5	[circle one]
Graphs	1	2	3	4	5	[circle one]
Tables	1	2	3	4	5	[circle one]
Financial Statements	1	2	3	4	5	[circle one]
Order of Information Appearance	1	2	3	4	5	[circle one]

3 What do you think about the amount of information?

	Too much	Just right	Too little
In the text	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In the Financial Statements & Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4 Specifically, what things do you like about our Annual Report?

5 Specifically, what things don't you like about our Annual Report?

6 In your view, what things about our Annual Report should be changed?

7 On a scale of 1 to 5, how does our Annual Report compare with other annual reports you have read recently?

[0 = haven't read any others, 1 = Very poorly, 5 = Extremely well]

0 1 2 3 4 5 (circle one)

What other Annual Reports have you read recently?

8 Any other comments?

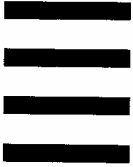
9 Are you willing to discuss your comments further?

No Yes

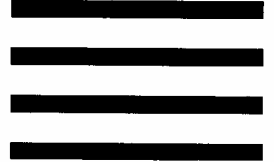
If yes, please supply your name and contact details:

Thank you for your time.

Freepost Authority 69
Rotorua N.Z.



Mr Cameron Cowan
Manager Strategic Support Unit
ROTORUA DISTRICT COUNCIL
Private Bag RO 3029
ROTORUA



FOLD

FOLD

Mihi

Tena Koutou Katoa

Ko tatou tenei e kaha nei ki te tiaki i nga taonga tuku iho e whakapakari hoki nei tatou ki te whakakapi i nga whawharua o te hunga kua memeha atu kite po kia ora huihui tatou katoa.

Ko te purongo e whai ake nei, he whakaatu ake i nga huarahi e whaiwhai tonutia ana e te Kaunihera a rohe o Rotorua ki te whakatutuki i ana kaupapa here me nga tirohanga whakamua kia eke ai ki tona puawaitanga hei oranga mo te rohe whanui.

Ko ta tenei purongo ko te whakaatu hoki i nga wahanga kua tutuki i roto i te tau me nga whainganga take kei mua i te aroaro o te Kaunihera.

'Ma te mahi tahi tatou e tutuki ai a tatou wawata'

Tena Koutou Katoa

Greetings

To you the guardians of our Lands, Lakes, Arts, Crafts and Culture. We protect these as treasures for the up and coming generations. We hold fast to the teachings of our forefathers, we guide our young also to protect these treasures as we strive for excellence in bond and friendship.

The following report shows that the Rotorua District Council is continuing on the journey to achieve Council's strategic vision and goals for the long term betterment of our community.

The annual report shows both Rotorua District Council's achievements for the year and the strategic issues that continue to face council in the future.

'Unity and working together, we will succeed'.

Greetings

The Armorial Bearings of the District of Rotorua

The shield, in blue, depicts a pine tree representing the forestry industry in the Rotorua District, a sprig of Kowhai representing the flora of New Zealand and a Geyser representing the hermal Regions of New Zealand of which Rotorua is the centre.



The Chevron, in gold, shows a rainbow trout leaping.

Above the shield is the Esquire's closed helm which is always used for civic arms with its crest wreath and mantling or decorative tournament cloak in the colours of the shield, blue and gold. On the helm stands the crest, also in the colours of the shield, with the New Zealand Huia standing in a clump of New Zealand Fern.

The Arms are supported by a Settler, representing the importance of the farming industry to Rotorua and by a Maori holding a weapon called a Taiaha and wearing a Korowai or Maori Cloak and Chieftain's feathers.

The motto means "We together" or "we are one" signifying the harmony between Pakeha and Maori and was used during an official welcome by the Maori people to the Prince of Wales (later Duke of Windsor) on his visit to Rotorua in 1920. The motto Tatou Tatou was recommended to the Council by a former deputy mayor of Rotorua, Mr Pakake Leonard, who was appointed to a subcommittee set up to consider a coat of arms for the city. At the time of the grant of arms in 1963 the City of Rotorua's coat of arms (which cost about 240 pounds) was thought to be the only New Zealand city with a Maori motto rather than a Latin one.



Council Logo

In 1989 Council adopted the logo to use in less formal circumstances than the armorial bearings described above. The Rotorua District Council logo, a distinctive stylised design, makes visual reference to geothermal activity, Maori culture, the lakes and the letter "R".

Destination Brand

This logo, which has depicted Rotorua since 1997 was designed to reflect some of our core qualities. In essence these are:

- Our vibrant Maori culture via the 'takarangi' symbol.
- Our historical standing as a visitor destination via the Rotorua typeface.
- Our diverse natural environments via the colours.



The logo was designed particularly to support our active tourism industry. It meets commercial requirements, and sets a standard that will last well into the future. It also provides a unique 'visual shorthand' that, over time, our audiences have come to understand and recognise. When the image is surrounded by consistent, high quality messages and images, it greatly assists our efforts to brand Rotorua as a vibrant, progressive District, and a wonderful place to visit.

Manaakitanga represents spiritual protection and guardianship of all that is precious according to tikanga Maori. It is a deep-rooted concept in Maori culture. It is a feeling. It is an invitation. It is also a responsibility. It implies guardianship – of the land (Whenua), treasures (taonga), visitors (manuhiri) and people (tangata).



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Copies of this Annual Report are distributed widely amongst community groups such as ratepayer associations, service organisations etc, as well as being available at Council's Library Building, Haupapa Street; City Focus, Corner Tutanekai and Hinemoa Streets; and Council Administration Building, Hinemaru Street. Inspection copies are also available at Emery Store, State Highway 30, Rotoiti, and Reporoa Valley Traders, Settlers Road, Reporoa. The Annual Report can also be viewed on the internet at www.rdc.govt.nz.

How to Read this Report

This Annual Report presents an account of Rotorua District Council's performance in the year from 1 July 2002 to 30 June 2003. It is a key document for the Council, as it outlines what we committed to do in the year, and how we delivered on that – pinpointing our accountability to ratepayers. The report is in three parts.

Overview – this includes:

- ⊕ Reports on the Council's long term planning and funding policies.
- ⊕ Summaries of the financial position and financial performance for the year.
- ⊕ A statement explaining these summaries.
- ⊕ Reports that show how the Council consults with its community and reports that show how the Council fulfils its responsibilities to govern the District well, promoting well-being through sustainable development.
- ⊕ Illustrations of the year's notable achievements.

Statements of Service Performance

- ⊕ This shows the detail of work done and money spent in each major area of Council activity, and reports our performance against the targets we set ourselves for each area.

Financial Statements

- ⊕ This shows detail of the Council's position and recent performance in financial terms.

Both the Financial Statements and the Statements of Service Performance are externally audited before publication.

Where the Annual Report Fits In

The Annual Plan and the Annual Report form the essential guide to Council activity in any given year. In simple terms, the Annual Plan sets out what the Council will do in the year, while the Annual Report states what the Council actually did.

Annual Plan

The Annual Plan sets out in detail how the Council manages its funding and how it intends to achieve the objectives set out in the underlying Strategic Plan. This covers what projects are undertaken, how rates are determined and how it all sits in the context of the Council's Long Term Financial Strategy (10 year plan). In the future this information will be contained in Council's Long Term Council Community Plan (LTCCP). These plans also document how the Council consults with its community, how it plans for the medium and long term, and how it copes with uncertainty and changing circumstances.

Annual Report

The Annual Report tells you how much of that plan was achieved. It is the Council's key accountability report. It also provides ratepayers with a report on how well their district's assets are being looked after and how well the Council is performing as an organisation (financially and otherwise). The

Annual Report looks to inform readers on Council's ongoing progress towards a sustainable development philosophy within its operations.

Annual Plan and Annual Report Publication Reporting Calendar

The dates below show the planning and reporting relationship of the Plan and Report, as well as the consultation involved and legal deadlines that apply.

Draft Annual Plan 2002/03	Approved April 2002
Annual Plan 2002/03	Adopted July 2002
Annual Report	Adopted by Council 27 September 2003

Message from His Worship the Mayor



It has been a challenging but rewarding year for your District Council and I am delighted to be able to present the 2002-2003 Annual Report to you.

This is the first Annual Report I have introduced without the support of my very good friend, colleague and Deputy Mayor, Cr Johnny Lepper, who died in September last year. Johnny's wit and intellect are very much missed from the debating chamber but he has left us a great legacy.

May I also take this opportunity to welcome Janet Wepa as a new councillor elected in the November by-election and to thank my long time friend and colleague, Cr Trevor Maxwell, for assuming the role of Deputy Mayor.

There have been major changes during the past financial year brought about by a new Local Government Act which will now impact on the work we undertake at the Council. We have been pleased with Central Government's support and communication during the process of the new Act in Parliament, and feel well placed to work through the changes in the next financial year.

In this report you will find that your Council continues to provide, or ensure the provision of a very broad range of services and facilities required to meet ever-changing community expectations.

Once again the performance satisfaction ratings of the Mayor, Councillors and staff that have come through the independent NRB research have shown a positive response. However, as always, we will continue to strive to better our performance for the benefit of the community.

Your Council intends to build on the work undertaken during this financial year to better communicate and consult with its communities in the future. We urge you to inform us what your expectations are so you can contribute to our processes and decision making ability. Communication needs to be a two-way process.

A major decision this year was Council's purchase of the 50% private shareholding in the Rotorua Regional Airport Company. Council, as shareholder, has worked with the company to develop a 20 year plan for future airport development. The company this year extended the runway by 200 metres which will allow direct Christchurch to Rotorua jet services to be reinstated.

Another important issue for the Council this year has been lakes water quality and the serious issues we face with the deterioration of some of our most prized assets. We have taken this issue very seriously and, along with our lakes management partners of Environment BOP and Te Arawa, are giving the matter our urgent attention.

We are working extensively on implementing the Rotorua Lakes Protection and Restoration Programme, and the first of the action plans for our lakes, for Lake Okareka.

As well as this we have started planning and working on the new projects designed to alleviate some of the water quality issues in the future – the Okawa Bay/Mourea wastewater treatment plant and the Okareka wastewater treatment plant.

In the future with the new Local Government Act we have a new way of undertaking our business and I am sure our council-community partnership will bring exciting and rewarding times for our district in the future.

Finally, in recent years, no Annual Report on Council achievements would be complete without acknowledging the large contribution to funding of community assets and events made by the Rotorua Energy Charitable Trust. The tenth anniversary gift to the district of \$10 million toward the proposed new event centre will help the district to continue growing and prospering.

Please read this report. See where we have been and where we are hoping to go, with your support. As a Council and a community we have achieved a lot together. We hope you will continue to feel we are your Council and will work with us meeting the very exciting challenges ahead.



Grahame W. Hall JP
Mayor

5 Year Financial Summary

Statement of Financial Performance

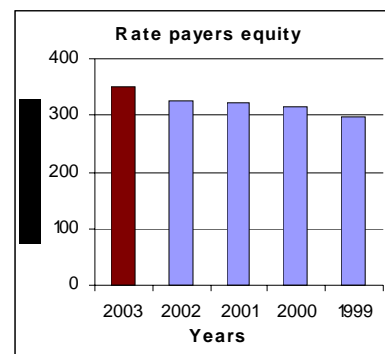
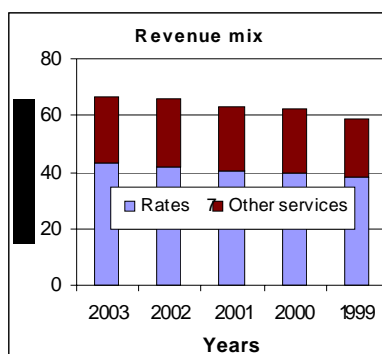
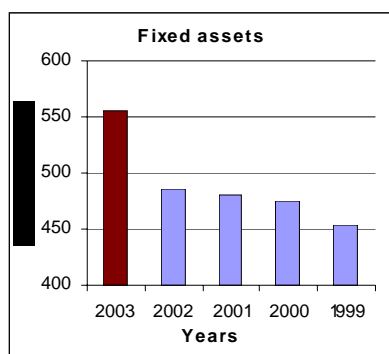
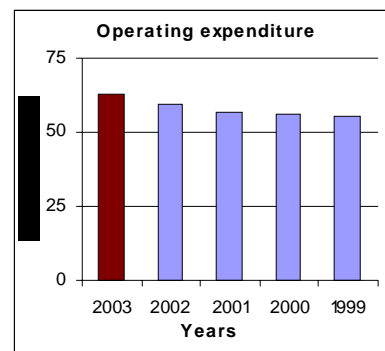
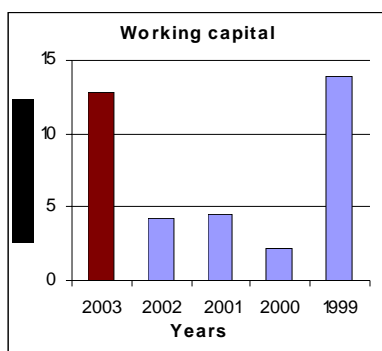
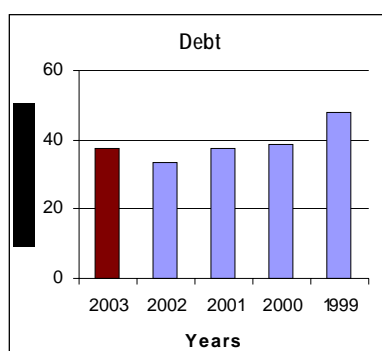
For the year ended 30 June:	2003	2002	2001	2000	1999
\$ in thousands					
Rates	43,383	41,430	40,032	39,458	38,463
Other services	23,148	24,470	22,713	22,561	20,259
Non operating	16,389	1	30	1,559	2,990
	82,920	65,901	62,775	63,578	61,712
Operating expenditure	62,541	59,239	56,745	56,188	55,521
Non operating expenditure	2,781	-	75	2,015	718
Taxation	164	-	25	25	39
Total expenditure	65,486	59,239	56,845	58,228	56,278
Net surplus	17,434	6,662	5,930	5,350	5,434

Statement of Financial Position

For the year ended 30 June:	2003	2002	2001	2000	1999
\$ in thousands					
Current assets	35,555	28,446	27,570	26,991	31,872
Current liabilities	22,779	24,267	23,002	24,870	18,002
Working capital	12,776	4,179	4,568	2,121	13,870
Investments	6,675	6,683	9,323	11,143	9,273
Fixed assets	556,154	485,159	479,589	475,031	454,118
	575,605	496,021	493,480	488,295	477,261
Financed by:					
Rate payers equity	349,047	327,212	321,021	315,432	298,314
Debt	37,468	33,579	37,587	38,379	47,800
Other term liabilities	1,569	1,627	1,140	1,093	1,362
Reserves	187,521	133,603	133,732	133,391	129,785
	575,605	496,021	493,480	488,295	477,261

The graphs below provide trend information about some of Council's key financial indicators:

- **Debt** Public debt was restructured in 1999
- **Working Capital** Cash reserves were used to reduce public debt in 1999. Capital projects rated for this year and carried forward to 2003/04 mean cash holdings are higher than previous years.
- **Expenditure** Increases generally in line with inflation.
- **Fixed Assets** 2003 change caused by revaluation.
- **Revenue Mix** Rates continue to be a big part of the revenue required to fund activities.
- **Ratepayers Equity** The equity is trending upward in line with the fixed assets and annual operating surplus.



Report of the Auditor-General



Audit New Zealand

REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF THE FINANCIAL STATEMENTS OF ROTORUA DISTRICT COUNCIL AND GROUP FOR THE YEAR ENDED 30 JUNE 2003

We have audited the financial statements on pages 38 to 147. The financial statements provide information about the past financial and service performance of Rotorua District Council and group and its financial position as at 30 June 2003. This information is stated in accordance with the accounting policies set out on pages 126 to 130.

Responsibilities of the Council

The Local Government Act 1974 requires the Council to prepare financial statements in accordance with generally accepted accounting practice in New Zealand that fairly reflect the financial position of Rotorua District Council and group as at 30 June 2003 and the results of its operations and cash flows and service performance achievements for the year ended on that date.

Auditor's Responsibilities

Section 15 of the Public Audit Act 2001 requires the Auditor-General to audit the financial statements presented by the Council. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and to report that opinion to you.

The Auditor-General has appointed M G Taris of Audit New Zealand to undertake the audit.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- ▲ the significant estimates and judgements made by the Council in the preparation of the financial statements; and
- ▲ whether the accounting policies are appropriate to Rotorua District Council and group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

During the year we carried out a taxation compliance review and an assurance related assignment in respect of the system for processing resource consents. Other than these reviews and in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in Rotorua District Council or any of its subsidiaries.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion the financial statements of Rotorua District Council and group on pages 38 to 147:

- ▲ comply with generally accepted accounting practice in New Zealand; and
- ▲ fairly reflect:
 - Rotorua District Council and group's financial position as at 30 June 2003;
 - the results of its operations and cash flows for the year ended on that date; and
 - the service performance achievements in relation to the performance targets and other measures adopted for the year ended on that date.

Our audit was completed on 3 September 2003 and our unqualified opinion is expressed as at that date.



M G Taris
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand



Chief Executive's Report



Introduction

This is the first full year's activities that I have had the opportunity to report on as Chief Executive. It is extremely pleasing to note at the outset:

- The financial operating result is ahead of budget.
- Community satisfaction with elected members, staff and council services is very high when compared with our peers and nationally with other local authorities (as determined by independent community satisfaction survey).
- The achievement of non-financial targets is very high.

This report provides part of the accountability and transparency process recording Council's achievements compared to the plans, policies and budgets set out in the Annual Plan. The purpose of my review is to highlight some of the important achievements during the year, both financial and non-financial. However to get an overall assessment of Council's performance you will need to consider the balance of this 2003 Annual Report

You are invited to make any further enquiries about this report by contacting me at:
 Rotorua District Council
 Private Bag RO 3029, Rotorua
 Phone: 07 (07) 348-4199
 Fax: (07) 350-0184
 email: peter.guerin@rdc.govt.nz

And please complete the readers' survey at the front of this report.

Financial Review

This is the third Annual Report since Council reviewed its 10 year Long-Term Financial Strategy (LTFS) in 2000. Inflation and changes to plans and programmes means there have been some material changes to budgets subsequent to the adoption of the 2002 LTFS.

Financial Performance

The surplus this year of \$17.4 million is compared to the Annual Plan budget of \$5.0 million and the 10 year LTFS for this year of \$3.5 million.

The main reasons for the \$12.4 million favourable variance between the actual surplus and the Annual Plan Budget are:

- Asset revaluations
- Grants for capital works
- Interest income
- Increase in revenue from service
- Reducing invested assets
- Operational expenditure savings

Financial Performance Summary

for the year ending 30 June 2003

	Actual	Annual Plan Budget	\$'s in millions			2002 Actual
			Var	LTFS Budget	Var	
Revenue	82.9	65.9	17.1(F)	60.4	22.5(F)	65.9
Expenditure	65.5	60.9	4.6(U)	56.6	48.9(U)	59.2
Surplus	17.4	5.0	12.4(F)	3.8	313.6(F)	6.7

(F) means a favourable variance between the Annual Plan Budget and the actual result or favourable variance between the Long-Term Financial Strategy (LTFS) for the 2003 year and the actual result.

(U) means an unfavourable variance.

Major expenditure variance

	\$'s in millions	
UAGC	1.4	(F)
Increase in revaluation reserves	14.9	(F)
Airport	-0.2	(U)
Roading subsidy	0.3	(F)
Dividend	0.5	(F)
Vested asset	-0.2	(U)
Community assistance grant	0.1	(F)
Parking	0.1	(F)
Interest income	0.3	(F)
Other	-0.1	(U)
	17.1	(F)

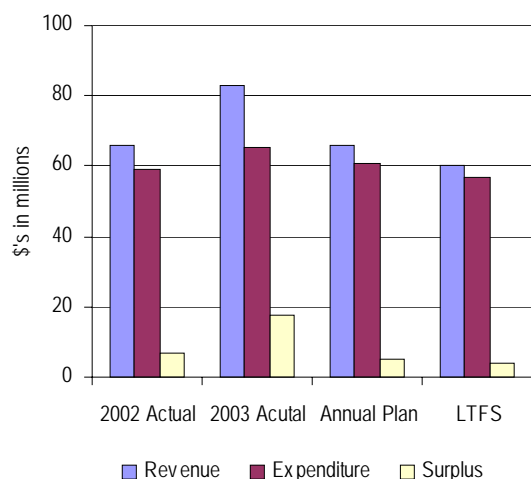
Uniform Annual General Charge

Council was carrying a provision of \$1.4 million as a contingency against a Court of Appeal decision in respect of the legality to levy a uniform annual general charge on each separately occupied portion of a property. The Privy Council decision was in favour of local authorities and therefore the provision is no longer required.

Major expenditure variance

	\$'s in millions	
Tax on dividends	0.2	(U)
Wastewater Treatment Plant	-0.4	(F)
Improved rates collection	-0.1	(F)
Depreciation	2.3	(U)
Revaluation reserve reversal	2.8	(U)
General savings	-0.2	(F)
	4.6	(U)

Financial Performance



The graph above shows the revenue, expenditure and surplus for the years ending 30 June 2002 and 2003, as compared with the Annual Plan and LTFS for the year ending 30 June 2003.

Explanation of Need for a Surplus

A surplus of \$5 million was budgeted for the year as compared to the actual surplus of \$17.4 million. Much of the variance between the actual surplus and the budget is attributable to the fixed asset revaluation. Details of the surplus variance are explained elsewhere in this Annual Report. However there is a need to explain why there is a surplus budgeted in the first place.

The expression "surplus" is the required term to describe the difference between the operating revenue and operating expenditure (note this is not capital expenditure). Some of the revenue (for example, rates revenue and Transfund NZ subsidies) is used to fund capital expenditure (i.e. balance sheet items). This revenue is recognised and recorded in the Statement of Financial Performance first, which then flows down through that statement to the surplus. The surplus is then transferred through to the Statement of Financial Position to fund the capital items.

The table below provides an analysis of how the surplus from the Statement of Financial Performance is used.

Analysis of Surplus

	Actual	Budget
<i>\$'s in millions</i>		
Surplus from operations	17.4	5.0
Add:		
Funded non cash items (depreciation, vested assets, airport equity, revaluation changes)	12.1	10.8
Net revaluation reserves	-12.1	-
Net increase in debt	3.2	3.2
Planned reduction in cash holdings	1.0	1.0
Reserves	0.6	4.7
Expenditure carried forward from last year	3.6	3.3
Total effective cash available for capital items	25.8	28.0

Used for:

Net capital expenditure	22.5	28.1
Carry fwd projects to 2004	-0.3	0.0
Net advances to other organisations	3.3	-0.1
	25.5	28.0
Net funds available	0.3	-

Use of net funds in 2003/04

Projects carried forward	-9.6	-
Less associated debt	6.2	-
Reserves	3.7	-
Net funds to be applied to 2002/03	0.3	-

Statement of Financial Position

The \$71.1 million favourable (increase) in ratepayer's equity between the actual result and the Annual Plan budget was caused by:

- Revaluation of fixed assets
- Increased cash held because some capital projects were carried forward into 2002/03.
- This years surplus variance.

Financial Position Summary

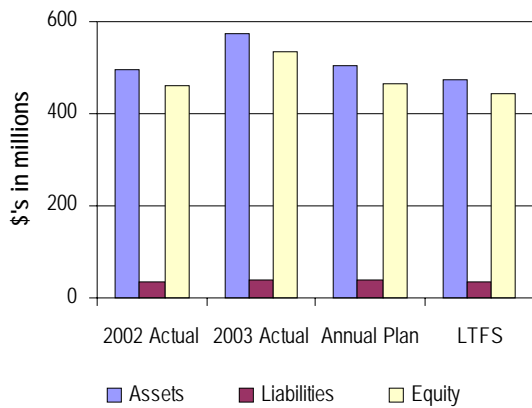
for the year ended 30 June 2003

	<i>\$'s in millions</i>					
	Actual	Annual Plan Budget	LTFS Budget	Var	2002 Actual	Var
Working Capital	12.8	(5.7)	18.5(F)	3.2	9.0(F)	4.2
Fixed Assets	562.8	509.8	53.0(F)	472.6	90.2(F)	491.8
Liabilities	(39.0)	(38.6)	0.4(U)	(34.0)	(5)(U)	(35.2)
Equity	536.6	465.5	71.1(F)	441.8	94.8(F)	460.88

(F) means a favourable variance between the Annual Plan Budget and the actual result or favourable variance between the Long-Term Financial Strategy (LTFS) for the 2002 year and the actual result.

(U) means an unfavourable variance

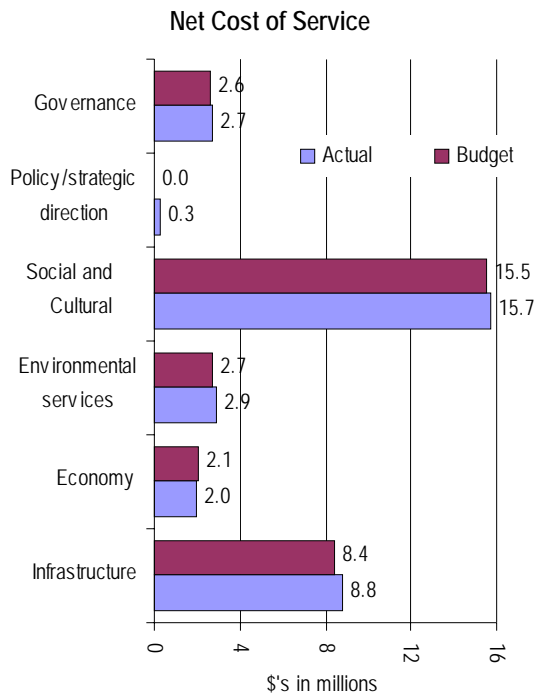
Financial Position



The graph above show assets, liabilities (i.e. public debt), and equity for the years ending 30 June 2002 and 2003, as compared with the Annual Plan and LTFS for the year ending 30 June 2003.

Net Cost of Service Summary

The graph below shows the net cost of service for each of the significant activities. The net cost of service is the difference between the gross costs of providing the service less any revenue associated with the activity.



Some Highlights

To follow are some of this year's highlights and achievements. Some of them are also repeated in the Statement of Service Performance section of this Annual Report.

Policy and Strategic Direction

- The new Local Government Act has been a big part of Council's attention during the second half of this year.
- Highlights that indicated the commitment and quality of work done by staff included winning a Merit Award for the year's audited accounts, and a high level of satisfaction with staff contact as determined by the independent NRB survey.

Social and Cultural

- Iwi Management Plans funding criteria aligned with Environment BOP Iwi Management Plans funding policies.
- Library Strategic Review conducted in November and December included focus groups, phone surveys and in-house survey of borrowers. Was adopted by Council in March.
- The legislation surrounding civil defence was reformed last year with the Civil Defence Emergency Management Act introduced in November 2002. There is a new emphasis on reduction and mitigation of risks associated with disaster using an ALL hazards approach. The Act also requires a regional approach that engages local government, emergency services and district health boards. Committees have been established, a memorandum of understanding amounts the local authorities agreed to and a project plan approved. The project plan will see a BOP CDEM group plan to replace the existing District Civil Defence Plan by May 2005.
- Taking cognisance of the Local Government Act 2002:
 - Publishing Rotorua's set of key social indicators, to stand alongside our environmental and economic monitoring.
 - Drafting Rotorua's first "Cultural Well-being" profile
 - Further developing and supporting the voices of young people both to Council and to other organisations in Rotorua, through the Youth Council, Youth Input Forums, support to youth worker networks
- Tentative planning and funding to undertake a revamp and upgrade of Rawhiti complex as a phased project over two or three years.
- The Museum has achieved a number of successes this year that build on the general strategies and implementation plans of the past four to five years. These achievements were:
 - For the first time 100,000 people visited the museum and admission revenue was over \$0.5 million.
 - Selected as New Zealand's Best Heritage Attraction at the NZ Tourism Awards for the third year in a row.
 - Awarded a Distinction Award at the 2002/03 NZ Tourism Awards.
 - Our museum was invited to present our "success story" at the 2003 Best in Heritage Awards in Croatia, one of only 18 institutions worldwide to be invited and

the first ever from New Zealand. I also thank Davys Burton law firm a long time friend of the museum for their sponsorship that will allow museum staff to attend the conference.

- Get Active - Stay Active Programme development, including practical partnerships with DHB, Toi Te Ora Public Health, Te Papa Takaro, Sport BoP, YWCA. Proposal has gone to SPARC for consideration.
- A multi-million dollar events centre aims to make Rotorua one of New Zealand's most distinctive and sought-after event venues. A \$10 million donation from the Rotorua Energy Charitable Trust to the Rotorua community will provide the opportunity the district has long awaited – to build a multi-purpose centre for conventions, conferences, exhibitions, concerts, banquets and sports events.
- Started the Aquatic Centre redevelopment which is seen nationally as extremely cost effective in terms of the range of facilities we are getting for our money.
- Okareka Walkway Completion
 - Very successful project. Presently in the final phase of preparing the last of the interpretation panels.
 - Planting around the ponds was recently carried out in conjunction with a conservation corp.
 - The whole community has been involved with the project and this has contributed to its overall success.
 - We have also set up a land care group with local residents.
- Hannahs Bay Wetland Development - Successful in receiving \$100,000 from Environmental Enhancement Fund for Hannahs Bay Wetland Development.
- Replacement of playgrounds - This year's replacements have been very well received by the community, in particular Wright Park and Selwyn Road.

Environmental

- State of the Environment Report awarded the Green Ribbon Award.
- Progressed negotiations to resolve Variation Twelve appeals.
- Completion of Hazardous Substances and Facilities Section of District Plan.
- Preparatory work carried out and community consultation on the CBD plan changes relating to Urban Design Principles and Noise.
- Submissions made to Environment BOP Water and Land Plan about lakes management.
- Launching of patrol boat MV 'Ra'.

Economic

- Domestic winter campaign that combined both retail and accommodation and tourism sector.
- TRANZ participation and support for Rotorua theme upgrade.
- Helped implement airport development levy.
- Rotorua VIN centre being one of first visitor centres to adopt the i-SITE brand which was used as a trial, prior to national roll-out.

Infrastructure

- Completion of the relocation and refurbishment of the West Rotoiti Fire Building.
- Relationships with Land Transport Safety Authority, neighbouring local authorities and both regional councils to ensure consistency and co-ordination occur.
- Greater community access to funds via LTSA and Drivewise funds.
- Completion of four laning and improvements to Pukuatua Street/Old Taupo Road.
- Rectifying the worst crash black spot in Rotorua - Old Quarry Rd Intersection.
- Commencing passing lane construction at Te Ngae.
- Completing design/land acquisition of Old Taupo Rd four laning (Pukuatua Street to Malfroy Road).
- Commencing Hauparu Bay realignment.
- Obtaining State Highway status for the Tauranga Direct route
- Submission of resource consent to renew water take at Taniwha Springs.
- 98% of all resource consents processed within nine day in-house agreement with planning.
- Maintaining and improving laboratory to meet industry standards.
- Continuation of Mamaku upgrade.
- Completion of subsidised works on Rerewhakaaitu roads identified in the strategy study.
- Virtual completion of the urban transportation study.
- Letting of a contract for the Ngongotaha township upgrade.
- Completion of services upgrade in Whakatau Block.
- Completion of assessment of environmental effect on stormwater impact on Lake Rotorua.
- Opening of Okere and Tarawera transfer stations.
- Completion of a long term strategy for the landfill as part of a wider waste/energy study.
- Wastewater Treatment Plant upgrade underway to meet new resource conditions
- Preliminary design for Mourea/Okawa Bay waste water treatment.
- Sub-surface dip irrigation trials underway for Wastewater Treatment Plant land disposal.
- Reporoa water supply is under construction.
- Ngongotaha/central interconnection is under construction.
- Eastern water supply pipe bridge complete.
- Mountain Road reservoir under construction.



Castlecorp

- Quality standard audited and retained.
- Maintained ISO 9002 quality accreditation, which included:
- 11,400 tonnes of refuse deposited at the Landfill
- 1.8 million refuse bags collected
- 772 trees planted
- 37,586 bulbs planted
- 152,700 annual plants planted
- 6,467m² shrub gardens planted
- Fleet maintained and serviced 160

Rotorua Lakes

The lakes of Rotorua are national icons. In recent years some of the lakes water quality has declined. This is in part due to the land uses and practise over many years in the past. A strategy was developed jointly by Environment BOP, Te Arawa Maori Trust Board and Rotorua District Council. This strategy established a vision of: "The lakes of the Rotorua district and their catchments are preserved and protected for the use and enjoyment of the present and future generations, while recognising and providing for the traditional relationship of Te Arawa with their ancestral lakes.

There were 14 goals grouped around:

- Protection
- Use
- Enjoyment
- Management.

A further 18 tasks were then identified.

Considerable progress has been made on many of these tasks and it is pleasing to report that a joint committee has been established with membership from the three organisations. Mayor Hall is the joint committee chair, Mr Tahana the deputy chair, and Environment BOP is the committee administering authority.

Much of the scientific research has been completed. However, there is still much to learn about the way the catchments and ground water function. Waikato University's Professor David Hamilton and post graduate students are working with Environment BOP to further develop the answers for improving lake water quality.

Action plans for each of the lakes that have been identified as at risk, will be developed over the next 12 to 24 months. In parallel with these action plans are investigations into lake shore settlement sewerage schemes.

Rotorua Energy Charitable Trust

Rotorua Energy Charitable Trust (RECT) is a significant partner with Council and together we have combined to see the district benefit from the development of a number of new and significant assets. These would not have been otherwise possible if left to Council alone.

Over the past four years RECT have made the following grants to Council:

Year	\$'s in millions
2000	4.9
2001	5.4
2002	6.7
2003	0.7
2003 *	10.5

* estimated

It is very pleasing to note that RECT has the confidence in the economy and our community to make a grant of \$10 million toward a new event centre. The grant is part of RECT's way of recognising its 10th anniversary. This will make a substantial contribution towards the district's overall wellbeing.

Rotorua Regional Airport Ltd (RRAL)

On 1 August 2003 Council purchased the 50% shareholding in RRAL held by private shareholders Central Avion Holdings Ltd (CAH). The main reason for this purchase was that it had become apparent that the two shareholders had different ownership objectives. They were:

Council Prudent financial management and regional economic and social well-being,

CAH Commercial return on investment.

With these competing, and often mutually exclusive objectives, it was not possible to make progress on funding structures for the much needed runway extensions, terminal upgrade and land side developments.

Since the purchase, phase one of the runway extension - 250 meters, has been completed and an agreement reached with the trustees of the Ngaitearere Kahikatea Trust over the sustainable management of the Kahikatea trees to the north of the airport.

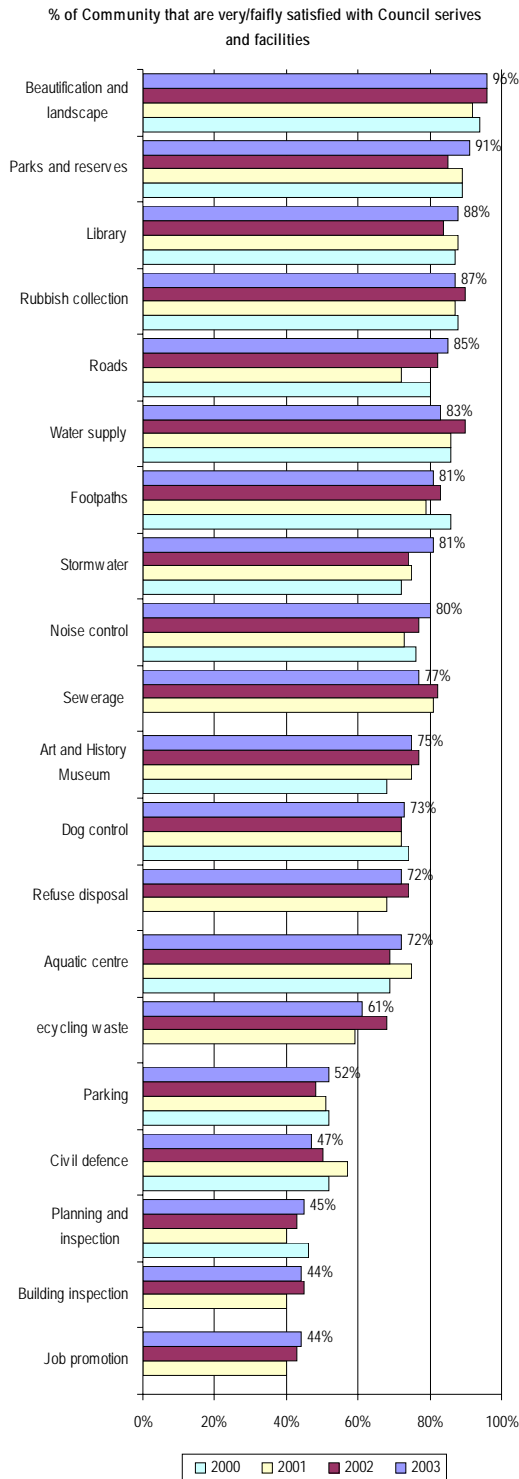
The scene is now set for the airport to make a substantial contribution to our regional economy.

The RRAL Board has prepared an Airport Master Plan which was received by Council in July 2003. This includes a strategic plan to manage the airport over the next 20 years.

It is hoped that jet scheduled services will return to Rotorua Regional Airport before the end of the 2003 calendar year and trans-Tasman should follow soon after.

NRB Customer Satisfaction Survey

Each year Council engages National Research Bureau Ltd (NRB) to prepare a Public Perceptions and Interpretations of Council's Services and Representations Report. The survey provides elected members and management with good information on how the communities perceived the quality of services. The graph below shows satisfaction with services over the last 4 years.



Elected Representatives

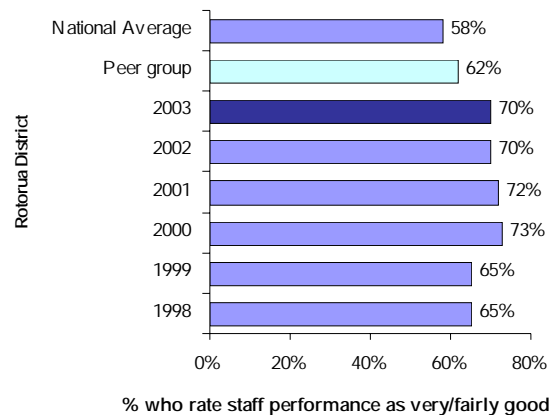
As Mayor Hall has said in his Message it was a very sad day for the community and Council when long time deputy mayor and passionate advocate for the district, Councillor Johnny Lepper, died last year. Staff have missed Cr Lepper's intellect and sharp wit, negotiation skills and leadership.

Janet Wepa was elected to the vacant position in Cr Lepper's West Ward from the by election, and long time Councillor Trevor Maxwell has been elected by the Mayor and Councillors as Deputy Mayor. Staff are enjoying working with both councillors in their new positions.

Staff Contribution

Again the achievements this year are the result of the functional relationship between Mayor Hall, councillors, me and my management team, and all staff. After a number of years consulting with the community there is a strategic direction identified in the Strategic Framework. These are linked to the Business Plan and then to the staff members through their Performance Development Review (PDR) programme. Overall the result is staff that are focused on quality services.

In my view it is the people who work for Rotorua District Council that make it a high performing local authority. This is supported by the NRB survey of community satisfaction with staff performance. The graph below shows the percentage of those taking part in the survey who rate staff performance as very/fairly good over the past 6 years. The peer group is detailed in the Statement of Service Performance Contents page.



Please take some time to read the balance of this report and if you have any further questions do not hesitate to contact us. You may also like to complete the Reader's Survey at the beginning of this report.



Peter Guerin
Chief Executive

Report on Long-Term Financial Strategy and Policies

Introduction

Council is required to prepare and adopt a long-term financial strategy, funding policy, investment policy, and borrowing management policy.

The Local Government Act 1974 specifies that Council must provide in its annual report sufficient information about each of the documents listed above to enable an informed assessment of the extent to which the objectives and provisions of the strategy and policies have been met during that year.

The information required should include an explanation of any significant variation between:

- The objectives and policies of the Long-Term Financial Strategy, Funding Policy, Investment Policy and Borrowing Management Policy set out in the Annual Plan for the financial year,

and

- The actual achievement of those objectives and policies.

During 2002/2003 the Council made progress towards the achievement of objectives and policies for the year as set out in the Annual Plan relating to its Long-Term Financial Strategy, Funding Policy, Investment Policy and Borrowing Management Policy. Details of achievement against the objectives and policy are set out in the following paragraphs. During the previous year Council undertook a major review of these strategies and policies and this is reflected in the current annual planning and reporting processes.

1. Long-Term Financial Strategy

Background

The Long-Term Financial Strategy (LTFS), as outlined in the Annual Plan, identifies significant activities of the Council and provides for the associated estimated future expenses, revenues, cashflows and other movements in the statement of financial position. The general aim of the LTFS is to ensure that the Council has adequately considered and accounted for its future operations in accordance with the following six principles:

- Prudent management of Council activities in the interest of the district and its inhabitants.
- Adequate provision for expenditure needs of the Council.
- Adequate consideration and assessment of benefits and costs of different options.
- Lawful funding mechanisms that on reasonable grounds can be considered as appropriate.

- Maintaining prudent levels of debt in accordance with borrowing management policy.
- Operating revenue to cover all projected operating expenses.

In 2002/2003 the Council was in the third year of its second LTFS.

Overall performance

Council has previously determined that a level of significance for budget variance be set at \$1 million. Listed below are explanations regarding variances from the Long Term Financial Strategy to actual results.

Statement of Financial Performance for the year ended 30 June 2003

(\$'s in thousands)	Actual	Annual Plan	Variance	LTFS	Variance
Income	82,920	65,852	17,062	60,450	22,470
Expenditure	65,486	60,865	4,621	56,633	8,853
Surplus	17,434	4,987	12,441	3,817	13,617

Variance to Long-Term Financial Strategy (LTFS)

This is year three of the Long-Term Financial Strategy.

Income Changes to LTFS

	\$ million
▪ Rates adjusted for the significant forecasting assumption in the Long-Term Financial Strategy that rates will increase by growth and inflation over the period, the rates are higher by \$524,000 than were expected in the Strategy. This is a result of 2001/02 rates increase being held below the rate of inflation by 1.6% and 2002/2003 rates being increased over the rate of inflation by 2.9% to cover the strategic investment in the airport.	3.3
▪ Subsidies Increase on Annual Plan	1.9
▪ UAGC rates provision no longer required as Council's Privy Court case has been won	1.4
▪ Revaluation reserve adjustment for revaluation on 1 July 2002	14.9
▪ Other items	0.9
Total Income Variance	\$22.4

Expenditure Changes to LTFS

▪ Depreciation increase	3.3
▪ Interest savings	-0.1
▪ Staff costs since 2001	2.1
▪ Revaluation reserve adjustment for revaluation on 1 July 2002	2.8
▪ Other	0.7
Total Expenditure Variance	\$8.8

After applying the inflation factor to expenditure is 4.8 million over that provided for in the LTFS. Removing the \$2.1million additional depreciation and revaluation adjustment \$2.8

million, expenditure is \$1.9 million ahead of the LTFS prediction in 2001. Given that Council has assumed responsibility for the following additional services/involvement in the last three years of:

- Airport management
 - More detailed asset planning
 - More community policy work
 - More electronic information
 - Strategic land purchases for future development
 - Sewerage schemes for lakeside settlements investigations
 - More liquor regulation work
 - More lake inspection work for the regional council
- and service levels of other services have been maintained as supported by our recent NRB results, the increase is not materially different from the 2001 LTFS plan.

Statement of Movements in Equity for the year ending 30 June 2003

(\$'s in thousands)	Actual	Annual Plan	Variance	LTFS	Variance
Opening *	519,134	460,473	58,661	438,026	81,108
Net Surplus	17,434	4,987	12,447	3,817	13,618
Closing	536,568	465,460	71,108	441,843	94,726

* includes any opening adjustments

- The opening equity is significantly higher than estimated. This is largely due to asset revaluations. The LTFS estimate was prepared before the revaluation in 1999/2000 and this year's July 2002 revaluation.
- The Net Surplus for the Period is higher than estimated. This is due to \$12,193,000 revaluation reserve changes recognised in the operating statement and \$1,417,000 reversal of UAGC provisions no longer required as the Privy Council's decision was in favour of local authorities.

Statement of Financial Position as at 30 June 2003

(\$'s in thousands)	Actual	Annual Plan	Variance	LTFS	Variance
Working Capital	12,776	(5,735)	18,511	3,173	9,603
Non Current Assets	562,829	509,838	52,991	472,640	90,189
Non Current Liabilities	(39,037)	(38,643)	(394)	(33,970)	(5,067)
Equity	536,568	465,460	71,108	441,843	94,725

- Cash at Bank and Short Term Investments are higher than estimated. This reflects the additional opening cash position.
- Receivables are higher than estimated. The estimate did not reflect an airport advance (see Notes 12 and 13).
- Capital projects under construction are higher by \$6.5 million as the LTFS assumed all projects would be completed by year end.
- Long-term investments are up by approximately \$3 million – a reflection of purchasing a further 50% in the Rotorua Regional Airport Ltd, a decision made in the 2002/03 Annual Plan.
- Fixed Assets are higher than estimated. This is largely due to the 1999/2000 revaluation of Council's assets and the revaluation at the beginning of this financial year.

- Long Term Debt is higher than estimated. This reflects balance sheet restructuring several years ago and the decision to invest in the airport.
- Self-funding Reserves are higher than estimated. The major part of this has arisen as a result of better opening balances from 2001/2002.
- Council Created Reserves are down as the Fleet and Computer Reserves purchases are included and funded as part of estimate process.
- Asset Revaluation Reserve is higher than estimated. This is largely due to the 2002/2003 revaluation and the previous 1999/2000 revaluation of Council's assets as noted above.

Statement of Cashflow for the year ending 30 June 2003

(\$'s in thousands)	Actual	Annual Plan	Variance	LTFS	Variance
Operating *	17,387	15,763	1,624	13,882	3,505
Investing	(20,164)	(23,298)	3,134	(7,332)	(12,832)
Financial	3,186	3,221	35	(6,550)	9,736
Net change	409	(4,314)	4,723	-	409
Opening cash	905	10,814	(9,909)	9,400	(8,495)
Closing cash	1,314	6,500	(5,186)	9,400	(8,806)

- The increase in Net Cash Flows from operating activities is greater than estimated. This arises as a result of additional grants in the "General Revenue" cash flows and rates revenue including growth and inflation increase over and above operational expenditure increases in the last three years.
- The Net cash used in Investing is higher due to more assets purchased. This is partly to do with carried forward Capital expenditure from 2001/2002 now completed, the buying of Strategic Properties, completing projects funded by grants, and the purchase of 50% of the Airport Company for long-term strategic purposes.
- The management of Loans, Investment and the capital projects mean the decrease in cash was less than estimated.
- The Opening Cash Brought Forward is significantly less than estimated. This is due to the fact that Council implemented a restructuring of its investments and borrowings in 1999/2000.

Specific Objectives and Targets

Objective	2002/2003 Targets	Performance	Significant Variations/ Comments
To maintain the financial direction as specified by Council's Long-Term Financial Strategy.	To ensure 2002/2003 operating revenue exceeds expenditure	Achieved excluding other adjustments (refer Statement of Financial Performance).	As above.
	To ensure Council rates revenue remains in line with the rating changes as set out in the Long-Term Financial Strategy.	Achieved (refer Statement of Financial Performance).	As above.

2. Funding Policy

Background

The Funding Policy as outlined in the Annual Plan, is designed to ensure that the allocation of costs by function is met by the people or groups benefiting from the function.

Overall Performance

The Council has utilised the planned funding mechanisms. The actual allocation of the costs of the Council's functions is not significantly changed from the Annual Plan.

Specific Objectives and Targets

Objective	2002/2003 Targets	Performance	Significant Variations/ Comments
To maintain a mix of funding mechanisms that will meet the total funding requirements of the district.	To collect user charges as indicated for year two of the second Long-Term Financial Strategy.	Not achieved.	See below.

Whilst there have been no significant variations to maintaining a mix of funding mechanisms as stated in the funding policy, Council has not yet fully achieved the balance between user charges and general rates indicated in the 2001/2002 Long-Term Financial Strategy. A funding review is to be completed during the 2002/2003 financial year to align the balance.

3. Investment Policy

Background

The Council delegates responsibility for management, monitoring and reporting of Council investment and activities to its Finance and Strategic Planning Committee, and its Treasury division. A Treasury policy document sets out the parameters for the operation of the Treasury division, and the volume of investments that the Council will be involved with. The mix of investments between current and non-current is determined according to the Council's working capital needs.

Overall Performance

There are no significant variations or material departures from the Council's investment policy as reported in the Annual Plan.

Specific Objectives and Targets

Objective	2002/2003 Targets	Performance	Significant Variations/ Comments
To minimise risks arising from debt raising, investments and associated interest rate management activity.	To ensure level of investment within each institution of Council is kept within Council policy limits as below: - With each registered bank of not greater than \$5 million.	Achieved. All investments within policy limits. - Maximum \$5 million.	Achieved. Achieved.

Objective	2002/2003 Targets	Performance	Significant Variations/ Comments
	- With each local authority of not greater than \$2.5 million.	- Maximum \$2 million.	Achieved.
	- With each A-rated corporate of not greater than \$1 million.	- No investments held.	Achieved.
	- \$5 million held with maturity less than one year.	- Minimum of \$5 million held short term	Achieved.

4. Borrowing Management Policy

Background

The main function of the Borrowing Management Policy is to ensure that the Council's debt and its associated risks are maintained at prudent levels. Refer to the Annual Plan for a detailed outline of the policy.

Overall Performance

Council had previously reviewed its Balance Sheet structure in 1999. Council had traditionally held its specific reserves and self-funding accounts in cash investments arranged so that maturity dates would allow Council to call on these investments in case of need. This meant that these reserves were funded by realisable investments.

Council identified that new legislation allowed it to streamline its borrowing and investing functions. Accordingly, it amended its policies so that these reserves needed no longer to be separately funded (unless in the nature of a Trust Fund). There are, however, five activities which Council continues to "ring-fence" and identify as separately accounted for activities. These activities are Pensioner Housing, Refuse Collection, Landfill, Wastewater and Water Supply.

Specific Objectives and Targets

Objective	2002/2003 Targets	Performance	Significant Variations/ Comments
To minimise risks arising from debt raising and associated interest rate management activity.	- To ensure the level of term liabilities maturing each year is kept within Council policy limits as below: - Does not exceed \$12.5 million. - To ensure interest expense is covered by funds flow by at least two times.	- All loan maturities within policy limits. - Maximum annual maturity \$9.7 million. - Coverage six times.	Achieved. Achieved.
	- Gross interest expense not to exceed 15% of total rates revenue.	- Interest expense 7.5%.	Achieved.

About The District

With a 2001 Census population count of 64,473, Rotorua ranks 6th in size out of the 60 Districts in New Zealand, and ranks 16th in size out of New Zealand's 74 Cities and Districts. Rotorua lies on the boundary of the Bay of Plenty and Waikato Regional Council areas. The District is centred around a thriving urban area on the southern shore of Lake Rotorua, and extends to include a substantial rural area as well as lakeside communities. Rotorua is a bicultural District with an increasingly multicultural population. The local environment encompasses 14 lakes, active geothermal areas, and a considerable amount of public open space. Rotorua has an increasingly broad industry base that includes tourism, agriculture, forestry, retail, manufacturing, business services, social services and education.

Some vital statistics:

- The total area of the Rotorua District is 2,708km².
- Taking into account a small Census undercount, the population of the Rotorua District is officially estimated at 67,200 (as at June 2002).
- The population of Rotorua's main urban area is estimated at 54,800.
- Almost 20% of the District's population lives in rural and lakeside areas.
- The Rotorua District is a visitor icon in New Zealand and overseas, due in part to its geothermal and cultural attractions. On average, there are more than 5,000 visitors staying in Rotorua commercial accommodation each day.
- There are 1,800 ha of reserves managed by Rotorua District Council.
- There are more than 1,000 km of local roads in the District, of which almost 70% are sealed.
- The gross capital valuation is almost \$6.5 billion and gross land valuation is around \$2.5 billion.
- Rotorua's GDP is estimated at \$2 billion per annum.

Rotorua's Early History

According to oral history, many of the Rotorua's Maori residents trace their ancestry to Tamatekapua, the captain of the Arawa canoe that arrived in New Zealand from the fabled homeland of *Hawaiki* more than six centuries ago. The Arawa canoe was beached at Maketu on the Bay of Plenty coast where the new arrivals settled down to live. They had been at Maketu for some time when an ancestor called Kahumatamomoe journeyed inland to explore. He discovered what is now known as Lake Rotorua, and settled at what is now Kawaha Point. Prompted by reports from other explorers, including Tamatekapua's grandson Ihenga, other members of the Arawa tribe eventually moved from the coast and settled in the Rotorua and Taupo areas. The earliest Maori villages in Rotorua were located close to geothermal activity, including Ohinemutu and Whakarewarewa. Descendants of the original settlers have

left their mark on modern-day Rotorua through song, dance, legends and place names.

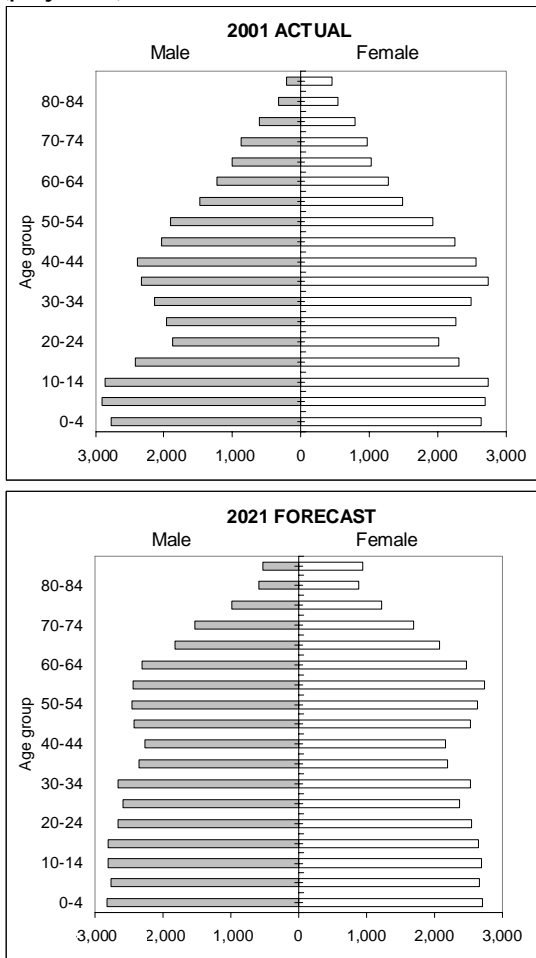
European settlers arrived in New Zealand throughout the 18th century. The subsequent development of the Rotorua area was driven by interest in the unique geothermal and cultural attractions of the area, coupled with the establishment of transport links, forestry and farming. The foundations of today's local government structure were laid by the Thermal Springs District Act of 1881, which made provisions for the establishment of certain amenities in the Rotorua. An agreement was also concluded between the Government and the Maori people on the setting up of a Town Board to administer the affairs of the new township. Te Arawa sub-tribe Ngati Whakaue contributed generously to the development of the town through the gifting of more than 120 parcels of land for health and recreational purposes. These include the Government Gardens, Kuirau Park, Pukeroa Hill, the Lakefront Reserve, and many other reserves. Today, policy issues in respect of Rotorua's gifted reserves are discussed by a joint committee of the Pukeroa Oruahata Trust and the District Council.

Rotorua's People

Including people of mixed ethnicity, the major ethnic groups in the Rotorua District are European (72%), Maori (36%), Pacific Islands (4%) and Asian (3%). More than half of Rotorua's young people are of Maori descent. According to Census results, around 8,000 Rotorua residents are affiliated with the Arawa tribe that were the original settlers of the central Bay of Plenty area. In addition to descendants of the Arawa tribe, many of Rotorua's Maori residents are affiliated with tribes from other parts of New Zealand. Rotorua's population profile is becoming much more multicultural than it has been in the past, including increases in residents from Pacific Islands, Asian countries and many other parts of the world. Rotorua's population profile is also relatively youthful but is gradually growing older.

Like many other parts of New Zealand, there is a relatively high amount of population 'churn' in Rotorua. Including migration, births and deaths, there is a turnover of around one-third of the District population every five years. Official projections show that the District is expected to have only moderate residential population growth over the coming decade, with more rapid growth in the eastern suburbs, northern rural areas and eastern lakeside areas.

Age-gender profile, Rotorua District, 2001-2021 (projected)



Source: Statistics New Zealand

Te Arawa and Geothermal Activity of the District

Included in the mythology of the Te Arawa people is an explanation for the origins of the geothermal activity within the district. The story of the tohunga (person of great knowledge) Ngatoroirangi is known and has been recited by both Te Arawa and Tuwharetoa, people of the Rotorua and Taupo regions for 100's of years.

The following is a brief excerpt of the legend of Ngatoroirangi and the Pacific Ring of Fire:

The explorer Ngatoroirangi of the Arawa canoe was ascending Mount Tongariro when he called to his sisters from Hawaiki to bring him warmth or he would surely die.

Ngatoroirangi's prayers were heard and his sisters called upon the fire demons, Te Pupu and Te Hoata, who plunged into the sea and swam to Ngatoroirangi. Te Pupu and Te Hoata surfaced for the 1st time at Whakaari (White Island), where the earth burst into flames, they found that they still had many miles to go so continued on their journey, stopping briefly at Mou-tohora, Okakaru, Rotoehu, Rototiti, Rotorua, Tarawera, Orakei-Korako and Taupo.

This is but one legend that talks about the geothermal wonders of NZ. These stories act to inform future and current

generations about where the geothermal and volcanic activity is, to provide warnings and create an aura of importance about these treasures, whereby they are respected and protected.

Rotorua's Economy

Rotorua's central North Island location provides easy road, rail and air access. The District is enjoying a sustained period of investment, providing a solid infrastructure for growth. Council has invested significantly in improving public amenities in the District, including a \$30 million upgrade of the CBD. Rotorua is home to an increasing number of industry clusters including forestry, tourism and education. These are made up of professional bodies that are committed to working together to improve their operations.

Rotorua's economic base has been changing at a rapid pace, with considerable innovation in the traditional sectors of tourism, forestry and agriculture. These industries jointly contribute an estimated 25% of Rotorua's total economic output. There is an increasing number of smaller lifestyle farming blocks in the District, as well as rationalisation and more intensive use of larger farming blocks. In sectors such as education, manufacturing and retailing, Rotorua's competitive local environment has enabled many businesses and organisations to excel. There is also an internationally recognised depth of local expertise in the transport and engineering sectors.

Labour force participation in Rotorua has increased substantially over the past decade, and unemployment is at a 15-year low. Rotorua's occupational profile is gradually changing, with fewer agricultural workers and increased numbers of manufacturers, professionals, teachers and other service occupations. Career opportunities exist across a wide range of industries. Fast-growing sectors over the coming years are expected to include trade and tourism, manufacturing, health, education and transport. Despite continued uncertainties in the forestry sector, the outlook for forestry and wood processing also remains optimistic. Emerging industries in Rotorua include spa and wellness, biotechnology and film and television. There is also considerable scope for increased commercial development on land and resources owned and managed by local Maori.

Rotorua's Environment

Rotorua's unique environment has shaped the development and identity of the District and provides a wide range of social, cultural, recreational and economic resources. The landscape and its cover have been substantially altered over time by geological events and human activity. Land cover in the District is now dominated by pasture (48%) and planted forest (20%), as well as indigenous forest and lakes. There are 137 Protected Natural Areas in the District, covering more than 30,620 ha. More than half of this area comprises scenic reserves.

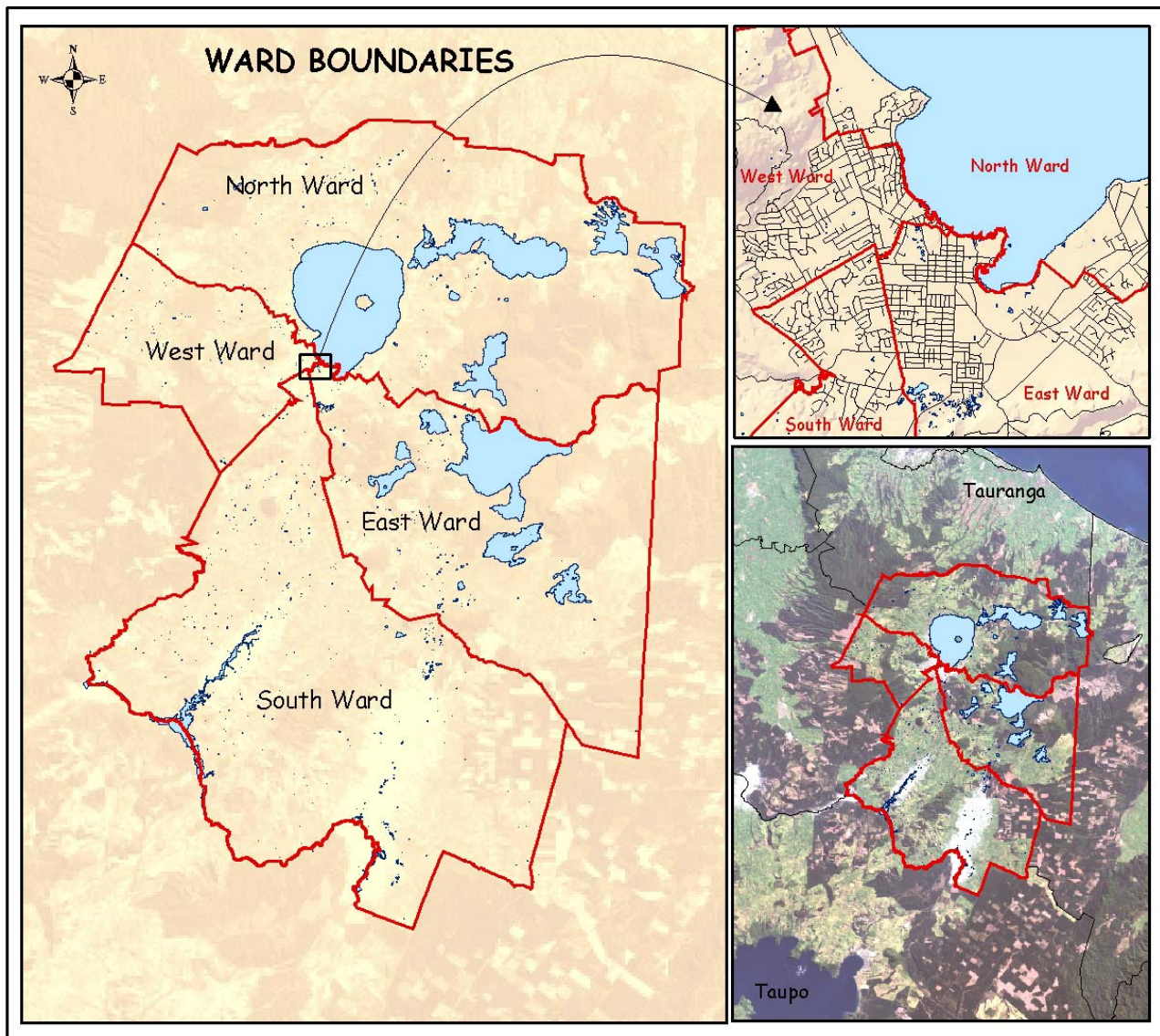
The District's 14 lakes form a backdrop to an abundant variety of natural resources, recreation opportunities, visitor attractions and economic opportunities. The lakes and geysers of Rotorua are icons, recognised in this country and known throughout the world. Around 80% of Rotorua residents visit the District's lakes on at least a monthly basis. Lake water quality is an issue of significant community concern. In general, lake water quality has been declining over the long-term due to increased nutrient levels resulting in sporadic algal blooms on a number of lakes. A collaborative approach is being taken with Environment Bay of Plenty, Te Arawa Maori Trust Board and lakeside communities to better manage lake water quality.

Rotorua is located in close proximity to vast plantation forestry resources, including the extensive Kaingaroa Forest.

Forest Research – New Zealand's largest forestry research organisation – is located in Rotorua, as is the recently named Radi Centre of Excellence in Wood Manufacturing, a partnership between Forest Industries Training, the University of Auckland and Waiariki Institute of Technology.

Te Arawa are the traditional kaitiaki (guardians) of Rotorua's environment for future generations, and partnership with Iwi is a key principle in the management of the District's environment. The District Plan lists 235 archaeological sites, 34 marae and 27 other heritage sites or structures that have cultural or historical significance to Iwi. The process of consultation with Maori is evolving as greater efforts are made for improved communication.

Ward Boundaries Map





Governance Report

Governance of the district relates to the manner of achieving representation of the community's views and how these are translated into actions and work programmes of the Council. This section of the Annual Report focuses on the following governance themes:

Representation	<ul style="list-style-type: none"> ▪ involvement in governance decisions at Council and Committee level ▪ advocacy undertaken on behalf of the Rotorua community ▪ effectiveness of governance structures
Leadership	<ul style="list-style-type: none"> ▪ overview of governance structures and outputs achieved
Strategic directions	<ul style="list-style-type: none"> ▪ strategic community achievements ▪ setting of strategic platform

Also included is a description of partnerships forged with other organisations, an overview of key planning documents, achievements, and areas for action.

Background

Local government in the Rotorua district is based on three core premises: transparency, participation and accountability. **Transparency** is achieved through the community being able to "clearly see the policies, plans and objectives and how they are able to be financed". **Participation** is achieved through the consultative community input processes that enable Council to connect with its constituents and interested parties. **Accountability** is achieved through a number of reports, including the Annual Report, which are produced to gauge effectiveness and attainment of targets. The Government's watchdog, the Auditor-General, audits both the financial and non-financial achievements in the Annual Report, providing both the community and Central Government with an independent assessment of Council's achievements.

Role of Council

Council has the overall responsibility for:

- Proper direction and control of the District's activities in a prudent financial manner
- Representing the views of the community in the most effective, strategic, and holistic manner possible
- Laying the strategic foundations for the district to grow in a dynamic and enabling manner.

These roles required stewardship of:

Operation policy and strategic direction

- Risk management
- Administration of regulations and bylaws
- Management integration
- Safeguarding public interest, including advocacy.

Representation

Electoral System

The system of elected member representation is reviewed every three years. Currently there are four Wards with three members elected per Ward:

- North Ward
- South Ward
- East Ward
- West Ward

Ward boundaries are shown in the section of this Annual Report called "About the Rotorua District". Members are remunerated in accordance with the determinations made by the Remuneration Authority.

Meetings

In the 2001/02 financial year Council convened 132 meetings. Of these, 21 were related to Statutory Hearings and deliberations.

During the year eight meetings of each of the Te Arawa, Works, Community Parks and Recreation, Planning and Bylaws Standing Committees were held and 22 meetings of the Finance and Strategic Planning Committee. In addition to its scheduled six-weekly meetings, the Finance and Strategic Planning Committee was responsible for considering and setting the 2002/03 estimates, and hearing submissions to the 2002/03 Draft Annual Plan.

14 full Ordinary and Special Council meetings were also held during the year. In the later part of the year a new joint Committee, the Rotorua Lakes Strategy Joint Committee was formed with Environment BOP and Te Arawa Maori Trust Board. Some Councillors also attended meetings of Advisory Committees, Funding Committees and Subcommittees that meet less frequently than Standing Committees of Council.

His Worship the Mayor and Councillors

Mayor Hall is an Ex-officio member of all Council Committees, and attends most meetings. The Mayor also holds positions on many Trusts, community organisations, and community committees. These positions include acting as Trust or Board Member, Committee Member or Chair, and Patron. The Mayor also hosts many meetings to ensure facilitation and transfer of knowledge within the community.

As well as holding the position of Justice of the Peace and Celebrant, the Mayor hosts Citizenship Ceremonies, Community Awards, Trustpower Spirit of Rotorua Awards, and Young Achievers Awards. The Award ceremonies are well attended and recognise the important contribution that others make to the Rotorua community.

Ward Members

North Ward



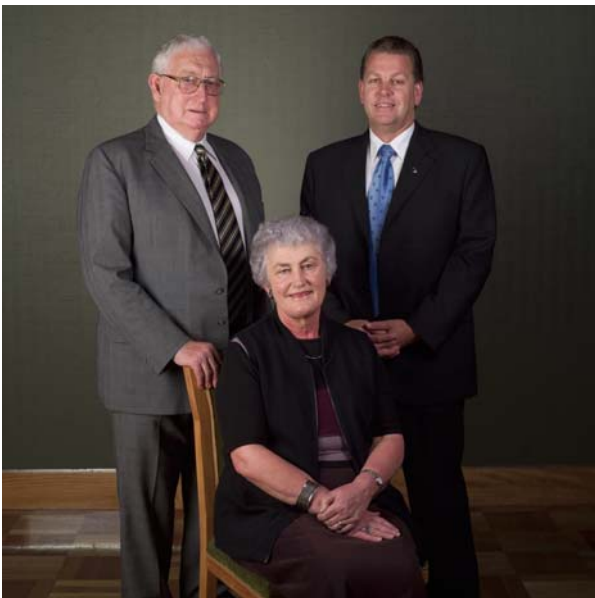
Cr Charles Sturt Cr Chris Campbell Cr Bob Martin

West Ward



Deputy Mayor Trevor Maxwell MNZM Cr Janet Wepa Cr Knocker Dean

South Ward



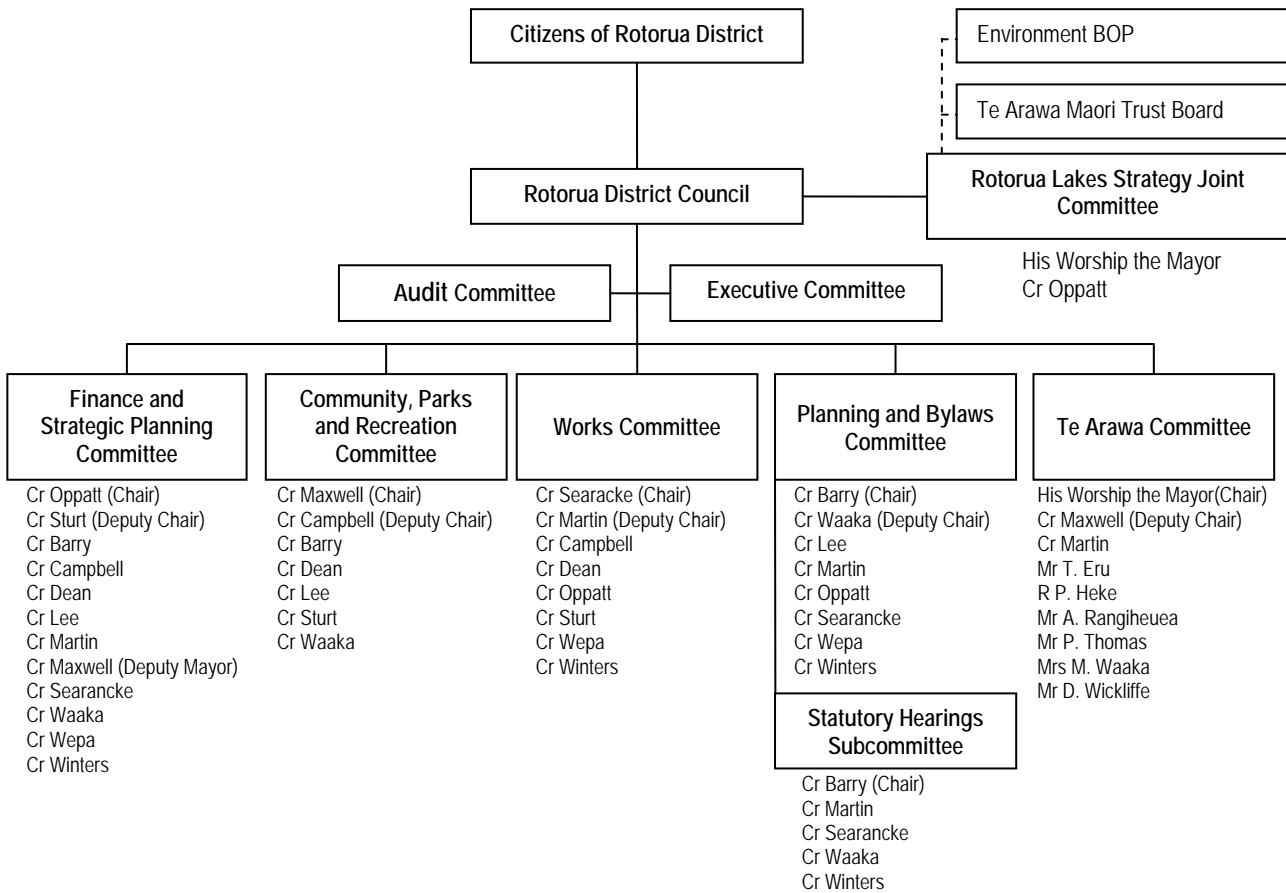
Cr Peter Barry MBE Cr Glenys Searancke QSM Cr Kevin Winters B.Ag.Sc.

East Ward



Cr Cliff Lee Cr Maureen Waaka MNZM Cr Neil Oppatt

Leadership - Committee Structure



Committee Terms of Reference

- Finance and Strategic Planning**
 LTCCP and Annual Planning, Financial, general, marketing and development, Castlecop business unit, and civil defence
- Community, Parks and Recreation**
 Rotorua's Museum of Art and History, library, community, social policy, monitoring, information and research, community assistance policies, Safer Community Council, sister city relationships, parks and reserves, aquatic facilities, cemeteries/crematorium, event facilities.
- Works**
 General, roading, road safety, traffic, land drainage, public health, water and lake waters.
- Planning and Bylaws**
 Planning, regulatory, building, health, general and control of dogs
- Te Arawa**
 As part of the Rotorua District Council's decision making process Te Arawa Standing Committee has the responsibility to provide a Te Arawa perspective on all matters that affect Maori.
- Executive Committee**
 Comprises His Worship the Mayor, the Deputy Mayor, Chairperson of Finance and Strategic Planning Committee, Chief Executive, and where appropriate the Chairperson of the affected Committee. Its work includes decisions on applications for remission and/or postponement of rates in

cases of extreme hardship, negotiation of leases and emergency matters.

- Statutory Hearings Subcommittee**
 This Committee is chaired by Cr Barry assisted by four other Councillors who are members of the Planning and Bylaws Committee. It has approximately 12 meetings per year.
- Rotorua Lakes Strategy Joint Committee**
 Rotorua District Council, Environment BOP, and the Te Arawa Maori Trust Board form this joint committee. Lakes water quality is an important issue for the district and the Committee has been charged with ensuring a proactive strategic approach is taken toward co-ordinating lakes quality improvement. Mayor Hall and Councillor Oppatt are Councils representatives, Mayor Hall is Chairperson of the Joint Committee.
- Other Committees**
 These are formed as Subcommittees to deal with particular issues as required. They usually meet irregularly and are in existence for as long as required, sometimes being in a period of abeyance between active periods. The Mayor is ex-officio member of all Committees.
- Audit Committee**
 This Committee comprises His Worship the Mayor, the Chairperson and Deputy Chairperson of the Finance and Strategic Planning Committee and an "outside" appointee, Mr B. Lane. Its work includes internal/external audit matters. This Committee meets as required

Te Arawa Committee

This Committee has representatives appointed and elected from the Te Arawa Iwi. The Committee's terms of reference are "to have responsibility for providing a Te Arawa perspective on all matters affecting Maori".



Back Row (left to right): Peter Guerin (Chief Executive), Piki Thomas, Mauriora Kingi (Director, Kaupapa Maori), Cr Bob Martin, David Wickliffe, Piwiki Heke
Front Row (left to right): Anaru Rangihueua, Bella Tait (Policy Analyst & Iwi Research Officer), Mayor Grahame Hall (Chairperson), Deputy Mayor Trevor Maxwell, Cr Maureen Waaka, Tai Eru

Councillor Meeting Attendance

The table below sets out the percentage attendance recorded by Councillors. This is taken from the attendance figures for meetings Councillors are required to attend. If a Councillor is not a member of a particular Standing Committee, they can still attend meetings of that Committee but will not receive payment for such attendance. The 'Other meetings' column below indicates those scheduled meetings over and above councillors portfolio's that they have attended for the 2002-03 year.

Meetings Attended for the year ended 30 June 2003

Committee:	Works	Planning and Bylaws	Community, Parks and Recreation	Finance and Strategic Planning	Te Arawa	Council	Statutory Hearings	Other	Overall Percentage Attendance
Barry		100%	100%	100%		86%	84%	28	94%
Campbell	100%		87.5%	95%		93%		10	94%
Dean	87.5%		87.5%	74%		79%			82%
Lee		87.5%	100%	100%		93%		12	95%
Lepper ¹	100%	100%		100%	100%	100%		2	100%
Martin	100%	100%		100%	100%	93%	100%	10	97%
Maxwell			87.5%	100%	100%	93%		25	95%
Oppatt	75%	87.5%		100%		86%		12	87%
Searancke	100%	100%		95%		86%	100%	17	96%
Sturt	100%		100%	100%		93%		12	98%
Waaka		87.5%	87.5%	95%	100%	93%	100%	18	93%
Wepa ²	100%	100%		100%		100%		7	100%
Winters	87.5%	100%		95%		100%	100%	7	97%

¹ Cr Lepper served until September 2002.

² Cr Wepa commenced her term in January 2003, following a by-election in the West Ward.

Strategic Direction

Strategic Framework

A strategic framework has been established which identifies the six key themes of:

- A. Visionary Governance
- B. A great place for locals and visitors to enjoy.
- C. A great natural and physical environment.
- D. A great place to work and do business.
- E. A great community to live in – Tatou Tatou
- F. A efficient, effective and responsible organisation.

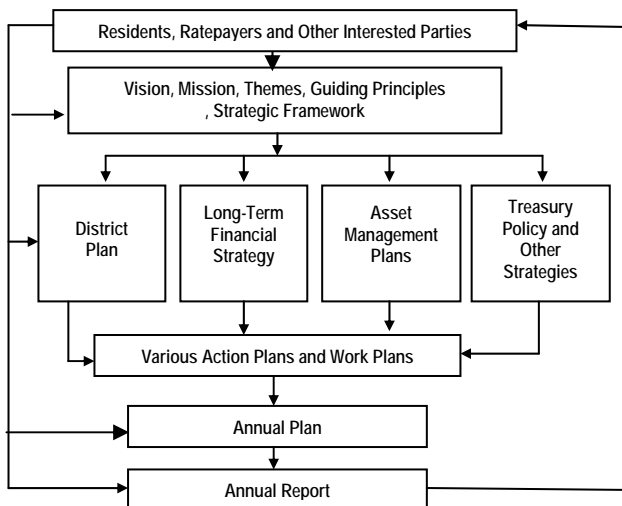
The strategic framework is set out at the beginning of this Annual Report and the contributing planning documents and planning cycle explained below.

Annual Report

The purpose of this annual report is to compare Council's actual performance for the year with that which was projected in the Annual Plan for the same period. The report has an accountability and informative role. The relative importance of these roles may vary for different users. Accountability is the requirement for Council to account to ratepayer, residents and other interested parties for its performance over the last year. This requires financial reports that:

- Identify the objectives and targets established by formal process.
- Measures actual achievements against those objectives and targets.

Such objectives and targets are both financial and non-financial. The Annual Report is therefore an important link in Council's planning process and annual communication cycle. The diagram below shows how the various other public documents integrate with this Annual Report. The following describe the purpose of each document in the diagram. It is hoped that this will aid in understanding the role of this Annual Report.



District Plan

This document deals with environmental management and significant resource management issues of the District.

Long-Term Financial Strategy

This strategy is a requirement of the Local Government Act and provides for: estimates of the expenditure necessary to meet the identified needs of Council over the next 10 years; explanation of the reasons why Council has chosen to engage in various activities; cashflow projections including asset sales and effects on working capital; estimates of reserves, investments, assets, equity, long term borrowing; commitments and contingencies; and links the funding to the Annual Plan.

Asset Management Plans

These documents are prepared to describe how Council proposes to manage major assets i.e. infrastructural assets in order to achieve various goals and objectives and include the levels of service against which performance will be measured; life cycle management plans; policies procedures and timetables for cost effect acquisition, maintenance, operation and disposal of assets to meet agreed levels of service; and cashflows.

Treasury Policy

This document is Council's response to the liberalisation of borrowing powers in the Amendment Act, which in return for increased autonomy requires policies for "borrowing" and "investments" to be promulgated, and because the two issues are so closely interlinked a single comprehensive Treasury Management Policy has been prepared.

Funding Policy

The funding policy, which includes a number of strategic issues, requires the use of economic principles in the first instance and the political decision to allocate the costs of expenditure for activities Council chooses to engage in. A three step process is required:

- Step 1: Expenditure Funding Principles**, comprises identification of relevant activities or functions, followed by identification of benefits and costs relating to each activity or function based on economic principles.
- Step 2: Modifications – Alternatives**, takes into account other dimensions that need to be considered apart from the purely economic, such as fairness and equity, the interests of residents and ratepayers, the need for transition arrangements, and specific policies of Council.
- Step 3: Funding Mechanism**, addresses the various funding mechanisms that are appropriate, and takes into account issues such as practicability, efficiency and cost of collection in identifying the mechanism with which the expenditure is to be funded.

Annual Plan

The Annual Plan is an action plan produced each year that sets out how Council has prioritised goals, on an annual basis, and over the subsequent two years.

Setting the Strategic platform

With the advent of the Local Government Act 2002, coupled with the Annual Plan submissions of June 2003, a strategic platform has been established for the future direction of the district. This strategic platform will be based around the:

- Long Term Council Community Plan
- Rotorua Growth Strategy
- Rotorua Visitor Industry Strategy
- Retail Strategy
- Funding and Rates Review

Consultation and Events during the Year

Council regularly connects, consults, and communicates with the community over a range of issues, some using formal statutory processes, others using informal processes. Some of the consultative processes that were undertaken this year were:

Tarawera Variation

Council has continued to progress the inclusion in its District Plan new provisions to manage the sensitive Lake environments of Okataina, Okareka, Tarawera, Tikitapu, Rotokakahi, Rotomahana and Okaro. Variation Twelve, introduces a Lakes A Zone to cater for existing activities and to protect the outstanding natural features and landscapes into the future.

2003/2004 Annual Plan

The Annual Plan for 2003/2004 was adopted on 24 of June 2003 after an extensive public consultation period. There were 153 submissions covering a range of topics. The main issues were:

- Economic growth
- Retail growth
- Review of rating policies
- Council's Seal Extension Programme

A copy of the adopted Annual Plan is available from Council.

Marae meetings

A number of marae meetings were held throughout the year. The meetings were attended by Councillors, Council Officers and members of the community. The meetings proved to be very successful as there was much exchange of information and discussion of issues.

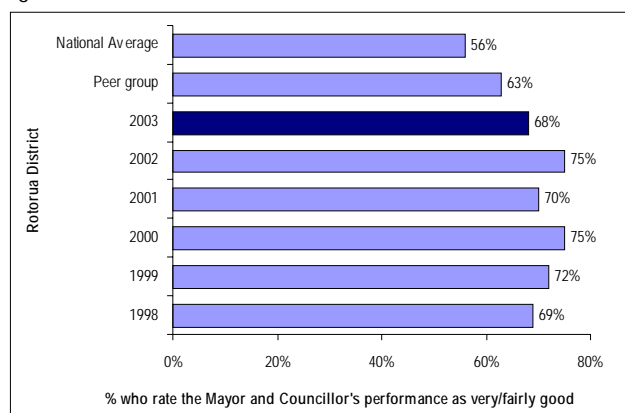
Council projects

There were a number of Council projects that were undertaken through the year where consultation was had with the community, these include:

- Ngongotaha township upgrade
- Urban Transport Study
- Airport Strategic Issues

Community Satisfaction Survey

The 2003 Community Satisfaction Survey undertaken by National Research Bureau indicated that 68% of those surveyed thought the performance of the Mayor and Council over the past 12 months was very good or fairly good. This is greater than the peer group average of 63% and the national average of 56%. This is an indicator to Council that their policy and its implementation is very closely meeting the expectations of residents, ratepayers and other interested parties. Of those who contacted an Elected Member over the past 12 months, 82% rated performance as very good/fairly good.



Rotorua Regional Airport Ltd

As at 30 June 2003 Council owned 100% of the Rotorua Regional Airport Ltd and appointed all directors to that Company. The directors appointed by Council are Chairperson of the Finance and Strategic Planning Committee, Councillor Neil Oppatt; Deputy Chairperson of the Works Committee, Councillor Bob Martin; Ray Cook, businessman; and Bill Kingi, Ngati Rangiteaorere Kahikatea Trust representative. These Directors have represented Council's interests throughout the year in respect of how the Company has been operated at a governance level.

Internal Audit

Council has an Internal Audit Committee with Mayor Hall and Councillor Oppatt as elected members, and Mr B. Lane, a Chartered Accountant, is an external member. The Committee met twice during the year and received reports on:

- Management reports from Audit NZ on end of year reporting
- Human Resources/Payroll area plus there will be reviews of Council's Fraud and 'Sensitive' Spending policies.

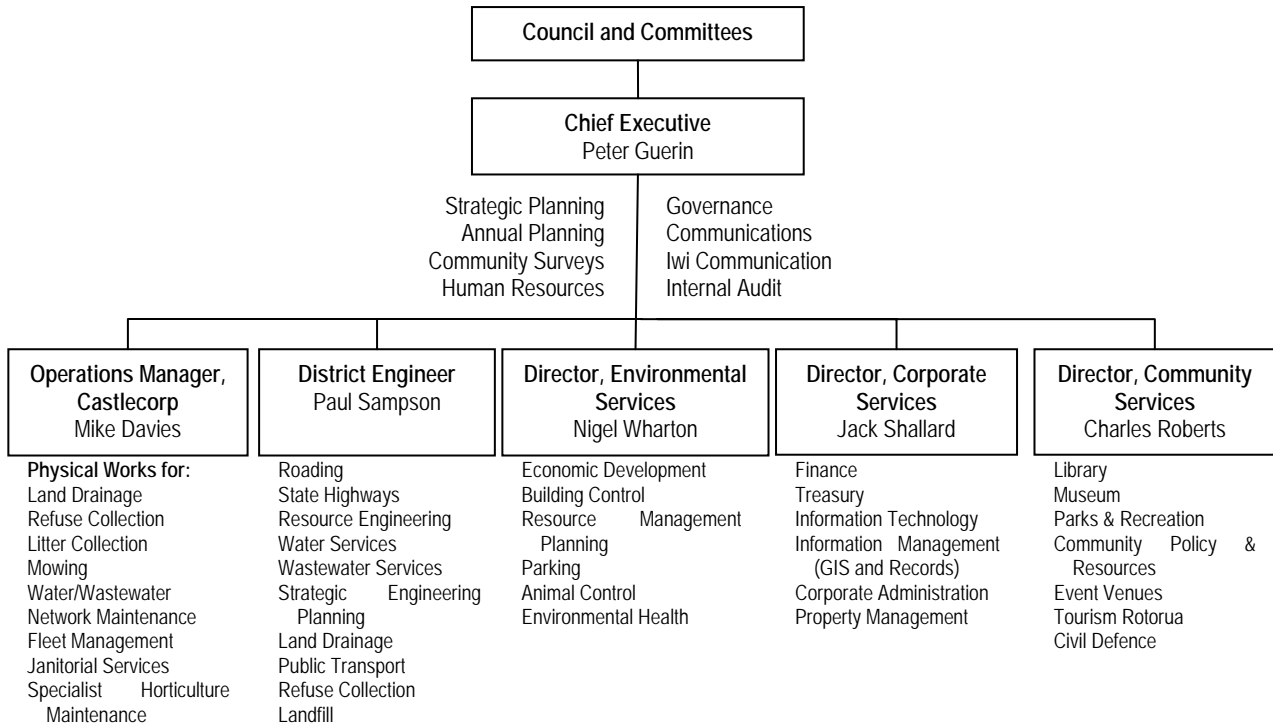
Corporate Health Indicators

Report Card as at 30 June 2003

Corporate Health Indicators	Strategic Framework Reference	Desired Status	Achievement as at 30 June 2003
1. Annual Report	F4	Unqualified Audit (NZ) opinion	Achieved for year ended 30.06.03 Refer Annual Report Audit Opinion
2. L.T.F.S.	F4	No Audit (NZ) issues	Achieved Refer Annual Report
3. Annual Plan	F2	At least 70% targets met annually	Achieved Refer Annual Report
4. Complaints/Appeals to External Agencies – Ombudsman – Privacy Commissioner – Audit	F4	No complaints Any complaints determined in Council favour	– Ombudsman 1 complaint 1 settled by meeting with complainant – Privacy Commissioner <i>Information pending</i> – Office of the Controller and Auditor General 0 complaints N/A in Council favour
5. Litigation Schedule	F2	Risks manageable	Achieved Refer Risk Corp Report
6. Serious Fraud Matters (in terms of Council Policy)	F3	Nil	Achieved No investigations No initial complaints lodged with Police
7. NRB Rating (Council and Staff)	F3	At least 10% above national average	Achieved NRB Rating Council 12% above national average NRB Rating Staff 12% above national average
8. Staff Turnover (organisationally)	F3	No higher attrition than national statistics per annum	Not achieved Rotorua District Council turnover = 18.09% (inclusive of 2% approximately seasonal workers) National Average = 15.0% (excluding seasonal workers)
9. OSH Reports	F4	OSH Audit Reports satisfactory ACC discount rating not less than 15%	Achieved 11 reports presented and satisfactory ACC discount rating 15% 90 accidents as at 30.06.03

Management

Council appoints the Chief Executive who reports to and is accountable to the Mayor and Councillors. The Chief Executive then employs staff and engages contractors etc to support in providing the policy advice and implementing the decisions of Council.



left to right - Paul Sampson – District Engineer; Charles Roberts – Director Community Services; Peter Guerin – Chief Executive; Jack Shallard – Director Corporate Services; Nigel Wharton – Director Environmental Services

Sustainable Well-being Reports

In addition to its role as a provider of public infrastructure and services, Council makes an important contribution to local development as a leader and an enabler. The Local Government Act 2002 requires Council to facilitate community discussions to identify a shared vision and priorities and then over time to monitor progress towards improved community well-being.

*Ma te noho marama ki nga tumanakotanga
mo inaiane ka taea e tatou te nuku whakamua*

Only by having a clear understanding of where we are now
can we hope to move forward to where we want to be in the future

Over the past several years Council has developed baseline sets of indicators for each of the four dimensions of well-being – social, economic, environmental and cultural. These indicator sets will be further developed during 2003-04. They will be more explicitly linked together to reflect the relationships between the dimensions of well-being. They will be more closely aligned with other councils' quality-of-life monitoring programmes to allow improved comparisons with other districts and cities. They will also be refined to ensure they measure high-level community outcomes that are important to Rotorua communities.

The reports that follow present up-to-date local information on:

- Social well-being
- Economic well-being
- Environmental well-being
- Cultural well-being

When interpreting this information it should be recognised that there are many influences on community well-being, including Council activities, Government policies and services, national and international economic conditions, technological advances, and many other factors.

Social Well-being Report

A report published in 2002 presented data on more than 40 indicators of social progress in the Rotorua District. Data on these indicators is kept up-to-date on Council's website, www.rdc.govt.nz. The data are compiled from a range of sources, including Government agencies and local community surveys. The indicators were carefully chosen on the basis of relevance, availability, reliability and public feedback. Ongoing consultation is undertaken with local organisations and individuals to continue refining the data set.

Council's social monitoring programme covers the following broad topics:

- Rotorua's People
- Health
- Housing
- Education
- Standard of Living
- Community safety
- Social connection
- Democracy

Rotorua's People

Rotorua's demographic profile is the 'canvas' on which social trends are overlaid. Characteristics such as age and ethnicity are determinants of social outcomes such as education, health and employment. Key demographic trends in Rotorua include:

- Only moderate overall population growth, with more rapid growth in the eastern suburbs, northern rural and eastern lakes areas.
- Increasing numbers of Maori, Pacific Islands and Asian residents.
- Increasing numbers of older residents.

Health

The annual number of people in the Lakes area who die before age 65 was 31% in 1999 compared with 34% in 1998. More recent figures, to be released next year, will help clarify whether or not this is the start of a positive trend.

The comparable 1999 figure for New Zealand overall was 24%. The reason that an above-average number of Rotorua people die before age 65 is due at least in part to the relatively poor health status of Maori. Other indicators show that Rotorua has an above average rate of young parenting, low birthweight babies and infant deaths.

Housing

Since the early 1990's household overcrowding has fallen both locally and nationally. Around 440 dwellings in the Rotorua District could be considered 'high occupancy' as at March 2001. Over the period 1991 to 2001 home ownership in Rotorua fell from 74% to 66%. This compares with a 2001 home ownership rate of 68% throughout New Zealand as a whole.

The decline in home ownership over the past decade may be partly due to policy changes such as the introduction of the student loans scheme, and may also be due to changing

householder preferences. Housing New Zealand Corporation provides a stock of 685 housing for low-income families in Rotorua, and Rotorua District Council provides 146 units for pensioners.

Education

Pre-school education in Rotorua is readily available through the District's many kindergartens, play centres, kohanga reo and pre-school groups. There are 94 licensed early childhood services in the District providing an early start to the formal education of around 3,400 Rotorua children. According to Ministry of Education statistics, 46% of Rotorua students attend a school with a decile rating of 3 or lower.

There has been a recent positive trend in high school education, with the number of student stand-downs dropping to 257 in 2002 from 286 in 2001. This was in contrast with many other parts of New Zealand which experienced a rise in stand-downs between 2001 and 2002.

According to Census results, the percentage of working-age population in the Rotorua District with some form of academic qualification increased to 69% in 2001 from 60% in 1996. However, the percentage of working-age people with an academic qualification remains below the 2001 national average of 72%. Furthermore, more frequent information from the Ministry of Education shows that the percentage of Rotorua school leavers with no formal qualification increased to 25% in 2001 compared with 20% in 1999. There was no corresponding increase at the national level over this period.

Standard of Living

Around 34% of Rotorua children live in sole-parent families, which is slightly higher than the rate of 33% in 1991. Children growing up in sole-parent families tend to be disadvantaged in terms of health, education and future earning opportunities.

In real terms (1999 dollars) median household income in the Rotorua District increased from \$33,337 in 1991 to \$36,569 in 2001. This is around \$1,300 below the national median household income of \$37,920. As at March 2003 approximately 4,100 people were registered as job seekers at the Rotorua work service site in, down slightly from 4,160 in March 2002. The regional unemployment rate is currently around 6.6%.

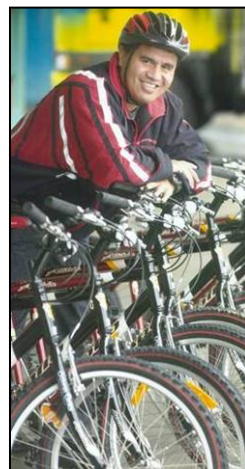
Community Safety

As at June 2003, 21% of Rotorua residents thought the District was not really/definitely not a safe place to live, up from 13% in 2002 and slightly above the national average of 17%. The main reasons people gave for saying the District was not safe included problems with young people, burglaries, and physical violence.

There has been an increase in serious crimes in the past several years, particularly violence-related and drug offences. The total number of reported crimes in the Rotorua

Police District increased to 11,694 in the year to June 2003 compared with 10,627 in the year to June 2002. This is an increase of 10% over a 12-month period. Contributing factors included an increase in reported dishonesty offences, drugs and anti-social offences, violence offences, property damage offences and property abuses. Note that changes in reported offending may partly reflect trends in public awareness rather than actual offending.

The annual number of road traffic accidents in the Rotorua District increased to 155 in 2002 compared with a low of 95 in 2000. There were 226 road casualties in the District in 2002 compared with 142 in 2000. On a positive note, the annual number of road fatalities in the District has remained in single figures for the period 2000-2002. The Land Transport Safety Authority estimates that the social cost of crashes in the Rotorua District in 2002 was \$64.7 million.



Community safety is a social issue that is closely linked to community attitudes and behaviours. Survey results show that there is a relatively high level of community spirit in Rotorua. However, statistics also show that Rotorua has an above-average crime rate. Council recognises that there are complex social and economic causes for criminal offending, and is an active participant in the inter-agency Community Safety Partners Forum. Council supports community safety through such functions as Liquor Licensing, and by providing funding and support for the Rotorua Safer Community Council, Neighbourhood Support, Community Watch, Drivewise and other initiatives.
Photo: Rotorua Daily Post

Social Connection

As at June 2003, 72% of residents rate Rotorua's community spirit as good or very good compared with 75% in 2002. The perceived level of community spirit in Rotorua is similar to the national average. More than half of all Rotorua residents feel that generally speaking they can trust strangers, which is slightly above the national average.

Democracy

In 2001 the voter turnout for the Rotorua District Council election dropped to its lowest recorded level of 49%. However, satisfaction with Council services and elected representatives remains fairly high compared with other districts.

As at June 2003, 68% of Rotorua residents rated the performance of the Mayor and Councillors as good/very good compared with the national average of 56%. Major issues on which Rotorua residents want consultation include roading, airport development, lake ownership, district planning, lake water quality and rates.

Economic Well-being Report

Over the coming year a core set of economic indicators will be developed in consultation with Rotorua's commercial sector and community. This section presents available information under the following headings:

- Economic overview
- Business confidence
- Agriculture
- Forestry
- Manufacturing
- Construction and real estate
- Transport
- Wholesale and retail
- Tourism and hospitality

Economic Overview

Rotorua's economic output is estimated at \$2,000 million per year. Rotorua's estimated economic growth rate recently peaked at around 4% per annum, which mirrors trends at the national level.

A growth rate of around 2.6% per annum is projected in the longer term. Labour force participation has increased substantially over the past decade, and unemployment has fallen.

Rotorua's occupational profile is gradually changing, with fewer agricultural workers and increased numbers of manufacturers, professionals, teachers and other service occupations.

Census results show that the most significant industries in the District in terms of employment include retail trade (employing 3,500 people), manufacturing (3,500), property and business services (2,550), health and community services (2,500), agriculture and forestry (2,400), accommodation, cafés and restaurants (2,300) and education (2,300).

Fast-growing sectors over the coming years are expected to include trade and tourism, machinery and equipment manufacturing, wood products manufacturing, health, education, forestry and transport. There are a number of available sites for new investment in the Rotorua District, particularly for light industry.

Major new developments include a 22-hectare business park opposite Rotorua Airport, as well as a rural 67-hectare site greenfield site in Rerewhakaaiti to accommodate strategic industrial development.

Over the coming year Council will initiate community consultation to develop a 'sustainable growth' strategy for the District, which will encompass action plans for specific industry sectors.

Economic growth across all industries will also be supported through the implementation of the Rotorua Employment Skills Strategy, which was developed in 2002-03 with support from industry, Council, Waiariki Institute of Technology, Work and Income Bay of Plenty and the Tertiary Education Commission.

Business Confidence

Council commissions a quarterly survey of Rotorua firms to assess trends in business confidence. The results are compared with those of a national survey undertaken by the National Bank.

The most recent results for June 2003 show that local confidence in national general business conditions is currently well above the national average. A net 28% of Rotorua businesses expect national business conditions to improve over the coming year compared with a net 34% of businesses nationally that feel general business conditions will in fact worsen. A similar pattern holds with respect to local general business conditions, with a net 39% of Rotorua businesses expecting an improvement over the next 12 months. As at June 2003, a net 14% of Rotorua businesses expect local economic activity to increase over the next year.

Agriculture

The agricultural industry directly employs around 1,400 people in Rotorua, with a further 180 employed in agricultural services. Most of the agricultural land in Rotorua is dedicated to dairy, beef, sheep and deer farming. There is an increasing number of smaller lifestyle blocks in the District, as well as rationalisation and more intensive use of larger farming blocks. Dairy and deer farming have shown strong profitability in recent years. Horticulture remains a relatively minor industry in the Rotorua District, although there may be scope for introducing new crops based on specific soils and microclimates.

Forestry

Rotorua's forestry sector directly employs more than 750 people. When indirect employment such as manufacturing and transport are accounted for, the local forestry sector accounts for around 3,000 jobs and an estimated \$250 million of income. Rotorua is located in close proximity to vast plantation forestry resources, including the extensive Kaingaroa Forest.

The Central North Island supply area produces nearly 56% of New Zealand's annual wood harvest, and is projected to remain the dominant wood-producing region in New Zealand. There are opportunities for further investment in both planted production forestry and timber processing in the Rotorua area. Indirect investment opportunities also exist in terms of forestry inputs, engineering services, consulting, research, and education.

Waiariki Institute of Technology currently provides excellent educational and training opportunities for the Rotorua forestry industry. This excellent base is going to be built on in 2004 with the development of the NZ Centre of Excellence for Wood Processing which will be located in the existing Waiariki Institute of Technology Waipa site.

This major development is a joint venture initiative between Forest Industries Training, Auckland University and Waiariki Institute of Technology, and has been funded through NZ Trade and Enterprise major regional initiatives programme. This will provide significant opportunities for the development of the Rotorua and New Zealand wood processing sector into the future.

Manufacturing

The manufacturing sector accounts for 13% of employment in the District. Around two-thirds of all manufacturing employment in Rotorua relates to wood products and machinery production, which reflects the importance of these sectors within the local economy. In the period 1988 to 2001, employment in Rotorua's wood and paper products sector increased by around 400 full-time equivalents. Food and beverage processing is also a significant local employer.

Construction and Real Estate

The construction sector, including building-related services such as plumbing and roofing, employs around 1,500 people in Rotorua. Around 60% of equivalent full-time jobs in this sector relate to trade services. The continued development of tourism and other business activity will be a key driver of commercial construction growth in the future. However, the residential building sector is relatively subdued.

There were 4.4% less building consents issued for new dwellings in the year to June 2003 compared with the previous year, despite a boom in residential construction in many other parts of the country. Nevertheless, the local real estate market remains active both nationally and locally.

There was annual average growth of 27% in the number of Rotorua dwellings sold in the year ended June 2003, which is slightly above the national figure of 21%.

Transport

The transport and storage sector accounts for around 1,000 jobs in Rotorua. Rotorua's central North Island location provides efficient road, rail and air access to most parts of New Zealand. Major state highway networks pass through the District and make travelling by road straightforward. Bus and coach companies travel to and from Rotorua on a daily basis.

The Council-owned Rotorua Regional Airport provides connecting flights to and from other domestic airports around New Zealand, as well as direct flights to Christchurch

International Airport. The airport is being developed and extended over the coming years to future-proof Rotorua's position as a premier visitor destination.

Wholesale and Retail

The wholesale and retail sectors collectively account for around 5,000 jobs in Rotorua, or close to 19% of the total workforce. Increased rural incomes and visitor numbers have been major drivers of growth in recent years, and the opening of major chain stores has increased the attractiveness of Rotorua for shoppers.

Survey results from Statistics New Zealand show that there has been a prolonged expansion in the size of the retail sales market nationally, with above-average growth in the Bay of Plenty Region. Annual average growth in retail sales for the Bay of Plenty Region was 8.2% as at May 2003 compared with 6.4% for New Zealand overall. Rotorua-specific retail figures are not available.

Tourism and Hospitality

The dominance of Rotorua's tourism industry is reflected in the fact that 8.7% of the local workforce is employed in the accommodation, cafés and restaurants sector compared with 4.9% for New Zealand as a whole. Rotorua is one of the leading tourism centres in New Zealand, attracting more than one-third of all international visitors to New Zealand.

Accommodation providers include a broad range of motels, backpackers and lodges, as well as major hotels. Latest results from Statistics New Zealand show there was 4.9% annual average growth in international visitors to New Zealand as at June 2003. This is relatively low compared with past growth rates, and can be attributed in part to a major downturn of international visitors from Asia due to fears about SARS.

According to the Quarterly Commercial Accommodation Survey, approximately 1 million visitors stayed in Rotorua commercial accommodation in the year ended May 2003, for a total of 1.8 million guest nights. Tourism growth is expected to improve in the future on the basis of national and international trends.



In mid-2003, Rotorua District Council and Work and Income Bay of Plenty jointly established a six-month project to create new pathways for Rotorua young people aged 15-17 to transition from school to work and training. The aim of the project is to establish a foundation that ensures that in the long-term every Rotorua young person has opportunities and support for further development when they leave school. The project falls under the auspices of the Mayors Taskforce for Jobs, and will be occurring in parallel with the implementation of the Rotorua Employment Skills Strategy.

Photo: Rotorua District Council.

Environmental Well-being Report

Environmental reporting is required by both the Local Government Act 2002 and the Resource Management Act 2001. In addition, reporting of environmental trends helps to educate people about their local environment and inspire community action.

An award-winning report published in December 2002 presented data on 37 baseline indicators of environmental progress in the Rotorua District. Council's environmental indicators set will be further developed over the coming year. The indicators are not just focused on the natural environment but also aim to provide a broader picture of how we as a community are interacting with and affecting the resources of our District.

The data in Council's environmental monitoring programme currently covers the following topics:

- Tangata whenua
- Water
- Land
- Urban
- Transport

Tangata Whenua

Rotorua District Council has a legal and social responsibility to incorporate Maori values into its environmental reporting programme.

The District Plan lists 235 archaeological sites, 34 marae and 27 other heritage sites or structures that have cultural or historical significance to Iwi. Iwi are the traditional kaitiaki (guardians) of the environment for future generations, and partnership with Iwi is a key principle in the management of the District's environment.

Te Arawa hapu Ngati Whakaue contributed generously to the development of Rotorua's urban area through the gifting of more than 120 parcels of land for health and recreational purposes. These include the Government Gardens, Kuirau Park, Pukeroa Hill, the Lakefront Reserve and many other reserves. Today, policy issues in respect of Rotorua's gifted reserves are discussed by a joint committee of the Pukeroa Oruawhata Trust and the District Council.

The process of consultation with Māori is evolving as greater efforts are made for improved communication. A list of all planning applications is reviewed by a panel of kaumatua (elders) and advice is taken on the consents for which additional consultation is required. On the basis of this advice, around 5% of consents receive further Iwi input.

Water

Water is an important resource for all people in Rotorua. The lakes and geysers of Rotorua are icons, recognised in this country and known throughout the world. The cultural, recreational, ecological and functional values of water directly influence the well-being of the entire community. Trend data shows that geothermal water levels are recovering. Many of Rotorua's spring fed drinking water supplies are of sufficient quality that they do not require treatment.

Around 80% of Rotorua residents visit the District's lakes on at least a monthly basis. Lake water quality is an issue of significant community concern. In general, lake water quality has been declining over the long-term due to increased nutrient levels resulting in sporadic algal blooms on a number of lakes. A collaborative approach is being taken with Environment Bay of Plenty, Te Arawa Māori Trust Board and lake side communities to better manage lake water quality. Each catchment is different so potential solutions need to be worked through to identify effective, innovative programmes that are acceptable and affordable to local communities.

Council continues to support the retirement and replanting of pastoral land through regional council environmental programmes. Council budgets \$50,000 annually for this type of work to improve landscapes, protect lake margins and wetlands and conserve and increase biodiversity in the District.

Land

Rotorua District Council has a responsibility under the Resource Management Act 1991 to control the effects of activities on land. Effective management of land use and subdivision is essential to ensuring the sustainable development of our District.

The landscape and its cover have been substantially altered over time by geological events and human activity. Original ecosystems have been predominantly replaced by forestry and pastoral farming. Land cover in the Rotorua District is now dominated by pasture (48%) and planted forest (20%), as well as indigenous forest and lakes.

There are 137 Protected Natural Areas in the District, covering more than 30,620 ha. More than half of this area comprises scenic reserves. Subdivision of rural land for residential purposes is occurring around the perimeter of Rotorua's urban area. There are new District Plan provisions to maintain and enhance the outstanding natural features of the area centred around Lake Tarawera (known for planning purposes as the Lakes A Zone).

Up to 80% of our current waste stream has the potential to be recycled. The recycling centre at the landfill and the two-year-old 'in-town' recycling centre together divert more than 15,000 tonnes of material from the landfill each year. Increased use of these recycling facilities should help to

reduce our waste to landfill from the current rate of 4 kg per person per day.

Urban

More than 80% of Rotorua's population live in urban areas. An Urban Development Strategy is being advanced to accommodate future urban land uses. Council has identified the potential for up to an additional 6,200 greenfield and 1,500 residential lots to be created within the existing urban fence.

There are a wide range of living options available, and most existing residents are satisfied with the accessibility of amenities such as health services, reserves and supermarkets. Some 85% of residents are satisfied with their level of privacy, and District Plan guidelines are largely being met with regard to noise levels.

The annual number of noise complaints is stable at around 3,200 calls, and 77% of residents are satisfied with Council's noise control service.

All residential dwellings within the Rotorua urban fence have access to reserve areas within 500 meters (straight line). Council has invested significantly in improving public infrastructure in Rotorua, including a \$30 million upgrade of the CBD. Over the last year the Council has prepared a detailed design guide for development in the central business district. The CBD design guide includes suggestions on architectural and building treatments, colour and design principles. The guide complements Council's past achievements in winning New Zealand's Most Beautiful City Award.

Transport

Land transport infrastructure plays an important part in the way people and communities provide for their social, economic, environmental and cultural well-being. Management of the environmental effects of land transport such as pollution, noise, congestion and accidents can have significant community benefits.

Rotorua District Council manages approximately 1,000 km of road network and 180 km of state highway. Council has a rural seal extension programme of 10 km per year that equates to an annual spend of \$1 million. Another \$500,000 per year is spent on urban and rural street improvements.

A 2002 survey showed that 77% of residents feel there has been an improvement in the visual appearance of Rotorua's three main roadway entrances in recent years. However, more than half of surveyed residents (55%) believe that traffic in and around Rotorua has become worse in the last two years (although the same number also say that it is easy to drive in and around the city centre). NRB survey results show consistently low relative satisfaction with central city parking.

Vehicle use and ownership has been steadily increasing over the past decade, placing increased pressures on the environment. Around 40% of residents say they have traffic issues in the area where they live. An improved bus service has recently been implemented, resulting in more frequent trips with a shorter duration. There are more than 15 km of marked cycle ways within Rotorua's urban area, but currently less than 3% of working-age residents use a bicycle as their main mode of transport to work.



Ngati Whakaue gifted the Crown with more than 120 parcels of land for the establishment of Rotorua. These reserves form the backbone to Rotorua's green open space, including the Government Gardens, Kuirau Park, Pukeroa Hill and Lakefront Reserve. Today, Council has a protocol with Ngati Whakaue through the Pukeroa Oruawhata Trust for the governance of these reserves. The Gifted Reserves Protocol Committee met on two occasions in the past year to discuss issues relating to the gifted reserves. A Gifted Reserves Management Plan is in draft form and remains with the Pukeroa Oruawhata Trust for comment. Once this has been received the draft plan will be made available for public comment.

Cultural Well-being Report

Cultural well-being includes pride in one's own culture as well as an appreciation and understanding of cultural diversity. A report released earlier this year presents information on various aspects of cultural well-being in Rotorua, including:

- Maori heritage
- Ethnic diversity
- Arts and culture
- Sports and recreation
- Older persons
- Youth culture

Maori Heritage

The foundation of Rotorua's cultural profile was established more than six centuries ago when the Arawa tribe settled in the Rotorua and Taupo areas. Maori culture is a major influence within the overall culture of Rotorua, and is reflected in place names and locations throughout the District. The present-day Rotorua District is a heartland of Maori culture in New Zealand, and holds an unrivaled position as a cultural tourism destination. Around eleven percent of residents are bilingual in Maori and English.

Ethnic Diversity

The major ethnic groups in the District are currently European (72%), Maori (36%), Pacific Islands (4%) and Asian (3%). (These add to more than 100% because people can classify themselves in more than one group). Immigrants to Rotorua come from many parts of the world. According to survey results, more than half of all residents feel that cultural diversity makes Rotorua a better place to live.

Arts and Culture

Rotorua has a wide diversity of arts and cultural activities and events. Local achievers have gained national and international recognition in many artistic fields, including singing, acting and kapa haka. A recent addition to the local arts community is the development of the Rotorua Arts Village with funding from the Rotorua Energy Charitable Trust. The village is managed by a charitable trust, and provides a central venue for clubs to meet and to run classes.

Sports and Recreation

Playing and watching sports is an integral part of Rotorua's culture. Residents take pride in Rotorua's sporting achievements and sporting icons. Popular pursuits include rugby, golf, fishing, swimming, mountain biking and running. There are more than 140 sports clubs and organisations in

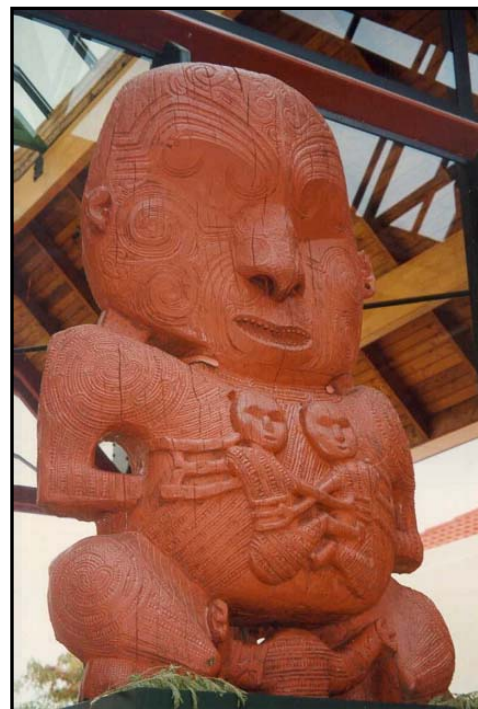
the District, with a combined membership of over 13,000 residents.

Older Persons

In twenty years time, around one in every six residents will be aged 65 and over. This age group will become increasingly diverse in terms of ethnicity and culture. Ongoing implementation of Council's Older Persons Policy aims to ensure that older people remain valued and supported in the community, and that older people have input into addressing local issues that affect them.

Youth Culture

Rotorua's young people have adopted many features of global youth culture, including musical interests, fashion styles and figures of speech. Popular pastimes for Rotorua young people include hanging out with friends, listening to music and playing sports. Rotorua District Council supports young people's development through the implementation of its Youth Policy and annual Youth Action Plan. Council's approach is to find a balance between responding to the immediate needs identified by young people and developing longer term strategies which strengthen local services and youth involvement in decision making.



In the 1830s this carved figure, named Pukaki after an Arawa ancestor, stood guard at the gateway to a pa (fort) on the hill above Ohinemutu. Pukaki is now housed in the District Council building, and Council provides administrative and professional support to the Pukaki Trust to ensure the care and conservation of Pukaki on behalf of the Crown. During the past year a regime of regular maintenance has been developed and implemented for this local taonga (treasure).
Photo: Rotorua District Council.

Employee Relations Report

Introduction

This report provides some insight into the practises and processes that we follow to ensure this Council is one of the highest performing local authorities in New Zealand.

NRB Survey

Council staff have maintained their performance rating by residents at the same level as for the previous year. Some 70% of the residents have rated the staff performance at very or fairly good. Staff have therefore continued to be rated by residents above their peer group nationally.

Staff Development

As with all local authorities this Council has a wide range of career paths on offer with work places ranging from a Labourer/Driver, to Planner, to Engineer through to Chief Executive. There are plenty of job options on offer.

The Council does its best to encourage both professional and personal development by identifying individual training requirements through the Performance Development Review Process (P.D.R).

As part of our overall training programme the Council has over the last three years entered a team in the Local Government Management Challenge and this year was no exception.

The Challenge is an Australian competition in which New Zealand Local Authorities compete. The Challenge is a contest of "Management Teams" of 6 people from Councils who address a range of issues based on a theme. The theme this year was 'sustainable development' very appropriate considering the new Local Government Act now enacted.

The N.Z. winner of the Challenge then competes against the winner of each Australian state in an Australasian final. To date the Council has used the Challenge as a leadership training exercise and selects the team with this in mind, together with the willingness of staff to take part, rather than basing selection purely on maximising our chances of winning.

We have however competed well during the 3 years that we have participated coming 5th this year behind 4 teams from the large City Councils of Dunedin, Manukau, Wellington and Christchurch.

Health and Safety

We are focussed on a safe working environment and continue to strive to improve the overall health and safety

record of our operations including those contractors and other organisations that we work with. Our Health & Safety record continues to improve each year.

During the year 90 work accidents occurred compared to 101 during the previous year. Work days lost during the year amounted to 153 ½ days compared to 191 ½ days during the previous year. Occupational Safety & Health Inspectors continue to acknowledge that Council is very good at proactively ensuring that staff work in a safe environment.

Staff Turnover

The staff turnover for the year ending 30 June 2003 was 18.09% compared with 16.49% for the previous year.

The average staff turnover for local government for year ending 31st March 2003 was 15% according to a major remuneration and data services consultancy who obtain such data from some 60 Councils of which 39% experienced a turnover in excess of 15%.

Whilst our turnover is higher than we would like there is no evidence to suggest that there is a need at this stage to consider revisiting policies for rewards, the work environment or any other controllable factors for retaining staff.

Staff Numbers

The total number of staff employed by Council for the year ending 30 June 2003 was 425 full time equivalents compared with 434 fulltime equivalents on 30 June 2002.

Staff Support Systems

Council has a number of initiatives to support staff health and wellbeing. One of the initiatives most used is the Employee Assistance Programme (EAP) which provides staff with an independent counselling service for both work and personal issues that are impacting on their work performance or have the potential to.

Free flu injections are also provided for staff as are Hepatitis injections for those staff working in Waste Water Reticulation activities. Ongoing hearing tests are also provided for staff working in noisy work sites.

Subsidised holiday programmes for children of staff are also provided and have proven to be very popular.

These programmes are organised in conjunction with Forest Research and have been successfully operating for some years now.

Managing Diversity

Te Waka Awhina O Aotearoa was established in 1991 and is an annual national conference that exists to provide appropriate and timely training for Maori within local and regional government to discuss, debate and learn about the various social, economic and political issues that impact on Maori. It is also a vehicle for establishing a national Maori network for Maori involved in local and regional government. The last Hui was held in Auckland in November 2002 on the Waipapa Marae at Auckland University and was attended by 12 staff members.

The 2003 Conference which is planned for the end of November will be hosted for the first time by our Council and planning arrangements are being co-ordinated by our Director, Kaupapa Maori. This is one way Council manages diversity in the workplace.

Council is committed to making sure that staff at all work sites within Council have the same opportunities to contribute to, and share in, the successes.

Other initiatives that have been implemented for managing diversity are:

-  Cultural Awareness Programmes
-  Te Reo and Te Kanga Maori – Maori language and customs workshops

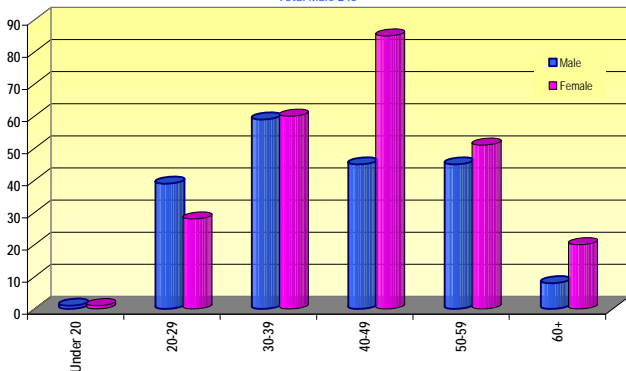
Diversity of Staff

There were 197 female and 245 male staff employed by Council as at 30 June 2003 in either full-time, part-time or casual on call positions.

The age group which had the highest number of females was 83 in the 40-49 years age group and 44 males which is quite a turnaround from the previous year where there were 66

2003 Gender Composition

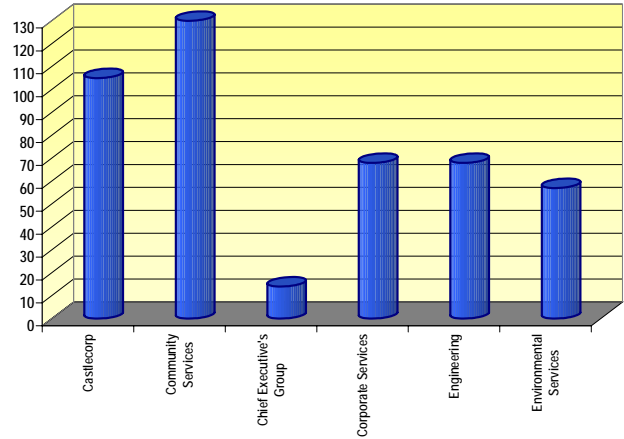
Total Female 197
Total Male 245



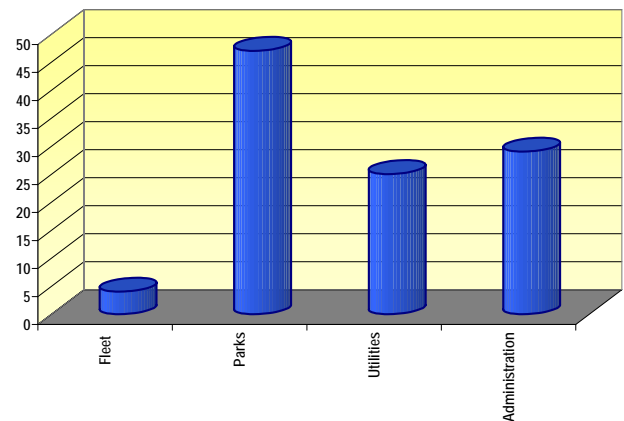
females and 85 males respectively.

The following graphs show staff numbers by department and by section within each department.

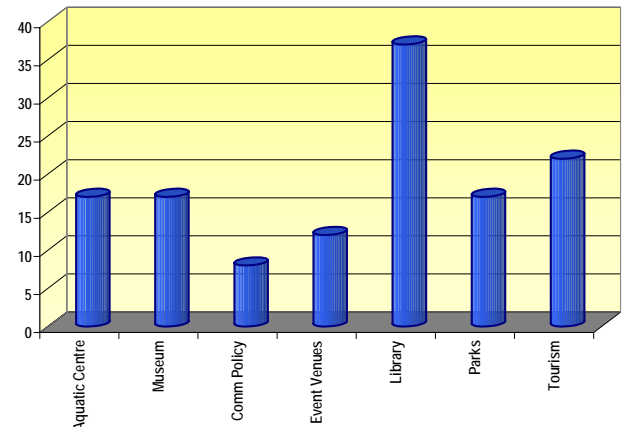
Staff Numbers by Department



Castlecorp



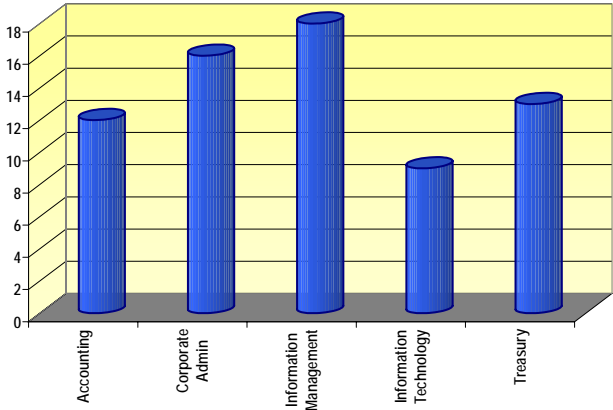
Community Services



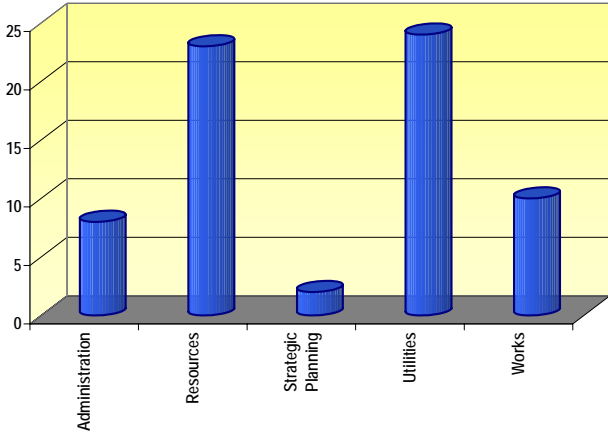
Remuneration Committee

The Remuneration Committee made up of the Chief Executive, 3 staff members elected 'at large' and 1 Union nominated representative from the Public Service Association reviewed 35 positions during the year ending 30th June 2003 compared with 30 positions for the same period the previous year. Ten of these positions were new positions with the balance being either re-grading applications or restructured positions through a reallocation of duties.

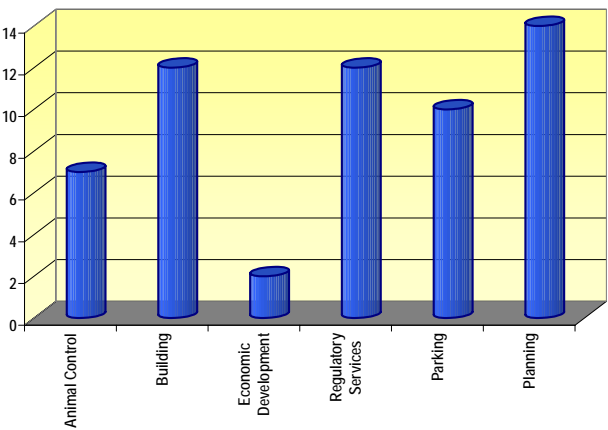
Corporate Services



Engineering



Environmental Services



Statements of Service Performance

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A specific guide to Statements of Service Performance is as follows:

1. Council's Annual Plan, which covered the 12 month period to 30 June 2003, outlined Council's intentions for the year according to each of its significant activities.

The significant activities were expressed in financial terms as 'Net Cost of Service' Statements and in non-financial terms as key result areas, performance measures and performance targets.

2. There is a statutory requirement to report on how well Council's significant activities have performed during the year, and specifically against its stated objectives.
3. Council is required to report actual performance compared to its planned performance in relation to those aspects of:
 - i) **Quantity** - how much of the activity/service product.
 - ii) **Quality** - how well the activity/service was provided.
 - iii) **Timeliness** - by when was the activity/service/produce provided and
 - iv) **Cost** - how much the activity/service/product cost.

4. Surveys

In parts of the Annual Report reference is made to an NRB survey. This is an annual community satisfaction survey relating to Council, its policies, its operations and its level of service and how well it is meeting the needs of the community. The survey was first conducted in 1991 by the National Research Bureau using a telephone poll of 400 people selected at random with 100 from each electoral ward. The survey has been conducted again in subsequent years. The margin of error for the latest survey was $\pm 4.9\%$. The results obtained from the June 2003 survey are the ones used in this report.

NRB has defined the Provincial Peer Group as those Territorial Authorities where between 68% and 91% of meshblocks belong within an urban area, as classified by Statistics New Zealand's 2001 Census data.

In this group are:

Gisborne District Council
 Gore District Council
 Grey District Council
 Hastings District Council
 Horowhenua District Council
 Marlborough District Council
 Masterton District Council
 New Plymouth District Council
 Queenstown-Lakes District Council
 Rodney District Council
 South Waikato District Council
 Taupo District Council
 Timaru District Council
 Waikato District Council
 Waimakariri District Council
 Waipa District Council
 Wanganui District Council
 Whangarei District Council

5. Council has made minor alterations to some measures so as to improve their understanding for the reader. None, however, affect the intent of the original measure as stated in Council's Annual Plan.

6. Quality

Council employs a number of professional, qualified staff in such areas as water, sewage, planning, inspection, roading and a range of other Council activities. They continually monitor and review the quality of processes and outputs in their respective areas to ensure the maintenance of professional and Council standards. A considerable amount of Council's operational work is carried out under contract either externally or by Council's Castlecorp Business Unit. These areas include roading, waste management, land drainage, janitorial and reserve maintenance. Council's professional staff are fully responsible for the planning, programming and total management of these contracts to ensure appropriate professional and Council standards are maintained.

Democracy

Introduction

Democracy is at the heart of local government and is central to the Local Government Act 2002 which defines the purpose of local government as:

To enable democratic local decision-making and action by, and on behalf of, communities.

Scope and Nature of Activity

This is a significant activity providing leadership for Council as an organisation and the district.

The political structure which provides a representative local government for the people of the Rotorua District is a Council consisting of a Mayor and 12 Councillors, representing four

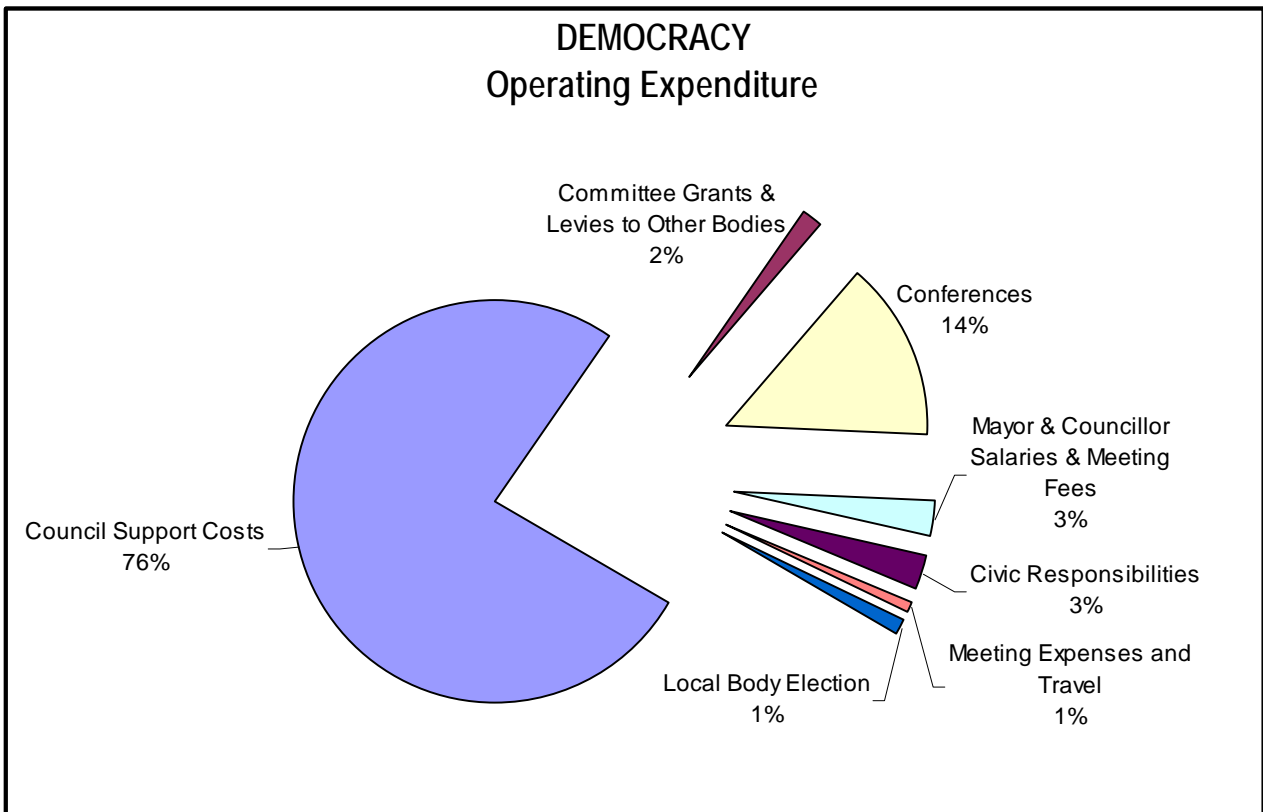
Wards. The Te Arawa Committee has three representatives from Council and six representatives elected by Te Arawa and is a full Standing Committee of Council. The Council provides a forum for debating how resources should best be allocated to meet community needs and aspirations.

This activity comprises election costs, remuneration of members, policy formulation, costs of servicing Council meetings, District functions, specific archive requirements, and building space for meetings and civic receptions.

Allowance is made in this activity for the many and significant costs associated with the statutory requirements of a Council compared with a normal business.

Four staff are employed in meeting the administrative and secretarial needs of Mayor and Council.

How the Money is Used





Democracy

Vision

To provide strong representation and advocacy by involving the community through open and transparent decision-making processes that seek to balance stewardship, growth and affordability.

Contributes to all of Council's strategic themes and goals.

This Year's Highlights and Achievements Included

- Establishment of the Rotorua Lakes Strategy Joint Committee with Te Arawa Maori Trust Board and Environment BOP.
- A by-election was conducted in the West Ward.
- In response to the Local Government Act 2002 and Draft Annual Plan submissions, Council approved a raft of strategic initiatives, including:
 - Community Outcomes Process
 - Long-Term Council Community Plan
 - Growth Strategy for the District
 - Visitor Industry Strategy
 - Retail Strategy
 - Lakes Water Quality Strategy

Strategic Issues

- The Local Government Act 2002 has created a more rigorous planning environment. Council must now co-ordinate the process of assisting the community to determine outcomes and their priorities. These outcomes must then be reflected in a Long-Term Council Community Plan.
- Some key issues that Council will address over the next few years are:
 - Lakes water quality, access and ownership
 - Geothermal resource availability
 - Youth support
 - Rooding network development
 - Airport infrastructure
 - Community safety and city vibrancy

- Economic development and job creation across all sectors
- Environmental issues such as waste reduction

Cost of Service

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Operating Expenditure	2,720	2,600	2,582
Revenue	-	-	73
Net Costs	2,720	2,600	2,509

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Capital Expenditure	6	6	
Computers	6	6	
Total Capital	6	6	8

Democracy by Major Programme

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Actual
Operating Expenditure			
Council Support Costs	2,074	1,984	1,849
Committee Grants & Levies to Other Bodies	44	45	47
Mayor & Councillor Salaries & Meeting Fees	393	400	388
Civic Responsibilities	77	89	69
Meeting Expenses & Travel	74	51	61
Conferences	24	26	32
Local Body Election	29	0	133
Depreciation	5	5	3
Total Operating Expenditure	2,720	2,600	2,582
Revenue			
Election	0	0	73
Total Operating Revenue	0	0	73
Net Cost of Service	2,720	2,600	2,509

Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To report and inform citizens of Council's policies and directions and the results thereof, and provide for a process of public consultation.	To report to the public in the 2002/03 Draft Annual Plan in accordance with the Local Government Act 1974 followed by public consultation.	Draft Plan adopted by 30.04.2003.	Achieved.	A1 A2 F4

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
	To report to the public on financial and management performance in the 2001/2002 Annual Report in accordance with the Local Government Act.	Report adopted by 30.11.2002. Unqualified Audit opinion.	Achieved.	A1 F4
	To report to the public on the second review of the Long Term Financial Strategy 01.07.03 to 30.06.13 by 30.04.03.	Target under review pending new legislation.	Achieved. Update of LTFS included in Annual Plan.	
To ensure Council operates within its means.	That operating revenue exceeds operating expenditure.	100% achievement	Achieved.	A1
To ensure Council rating policy follows the direction as specified by the Long Term Financial Strategy.	That Council rates revenue remains in line with the rating changes as set out in the Long Term Financial Strategy.	100% LTFS compliance	Not achieved. Rates revenue 0.3% over Annual Plan estimate.	A1 F4
To maintain a mix of funding mechanisms that will meet the total funding requirements of the district.	To collect user charges each year as indicated by the Long Term Financial Strategy.	100% LTFS compliance	Achieved. Total revenue greater than Annual Plan estimate.	A1 F4
To achieve public approval for Council's policies and performance.	To achieve public approval for the performance of the Mayor and Councillors as determined by community survey.	NRB 75% Fairly good/very good rating or higher.	Not achieved. 65%.	A2
	To review and determine the basis for the 2004 triennial election in accordance with the provisions of the Local Government Act.	To initiate consultation on the basis of the 2004 triennial elections in accordance with relevant legislation.	Achieved. Council decision to stick with status quo until 2007.	A1 F4

Policy and Strategic Direction

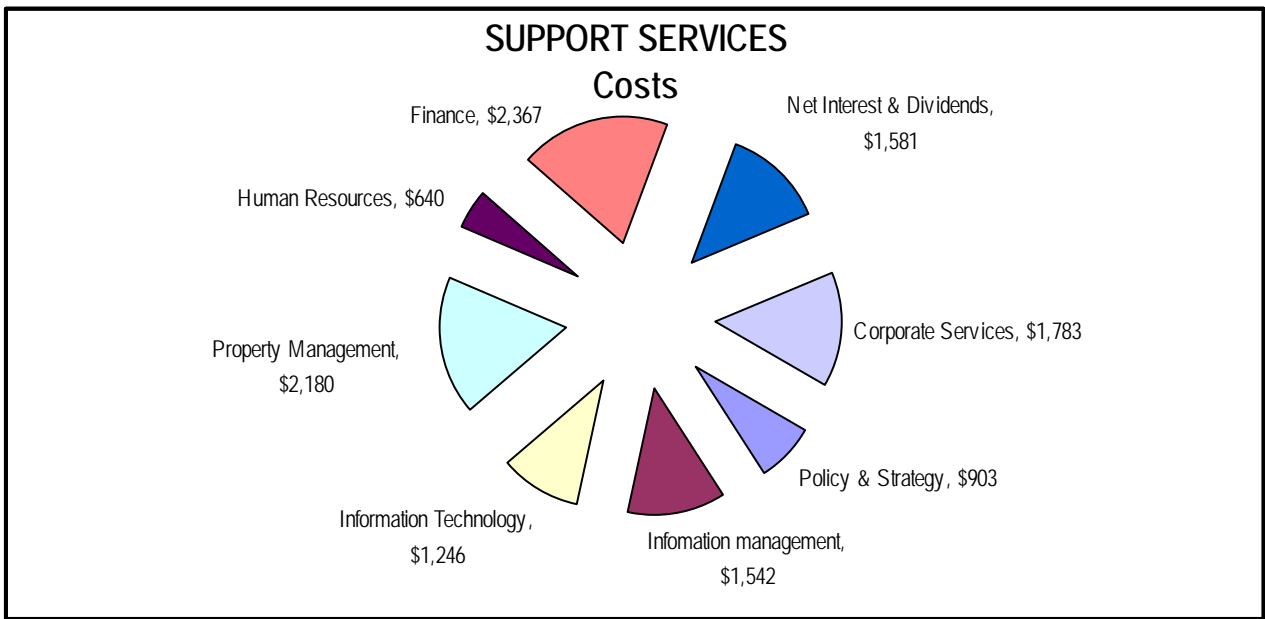
Introduction

Policy and Strategic Direction acknowledges the considerable importance of using a robust and transparent process for decision-making. The significant activity also recognises the need for Council to provide opportunities for Maori to contribute to its decision-making process. This has been achieved by including the activities associated with the Kaupapa Maori cost centre activity with this significant activity.

Scope and Nature of Activity

This activity employs 71 staff in such areas as information technology/management, treasury, rates and revenue collection, accounting services, word processing, legal, records, general administration and property management. This activity also centres on the management of Council's property assets and in particular the Council Administration Building, Depots, Library Building, Tourism Centre, Community House and Nursery. This activity also incorporates the Chief Executive's Group consisting of Strategic, Annual and Business Planning, Corporate Relations and Communications, and Internal Audit, and also Iwi Policy and Iwi Communication and Human Resources. Thirteen staff are employed in these areas.

How the Money is Used



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Policy and Support Services

Vision

To guide the organisation with inspiring competent leadership and direction.

Contributes to an efficient, effective and responsive organisation.

This Year's Highlights and Achievements Included

- Website deployment achieved on time, under budget and with extra functionality.
- Electronic Document Management System deployed throughout Council to ensure capture of all Council business.
- Highlights that indicated the commitment and quality of work done by staff included winning a Merit Award for the year's audited accounts, and a high level of satisfaction with staff contact as determined by the independent NRB survey.

Strategic Issues

- It is important to develop the concept of "Destination Rotorua" along with "Manaakitanga - feel the spirit" across all of Council in addition to Tourism Rotorua.
- To co-ordinate/prioritise and complete the numerous policy requirements resulting from the change in the Local Government Act.

What We Do

A system of policy development and prioritisation is being developed. The Local Government Act (LGA 2002) puts a new rigor on how decisions are made and hence policy developed. Coupled with this is the long list of policy areas that both Council and Management have requested. The areas exceed our resources in the short term and therefore some prioritisation is required.

In order to get some corporate priorities, there is a need to have a full understanding of:

- What policies have been identified for development.
- Timing - when the policy is needed.
- Resources requirements.

To do this in an integrated way is important. This will ensure a greater likelihood of compliance with the LGA 2002, more efficiency and effectiveness, and a transparent prioritisation system. It is believed that by centralising the overview of policy development and giving greater attention to allocating the necessary resources, more informed decisions can be made.

It will be important to make distinction between:

- Policy
- Delegations
- Procedures
- Guidelines

It is likely that Council's policy on significance will make some reference to these areas and propose different tests.

Cost of Service

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Operating Expenditure	2,342	1,326	1,673
Revenue	2,208	1,434	1,834
Net Costs	134	-108	-161
<hr/>			
(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Capital Expenditure			
Property Management			
Policy & strategy Computers	2	3	
Nursery - Glasshouse / roof / Geothermal Bore	77	75	
Public Seating	-	8	
Strategic Properties	1,568	-	
Civic Administration Building - Alterations	54	70	
Civic Administration Building - Plant	121	114	
Civic Administration Building - Furniture	74	64	
Information Technology			
Hardware / Software	1,074	1,294	
Information Management			
Software	45	10	
Furniture & Office equipment	3	-	
Records - Computers	6	7	
Geographic Information System	98	110	
Human Resources			
Computers & Office Equipment	7	9	
Corporate Administration			
Computers	23	19	
Office Equipment/Photocopy	14	30	
Finance Group			
Computers / Equipment	47	32	
Total Capital	3,213	1,845	2,572

Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To minimise risks arising from debt raising, investments and associated interest rate management activity.	To ensure level of investment within each institution is kept within Council policy limits for the following:		Achieved.	F2 F4
	– With each registered bank.	No greater than \$5 million.	Maximum \$5.0 million.	
	– With each local authority.	No greater than \$2.5 million.	Maximum \$2.0 million.	
	– With each A-rated corporate.	No greater than \$1 million.	No investments held.	
	To ensure the level of term liabilities maturing each year is kept within Council policy limits.	Does not exceed \$12.5 million	Achieved. Maximum annual maturity \$10.42 million.	F2 F4
	To ensure interest expense is covered by sufficient funds flow.	At least 2 times funds flow.	Achieved.	F2 F4
To provide relevant information on the expected performance of Rotorua Regional Airport Ltd.	To report on the Rotorua Regional Airport Ltd Statement of Corporate Intent by 31 May annually.	100%	Achieved. Draft report received 7 March 2003 and adopted by Council on 10-12 March 2003.	F4
	To report on the Rotorua Regional Airport Ltd Financial Statements as they relate to Council's shareholding by 30 June annually.	100%	Not achieved. Balance date of Company changed to 30 June to comply with legislation. Now plan to report by 30 September 2003.	F4
To formally plan and monitor Council's Strategic Direction.	To monitor and review implementation of the Strategic Plan and Long Term Financial Strategy annually.	Strategic Plan Linkages achieved 100%. Unqualified audit opinion each year relating to Annual Report.	Achieved in 2002 Annual Report.	F2 F4
To effectively promote awareness of Council's activities.	To produce Rotorua District News supplements during the year.	6 issues during the year	Achieved. Not all issues titled District News.	F2
	To complete the programme of staff newsletters during the year.	8 issues during the year	Achieved.	F1 F3

Kaupapa Maori

Vision

To create bridges of understanding between Council and the Maori community.

Contributes to a great community to live in – Tatou Tatou

- To manage Council's relationships with Te Arawa and Tangata Whenua to provide advice to the organisation (RDC) and to advise the organisation on Tikanga Maori.
- Forging/creating a better relationship between the Mayor, Chief Executive, staff and Tangata Whenua.
- To increase the organisation's capacity to align with Maori through joint projects.
- To develop and implement cultural training.
- To provide leadership at a senior management level.
- To advise and guide internally the organisation on Tikanga and Maori protocol and culture.
- To create bridges of understanding between Council and the Maori community.

This Year's Highlights and Achievements Included

- Draft consultation policy developed for all Council staff when working with Maori.
- Iwi Management Plans funding criteria aligned with Environment BOP Iwi Management Plans funding policies.
- Collaborative project with Ngati Pikiao – Medical Centre in Hinehopu.

Strategic Issues

- Local authorities should be aware of Tangata Whenua and Mana Whenua issues.
- More consultation between Maori and Local Authorities needs to be facilitated to remove barriers.

What We Do

This activity employs the Director Kaupapa Maori and its key outcome revolves around the following operation directions:

- To develop policy which explicitly addresses issues of greatest importance for Tangata Whenua and Maori of the district.
- To enhance the social, cultural and economic well-being of Tangata Whenua and Maori in the district.
- To provide expert advice and assistance in the development of appropriate policies to promote and enhance the efficient employment and management of Tangata Whenua resources consistent with the environmentally prudent development of all the district resources.
- To ensure that the specific interests of Tangata Whenua and Maori are included in relevant areas of the Council's core business.
- To ensure that the specific needs and values of Tangata Whenua and Maori are taken into account in the formulation of Council policy.
- To foster positive partnership between Tangata Whenua and Maori and the Council; and
- To encourage and improve the awareness and understanding of appropriate Maori perspectives within Council.
- To aid the facilitation of Council and Te Arawa relationships through appropriate protocols.

Cost of Service

	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
(thousands)			
Operating Expenditure	176	178	200
Revenue	-	-	-
Net Costs	176	178	200
Capital Expenditure	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Computers	6	1	
Total Capital	6	1	-

Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To work with Maori of the District to facilitate appropriate policies.	Iwi Management Plans supported where requested.	Plans supported and completed when requested by 30.06.03.	4 draft criteria in consultation with Environment BOP. 3 applicants working with Council.	A2 C1 E1 E2

Social and Cultural

Introduction

These dimensions of Council's work are wide-ranging. They include, for example, the provision of amenities and facilities for active and passive leisure and recreation (parks, playgrounds, halls, pools, library); services and facilities which enable and enhance our expression and preservation of culture (Art and History Museum, Arts Village, various event venues); policies which support our community information, caring and safety (emergency management, Central Business District operations, community assistance policies); and processes to help us better understand, plan for and monitor our community's processes in developing Rotorua's social and cultural well-being.

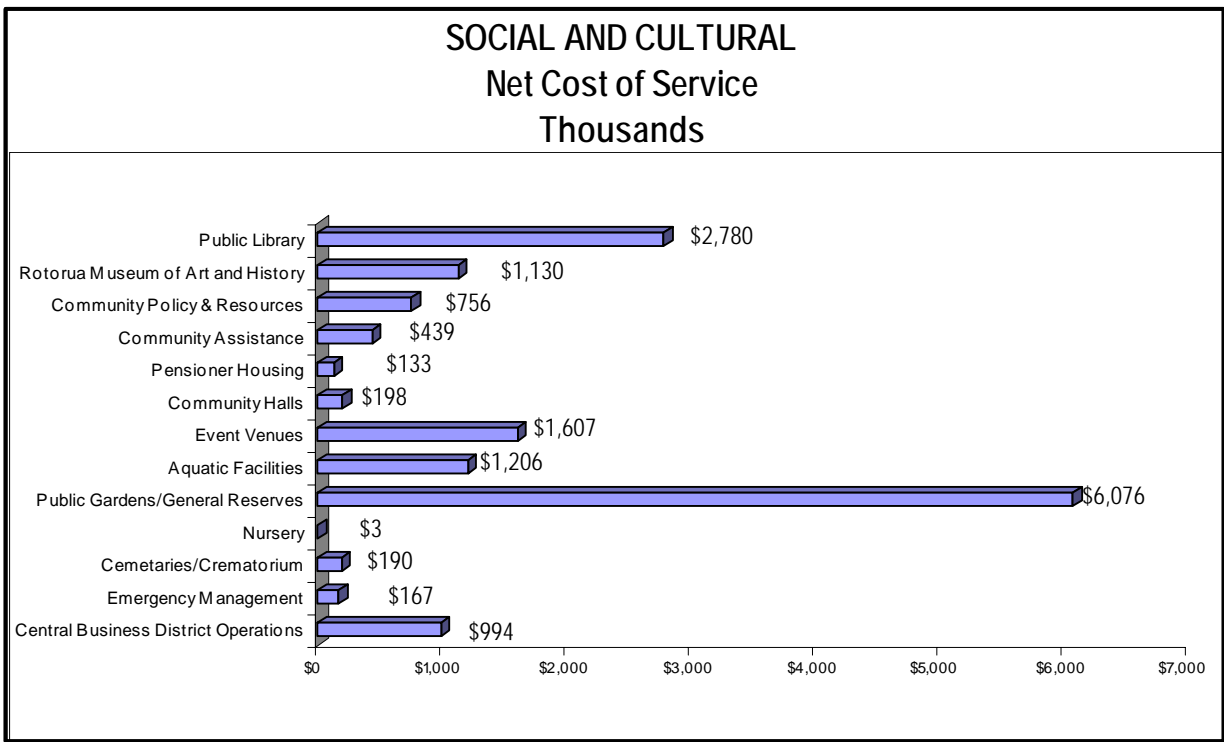
Scope and Nature of Activity

This activity employs 89 equivalent fulltime staff in such wide ranging areas as the Public Library, The Museum of Art and

History, Halls, Community Development, Social Policy, Grants Administration, Aquatic Centre, Civil Defence, Pensioner Housing, Parks and Reserves, Nursery and Cemeteries/Crematorium. An indication of the estimated activity level is as follows:

Principal Function	Estimate 2002/03
Public Library	785,000 issues, transactions and 40,100 members
Halls	9 rural halls, 1 Convention Centre, 1 Sportsdrome, 1 Soundshell
Reserves	1800 hectares
The Museum of Art & History	100,000 visitors
Pensioner Housing	146 housing units
Aquatic Centre Swimming Pool Facility	310,000 customers
Civil Defence	180 volunteers

How the Money is Used



Activity Contents

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Public Library

Vision

The knowledge basket ... For Fun ... For Education ... For Life.

Contributes to a great place for locals and visitors to enjoy

- Maintains an accessible and excellent library service.
- Showcases local artists and community work.
- Provides a help desk service for finding information.

Contributes to a great natural and physical environment

- Collects and protects local and nationally significant books and papers.
- Provides educational and community display area.
- Preservation and protection of historic books and information.
- Provides a collection containing Maori history and information in general, with particular reference to Rotorua.

Contributes to a great place to work and do business

- By being an information resource centre.
- Provides access to and maintains Community Contacts database.
- Provides access to the internet.

Contributes to a great community to live in

- All ratepayers and residents are entitled to free Library membership.
- Provides a Mobile Library and house-bound service to the community.
- Free children's programmes.
- New school entrant packs to encourage reading.
- Provides computer and internet access.
- Preserve/enhance understanding of Maori history.

This Year's Highlights and Achievements Included

- Arts project for the Teens Library Sept/Oct
- Website launch in December
- Library Strategic Review conducted in November and December included focus groups, phone surveys and in-house survey of borrowers. Was adopted by Council in March.

Strategic Issues

Ability to maintain service levels with increasing demand on library services.

What We Do

The Library employs a staff of 30 full time equivalent employees. The Library is staffed for 62 hours per week, Monday to Saturday, and open for 55 of those hours on the following basis:

Monday to Friday	9.30am to 8.00pm
Saturday	10.00am to 12.30pm

The Library has 40,956 cardholding members and surveys indicate an average of 7,380 users per week. Services available to Library users include a lending range of children's and adults fiction and non-fiction books in normal and large print, magazines, not for loan reference books, special collections of New Zealand books for loan and not for loan, an historical collection of newspapers on microfiche, talking books, music cassettes, CD's, CD-ROMs and videos. The Library houses the Community Toy Library, a collection of material belonging to the Rotorua Branch NZ Society of Genealogists and the Te Rangikaheke papers, which are held in trust for Ngati Rangiwewehi. All of these are available to the public. The Library also maintains the Community Contacts Database.

The Library goes out into the community to serve borrowers via the Mobile Library, Monday to Friday - and the Housebound Service, which is delivered fortnightly by volunteer drivers. Community Training Groups are encouraged to visit the library for orientation tours as are Polytechnic classes. Library staff are available to talk to groups outside the library. Holiday programmes are held for children during the school holidays and teachers are encouraged to bring their classes into the Library. Schools are provided with packs for their new entrants to encourage library membership.

The Gallery upstairs is available for exhibitions, and the noticeboards and glass cases can be used by community groups and service organisations.

Cost of Service

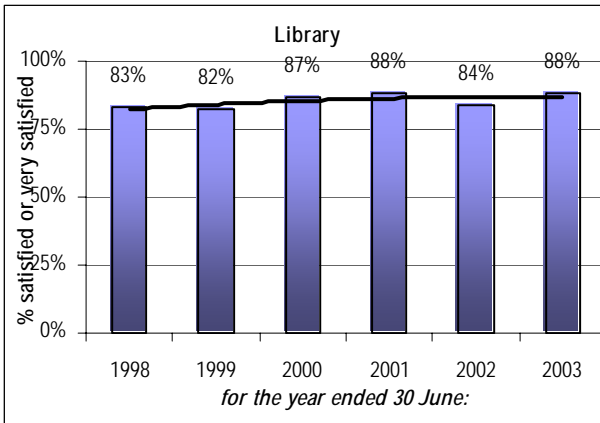
	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
(thousands)			
Operating Expenditure	3,100	2,856	2,704
Revenue	320	292	324
Net Costs	2,780	2,564	2,380
Capital Expenditure	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
(thousands)			
Renewal Books	393	386	
Furniture / Equipment / Plant	28	25	
Computers	52	99	
Total Capital	473	510	706

Performance for 2003

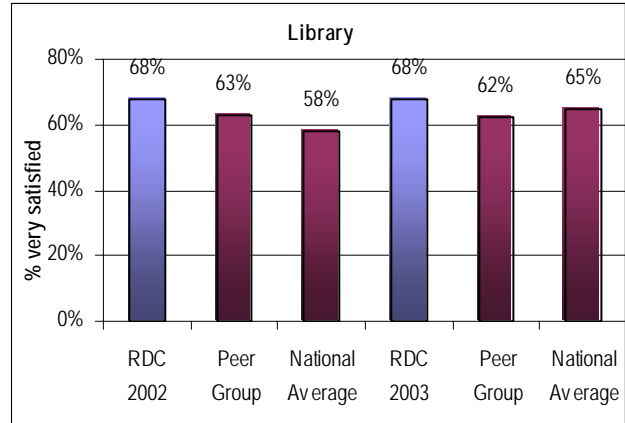
Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To operate and maintain an information, cultural, educational and recreational resource for the District.	To provide a public library service that meets with the targeted level of community satisfaction.	NRB 84% Fairly good/very good rating or higher.	Achieved – 88%.	B2 E1 E3
	To increase library membership	63% of population	Achieved. 63.5% of population.	B2 E1 E3
	To provide a library service 55 hours per week within budget.	\$2,619,000 Budget not exceeded.	Achieved. Budget not exceeded.	B2 E1 E3

NRB Community Survey

The two graphs below have been prepared from the annual Communitrack Survey conducted by National Research Bureau Ltd (NRB) Public Perception and Interpretations of Council Services and Representation Report.

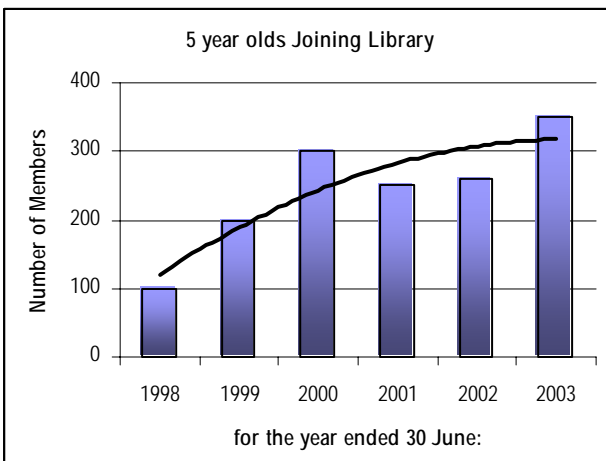


This graph shows the percentage of survey respondents that are satisfied and very satisfied with this service over the last 6 years. There is a trend line which helps show the general direction of service satisfaction over time.

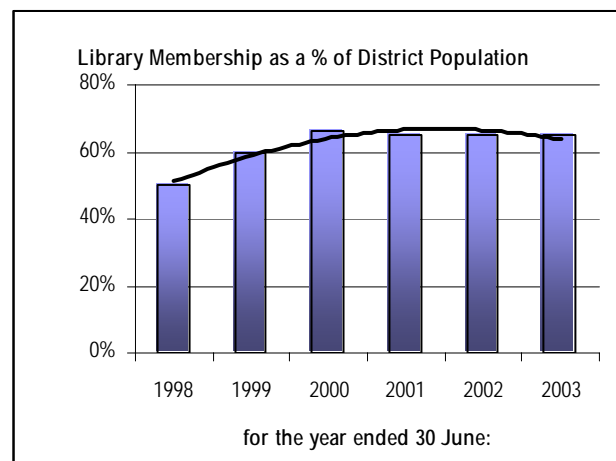


This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last 2 years and compares it with our peer group and the national average. The peer group is described in the Contents page to this section of the Annual Report.

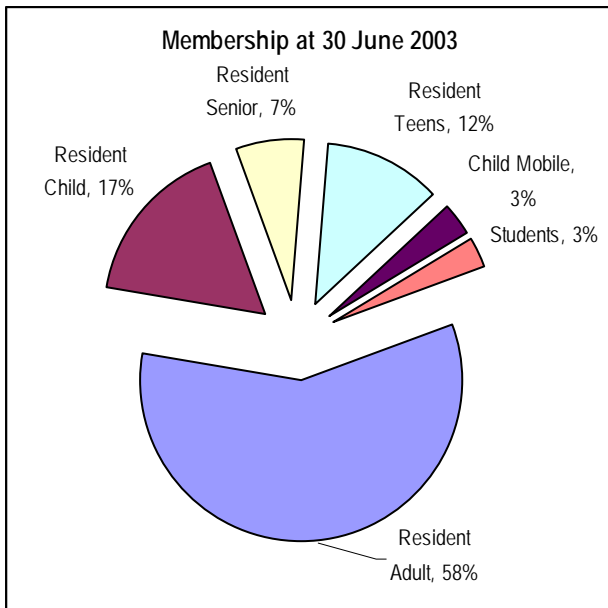
Other Indicators



Before the Fletcher Tuatara New Entrants pack programme began an average of 70 children joined the library at age five. In 2001, when the programme first began, 240 children joined and in 2002, 326 children joined.



This graph shows the changes over the last five years to the percentage of the population belonging to the library.





Rotorua Museum of Art and History

Vision

An outstanding Museum for the benefit of the Rotorua community and its visitors.

Contributes to a great place for locals and visitors to enjoy

- The purpose of the Museum is to interpret the unique culture and heritage of Rotorua, delivering an experience, which gives visitors a clearer understanding of where they are in terms of space, time and culture.
- The Museum collects and preserves the material heritage of the Rotorua District for the benefit of future generations.
- The Museum is responsible for the care and protection of the historic BathHouse building, in which it is housed.
- The Museum is recognised as one of the premier cultural attractions in New Zealand, winning five NZ Tourism Awards in 2000, 2001 and again in 2002.

This Year's Highlights and Achievements Included

- 100,000 visitors in one financial year for the first time.
- Over \$500,000 in admission revenue for the first time.
- Selected as New Zealand's Best Heritage Attraction at the NZ Tourism Awards for the third year in a row.
- Awarded a Distinction Award at the 2002/03 NZ Tourism Awards.
- Invited to present our "success story" at the 2003 Best in Heritage Awards in Croatia, one of only 18 institutions worldwide to be invited and the first ever from New Zealand.
- Participated in the Rotorua Arts Festival – Te Ihi Te Wehi – for the first time with the very successful exhibition He Kupu Noa Atu Word Paintings by Colin McCahon.

Strategic Issues

- Development investment required to maintain position as an industry leader.
- Continued ability to leverage funding from external sources in addition to generated revenue.

What We Do

The Rotorua Museum of Art & History, Te Whare Taonga O Te Arawa is situated in a listed Historic Landmark Building sited strategically in the Government Gardens. This activity also includes the Blue Baths complex also located in the Government Gardens and other heritage features in the District

The Museum employs 15 full time and eight part time staff and opens to the public every day except Christmas Day, from 9.30am to 6.00pm daily during NZ Daylight Saving Time, and from 9.30am to 5.00pm the rest of the year.

The Museum presents a diverse range of long and short term exhibitions focusing primarily on the unique history and cultures of the region.

Seven important collections are at the heart of the Museum's identity. They are:

- Ethnology (1,000 items est)
- Fine Arts (2,500 items est)
- Natural Environment (500 items est)
- Photography (75,000-100,000 items est)
- Resource Library (2,500 items est)
- Social History (4,000 items est)
- Taonga Maori (1,500 items est)

Contained within the Museum's Collections are an estimated total of between 100,000 - 125,000 items. These collections are developed through gift and purchase.

The Museum's Collections are housed off site in a customised building where they are stored in an optimum environment, thereby protecting the community's cultural heritage for future generations. A number of important functions associated with the successful relocation of the Collections need to be continued and new initiatives implemented.

The Museum is in the middle of important developments. Aided by funding from the Rotorua Energy Charitable Trust a theatre experience detailing the stories of Rotorua was added to the Museum's attractions in 1999. A cafe has also been established at the Museum. Major new permanent exhibitions featuring the 1886 eruption of Mount Tarawera, and the story of B Company of 28 Maori Battalion have also been developed. The North Wing Art Galleries underwent a significant redevelopment in late 2001 enabling the Museum to host important art exhibitions for the first time.

Areas previously unavailable to visitors have also been developed, highlighting the unique use of the building as a Sanatorium and Health Spa for over 50 years. Other areas, such as the magnificent foyer, have been renovated and major new developments, depending on availability of grant funds, will see the building finished and renovated in time for its centenary in 2008.

The Museum has developed into a flagship facility for Rotorua District Council and the Rotorua community as a whole. The Museum is now regarded as a leader in the museum sector in New Zealand and has become a "must-see" attraction for visitors to the district. The Museum has won five New Zealand Tourism Awards in the last three years, being named the country's Best Heritage Attraction three years in a row, culminating in a Distinction Award in 2002. Important new developments are planned for the next five years which will ensure the Museum retains its position as a centre of community pride and as an excellent visitor attraction in its own right.

Cost of Service

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Operating Expenditure	2,148	2,116	1,973
Revenue	1,018	974	1,122
Net Costs	1,130	1,142	851

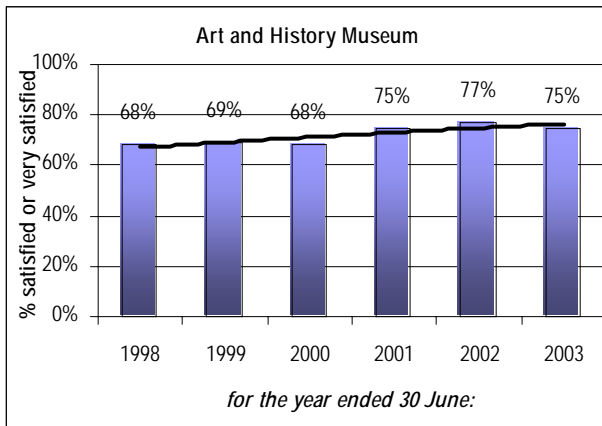
Capital Expenditure (thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Computers	16	11	
Office Equipment	16	16	
Cinema/Theatre/exhibition Equipment	55	14	
Storage Equipment onsite & offsite	8	11	
Café Development	11	-	
Bathhouse Restoration	-	10	
Collections/Exhibitions	3	8	
Basement Project	114	-	
Total Capital	223	70	685

Performance for 2003

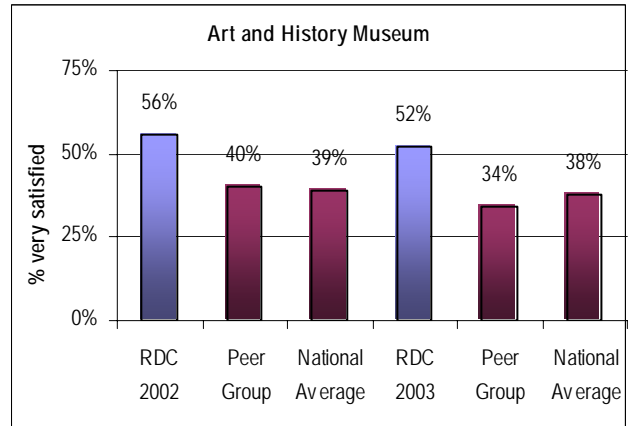
Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To provide an outstanding museum both for Rotorua residents and for visitors to Rotorua.	To operate the museum 364 days a year within budget.	\$933,000 Budget not exceeded.	Achieved. Reprojected to \$974,000 at March reprojected.	B1 B2 D1 E1 E2
	To achieve targeted levels of community satisfaction.	NRB 70% Fairly good/very good rating or higher.	Achieved – 75%.	B1 B2 D1 E1 E2
	To achieve targeted levels of visitor patronage.	100,000	Achieved. Actual visitor numbers 107,487.	B1 B2 D1 E1 E2
	To meet all Ministry of Education contract requirements.	All met 100%	Achieved.	B1 B2 D1 E1 E2
	To achieve targeted levels of admission revenue inclusive of Museum, School and Blue Baths.	\$485,000	Achieved. Actual revenue \$541,000.	B1 B2 D1 E1 E2

NRB Community Survey

The two graphs below have been prepared from the annual Communitrack Survey conducted by National Research Bureau Ltd (NRB) Public Perception and Interpretations of Council Services and Representation Report.



This graph shows the percentage of survey respondents that are satisfied and very satisfied with this service over the last 6 years. There is a trend line which helps show the general direction of service satisfaction over time.



This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last 2 years and compares it with our peer group and the national average. The peer group is described in the Contents page to this section of the Annual Report.

Community Policy and Resources

Vision

Improve community well-being.

Contributes to a great community to live in – Tatou Tatou

- The Community Policy and Resources Division has two main functions focused on increasing community well-being.
- The first is to provide excellent information, research and policy advice to Council and the community.
- The second is to manage a wide range of resources and services (e.g. Pensioner Housing, Rural Halls, Community Facilities and Sister Cities fundings) towards improving Rotorua's social and community well-being.

This Year's Highlights and Achievements Included

- Taking cognisance of the Local Government Act 2002:
 - Publishing Rotorua's set of key social indicators, to stand alongside our environmental and economic monitoring.
 - Drafting Rotorua's first "Cultural Well-being" profile
- Further developing and supporting the voices of young people both to Council and to other organisations in Rotorua, through the Youth Council, Youth Input Forums, support to youth worker networks
- Active development in designing and participating in the Employment Skills Survey, and the followup work now developing
- Securing Department of Work and Income funding for the Pathways Project, targeting 15-17 year old school leavers transitions to work and training
- Launching "Launchpad" in Rotorua – a scholarship programme which places early school leavers into office junior positions and supports them for 12 months.
- In 2002 we welcomed 67 People to People groups.
- Largest ever delegation comprising 226 students and 14 leaders from Tsurumigaoka High School, Japan, visited Rotorua.
- Annual week long visit by 40 students and leaders from Hamurodai High School, Japan.
- Seven member female Taiko Drum group from Beppu, Japan, participated in Rotorua Arts Festival – Te Ihi Te Wehi.
- Visit to Beppu, Japan, by a seven member Mayoral delegation led by Mayor Hall in May 2003.
- Placement of Beppu (Japan) medical students at Queen Elizabeth Hospital for experience in local treatments and techniques.
- Five member Mayoral delegation led by Mayor Todd Kellstrom from Klamath Falls, USA, visited Rotorua for five days in March 2003.
- Over 40 Chinese delegates who were denied access to the New Zealand Sister Cities Conference in Masterton April 2003 were welcomed and hosted in Rotorua for a few days.

Strategic Issues

- Growing demand for high quality and robust local information about social and cultural issues and trends, including Local Government Act 2002 monitoring and reporting requirements about "community outcomes".
- Likely increase in demand for Rotorua District Council leadership, co-ordination and advocacy functions on social and community issues.
- Strategic potential for collaboration and cost sharing with other sectors on research, consultation and service development.

What We Do

The Community Policy and Resources Division promotes community well-being through a wide range of strategies.

These include:

- Information gathering and sharing on key local issues (e.g. about Rotorua's population and demographics, about specific issues such as gambling)
- Monitoring Rotorua social trends and keeping Council and the community informed.
- Developing policy and practices through which Council can effectively address local needs (e.g. Community Assistance Policies, Older Person's Policy).
- Implementing Action Plans adopted by Council (e.g. Youth Action Plans).
- Networking and facilitating with local community organisations and services for specific community purposes (eg Arts co-ordination).
- Managing Council's Sister City and overseas relationships. Sister City relationships include with Beppu – Japan, Lake Macquarie – Australia, Klamath Falls – Oregon USA and Wuxian City – China, and involve cultural, educational, economic, sporting and people to people contacts and activities.
- Advising Council on social policy issues and matters in support of Council's advocacy and leadership roles.
- Acting as Sponsor to Rotorua's Safer Community Council and providing co-ordination for community safety partners.

Cost of Service

	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
(thousands)			
Operating Expenditure	764	768	641
Revenue	8	-	48
Net Costs	756	768	593
Capital Expenditure	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
(thousands)			
Computers	1	8	
Total Capital	1	8	4

Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
Community information to inform and support local community development.	Provide accessible information about community well-being to inform local community development planning.	Accessible updated information available by year end.	Achieved.	E1 E2 E3
	Provide Fundview and Breakout in public locations.	3 public locations - Mokoia Community Association - Public Library - Citizens Advice	Achieved.	E1 E2 E3
Youth Policy implementation of annual plans.	Youth Policy Annual Report on Action Plans and annual update of plans.	By 30.06.03	Achieved.	E1 E2 E3
Art Policy implementation of Action Plans.	Art Policy Annual Report on Action Plans and update of plans.	By 30.06.03	Achieved.	E1 E2 E3
Social Monitoring Annual Report.	Social Monitoring Annual Report produced.	By 30.06.03	Achieved.	E1 E2 E3
Unemployment Response Action Plan implementation.	Action Plans implemented and reported.	By 30.06.03	Achieved.	E1 E2 E3

Community Assistance

Vision

Improve community well-being.

Contributes to a great community to live in – Tatou Tatou

- Council has a wide range of policies to assist community effort towards improved community well-being.
- These range from grants and rate remissions, to contracts for service, and the provision of buildings for not-for-profit community service organisations.

This Year's Highlights and Achievements Included

- Opening the Arts Village, and increasing its patronage and activity well beyond predictions within the first year.
- The Arts Village winning a City Centres award.

Strategic Issues

The level of enquiry associated with the Community Asset Fund policy suggests Council may need to consider an annual cap on expenditure, or risk overspending.

There is growing community interest and evidence of the need for a resource centre to support Rotorua not-for-profit organisations. Volunteer recruitment, training and matching, support for capacity to use computer technology efficiently, and management and financial training and support are three important areas of need identified to date.

What We Do

Administration of Grants and Funds including:

- Managing resources for positive community purposes (e.g. facilities such as Community House, Creative Communities funding, Council's Community Assistance Funding).
- Council's Community Assistance Policies;
- Council contracts with the not-for-profit sector;
- Council's Annual and Rates grants;
- Creative Communities Rotorua Fund (on behalf of Creative NZ).

Oversight of community facilities including Community House, Kuirau House and the Rotorua Arts Village which are Council owned facilities made available to local not-for-profit organisations delivering arts, social services and recreational programmes and activities.

Cost of Service

	2002/03	2002/03	2001/02
(thousands)	Actual	Estimate	Last Year
Operating Expenditure	561	846	623
Revenue	122	236	117
Net Costs	439	610	506

Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
Community funding management to support local community initiatives which improve well-being.	Council Community Assistance Policies implemented and monitored and annual report prepared.	By 30.06.03	Achieved.	E1 E2 E3
	Administration of Creative New Zealand and Hillary Commission funding within agreed guidelines and timeframes.	Funding rounds completed. 100% compliance with guidelines.	Achieved. Hillary Commission scheme disestablished.	B2 E1 E2 E3

Pensioner Housing

Vision

Access to quality pensioner housing.

Contributes to a great community to live in – Tatou Tatou

- Council owns and rents 146 pensioner units in various parts of Rotorua.
- This accommodation was built between the 1950s and 1980s with low interest loans from central government.

This Year's Highlights and Achievements Included

- Tentative planning and funding to undertake a revamp and upgrade of Rawhiti complex as a phased project over two or three years.

Strategic Issues

Council's stock is ageing, and over the next two decades will require significant investment to upgrade or rebuild if the community wishes to retain the current level of housing provision and associated capital costs.

What We Do

Council owns and manages 146 housing units for older people. These units are located at Lucas Place (66),

Kahikatea Street (56), Osiris Street (9), Domain Avenue (7), Dawson Drive (8). Of these, 24 are double units having one separate bedroom, and there are 126 single units, 105 of which are bedsitter units, with the remaining 21 having one separate bedroom. The estimated replacement value of current asset is \$6.93M.

Vacancies are filled from a waiting list based on date of receipt of application with the majority of applicants having their housing needs met within six to nine months.

Cost of Service

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Operating Expenditure	571	469	432
Revenue	438	438	422
Net Costs	133	31	10

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Capital Expenditure			
Building Upgrades	-	24	
Total Capital	-	24	26

Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
The management of Council's pensioner housing.	To manage Council's pensioner housing within Council policy and budget and to monitor and report annually on the activity.	<ul style="list-style-type: none"> • 100% policy compliance • Within budget of \$468,000 • Activity report presented by 30.06.03 	Achieved.	E1 E3
	To plan and implement upgrading of older units.	To implement Council decision on upgrading requirements for housing stock.	Achieved.	E1 E3

Community Halls

Vision

Access to quality rural halls.

Contributes to a great community to live in – Tatou Tatou

- Council supports rural communities to have meeting and gathering places by owning and maintaining ten community centres and halls at Rotoma, Waikite Valley, Kaharoa, Broadlands, Okareka, Mamaku, Reporoa, Rerewhakaaitu, Ngakuru, and Ngongotaha.
- Each has its own management committee.
- Council also provides grants to two independently owned halls at Atiamuri and Rotoma, to ensure that those communities have an accessible meeting place.

This Year's Highlights and Achievements Included

- Publishing History of Rotorua Rural Halls.

Strategic Issues

Many of these facilities are ageing, and some have declining and minimal use. While not a short term issue, in the long term Council and the community will need to consider what investment is appropriate for ratepayers to share if halls are little used.

What We Do

RDC owns nine community centres and halls in the non-urban District. They are Waikite Valley Hall, Kaharoa Hall, Broadlands Hall, Lake Okareka Hall, Mamaku Hall, Rerewhakaaitu Hall, Ngakuru Hall, Reporoa Hall, and Ngongotaha Community Hall. Council assists the management committee of each hall by way of maintenance and on-going liaison in respect of operational matters.

In addition, Council makes an annual grant to the community owned Rotoma-Rotoehu Hall and also contributes to the shared cost of the Atiamuri Hall which lies outside the District boundary but is used by a substantial number of Rotorua ratepayers.

Cost of Service

	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
(thousands)			
Operating Expenditure	214	189	207
Revenue	16	18	15
Net Costs	198	171	192
Capital Expenditure (thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Total Capital	-	-	41

Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
The management of Council's Community Halls.	To manage Council's rural halls within Council policy and budget and to monitor and report annually on the activity.	100% policy compliance within general rate of \$113,000. Activity report presented by 30.06.03	Achieved. 100% policy compliance. 8% increase in general rate required.	B2 E1



Event Venues

Vision

Rotorua the meeting place, built with you in mind.

Contributes to a great place for locals and visitors to enjoy

- Provides a conference centre in the heart of the city.
- Provides historic buildings for public and private use.
- Provides an indoor multi-purpose sporting venue.
- Provides the Stadium for big day or night events.

Contributes to a great natural and physical environment

- Increases opportunities to experience diverse cultural events.
- Blending historical buildings with today's requirements.

Contributes to a great place to work and do business

- By providing facilities that can attract events.
- Working in partnership with the business community.
- More events attract more visitors which equals greater business opportunities.

Contributes to a great community to live in – Tatou Tatou

- Community encouraged to use facilities.
- Multi-use facilities to keep costs down.
- Contributes facilities that encourage community growth in performing arts.

This Year's Highlights and Achievements Included

- Significant Conference and Event business (growing) providing economic impact to the city in the millions annually. (conservative estimate for the 2003 calendar year is approximately \$7,000,000 just in conference business) Formal review process now in place to measure this on an ongoing basis, including events / tournaments.
- Italy vs. Steamers Rugby Game - and ongoing work with partnership with the BOPRU.
- Get Active - Stay Active Programme development, including practical partnerships with DHB, Toi Te Ora Public Health, Te Papa Takaro, Sport BoP, YWCA. Proposal has gone to SPARC for consideration.
- A multi-million dollar events centre aims to make Rotorua one of New Zealand's most distinctive and sought-after event venues. A \$10 million donation from the Rotorua Energy Charitable Trust to the Rotorua community will provide the opportunity the district has long awaited – to build a multi-purpose centre for conventions, conferences, exhibitions, concerts, banquets and sports events.
- Completion of the Rotorua Arts Village (Experience), one of the Rotorua Energy Charitable Trust's millennium projects for the community, on budget and with fantastic operating statistics (usage) already being delivered by the new Trust. This project has won a Local

Government Creative Places Award and New Zealand Town Centres Achievement Award for the community.

- Industry Participation and Recognition - General Manager (Event Venues) now a Councillor on the board for the 'Venue Management Association of South Pacific/Asia', immediate past-President for Entertainment Venues Association of New Zealand plus a member of the Executive for the Performing Arts Network New Zealand.

Strategic Issues

- Attracting significant National international conferences/ events of size required.
- Diversifying the use of the International Stadium
- Establishing indoor space for recreation, events, and exhibitions.
- Establishing a sustainable events infrastructure.

What We Do

Rotorua Convention Centre, Civic Theatre, Sportsdrome, International Stadium, Soundshell, Te Runanga Tea House, Ticketek

This activity covers the operation of the Rotorua Convention Centre, Civic Theatre, Ticketek, Soundshell and Sportsdrome, International Stadium (including Number 2 field) and Community Sports and Events in terms of Council policy. Funding is required to cover operational maintenance and caretaking costs to keep the buildings in order to obtain optimum return. Current usage varies for each centre. The Convention Centre was opened in March 1995 and the 2002/2003 financial year will be its eighth full year of operation.

This activity employs eleven staff in total plus three cleaning staff for all facilities.

Cost of Service

	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
(thousands)			
Operating Expenditure	2,407	2,509	2,010
Revenue	800	811	689
Net Costs	1,607	1,698	1,321

	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Capital Expenditure (thousands)			
Computers	10	10	
Sportsdrome	47	65	
Convention Centre	46	301	
Arts Village	61	92	
Tea Room	13	-	
International Stadium - Turnstiles / Sound System / Chain Link Fence	13	20	
Total Capital	190	488	1,576

Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To benefit the Rotorua District economically by attracting events.	Obtain National/International Conferences/Events of significance size (that could not be held without Event Venues).	15	Achieved.	B2 D1 E1
To provide facilities for community use.	Ensure that community bookings are at least 40% of total bookings.	40%	Achieved - 57%.	B2 D1 E1
	To increase community functions at Te Runanga Tea House.	5%	Achieved.	B2 D1 E1
	To increase weekday use of Te Runanga Tea House.	5%	Achieved.	B2 D1 E1
	To increase community functions at the Soundshell.	5%	Not achieved. High usage in previous year due to RAVE construction.	B2 D1 E1
	To increase audience attendance of touring shows.	5%	Achieved. 32% increase in purchased tickets.	B2 D1 E1
To increase and enhance community events and sports activities.	New community events.	5 events	Achieved. 8 new events.	B2 D1 E1
To diversify marketability of facilities.	To increase diversity of use of the International Stadium by attracting: a) cultural events b) non sporting events	a) 2 b) 5	a) Achieved (2). b) Achieved (10).	B2 D1 E1



Aquatic Facilities

Vision

To provide aquatic facilities that meets the requirements of the community.

Contributes to a great place for locals and visitors to enjoy

- By maintaining and actively promoting the Rotorua Aquatic Centre for health and recreation.
- By promoting the aquatic centre as a fun place to be.

Contributes to a great natural and physical environment

- By incorporating and integrating the aquatic centre recreation into the surrounding environment and taking advantage of existing natural features.

Contributes to a great place to work and do business

- Waikite Valley Thermal Pools are run on a joint venture basis with a private operator.
- Encourages participation and provides water space for the diversity of users of the aquatic centre.

This Year's Highlights and Achievements Included

- Started the Aquatic Centre redevelopment which is seen nationally as extremely cost effective in terms of the range of facilities we are getting for our money.

Strategic Issues

To significantly increase admissions and revenue as a direct result of new investment and marketing strategies.

What We Do

To provide a recreational aquatic leisure and competitive swimming facility that is open 7 days per week from 6.00am

to 9.00pm. There are 16 fulltime and 13 part-time staff employed at the Centre with a number of casual staff to cover the peak periods. There are consistently over 280,000 admissions each year. The water quality is to New Zealand Standards and supervision levels as promoted by Water Safety NZ.

The Centre provides a Learn to Swim School that is available to members of the public.

Also included within this activity is the operation of the Waikite Valley Thermal Pools which provides a hot geothermal bathing facility that offers a unique, safe and enjoyable experience in a friendly rural environment. This facility is managed under a long-term private lease arrangement.

Cost of Service

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Operating Expenditure	1,838	1,753	1,790
Revenue	632	661	581
Net Costs	1,206	1,092	1,209

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Capital Expenditure			
Plant	32	39	
Computers / Office Equipment	22	25	
Aquatic Centre Upgrade	43	1,100	
Total Capital	97	1,164	122

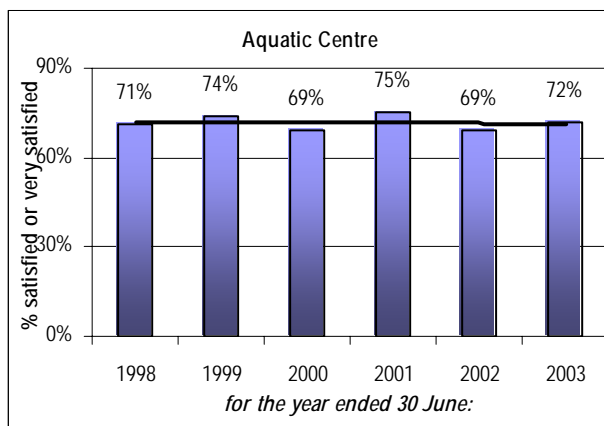
Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To maintain and actively promote the Rotorua Aquatic Centre for health and recreation.	To provide an Aquatic Centre facility within budget whilst achieving the targeted community satisfaction level.	• 70% NRB Fairly good/very good rating or higher.	Not achieved. 2003 NRB 72% 2002 NRB 69%	B1 E2
		• 93% User Survey	Not achieved. 88% at December 2002.	
		• Within budget.	Not achieved.	
	Build up and sustain usage levels above targeted admissions per annum.	310,000 by 30.06.03	Not achieved. 277,333 admissions though revenue up 10% on last year	B2 E1
	To achieve compliance of water quality in accordance with nationally recognised standards.	90% compliance	Achieved. 95% compliant.	B2 E1

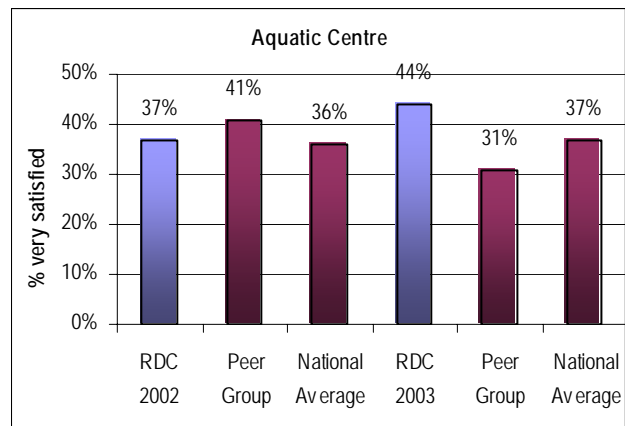
Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
	To investigate and install new developments for the facility, including family change rooms, spas, saunas, etc.	Installation complete by 30.12.02.	Not achieved. Now programmed for September 2003 completion.	B2 E1
To enhance the core philosophies that "Learn to Swim" is within the reach financially and physically for all residents of the Rotorua District.	To deliver a quality Learn to Swim teaching service at the centre that is available to users of the facility.	96% programme availability. User survey undertaken first and third terms. 93% satisfaction user survey.	Achieved with positions available in all levels. Not achieved - only one survey undertaken – 90.7%.	B2 E1
	To increase Learn to Swim visits for the year.	28,000 participants	Not achieved. 24,500 participants.	B2 E1
	To introduce one additional new swim school programme each year.	One new programme by 30.06.03	Achieved. Water Safety Programme.	B2 E1

NRB Community Survey

The two graphs below have been prepared from the annual Communitrack Survey conducted by National Research Bureau Ltd (NRB) Public Perception and Interpretations of Council Services and Representation Report.



This graph shows the percentage of survey respondents that are satisfied and very satisfied with this service over the last 6 years. There is a trend line which helps show the general direction of service satisfaction over time.



This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last 2 years and compares it with our peer group and the national average. The peer group is described in the Contents page to this section of the Annual Report.



Public Gardens/General Reserves

Vision

To enhance the quality of life of residents and ratepayers through great open spaces and increase participation in recreation. Active people, healthy communities.

Contributes to a great place for locals and visitors to enjoy

- Provide, administer and maintain a range of open spaces, gardens, parks, sportsfields amenities and facilities.
- Provides land for tennis and netball courts, bowling and croquet greens, petanque, golf courses and clubrooms.
- Provides lake and stream access, boat ramps and jetties.
- Provides playgrounds, skateparks, walking tracks, cycleways and picnic areas.
- Parks and facilities available for community use.
- Over 150 flower beds, 200 mixed shrub beds and 2 rose gardens maintained.

Contributes to a great natural and physical environment

- Active in the beautification of the District and protection of the environment.
- Offers a street beautification programme.

Contributes to a great place to work and do business

- Great spaces and facilities adds to the visitor destination picture.
- Great spaces increase surrounding property value.
- Parks and sportsfields maintenance programmes in place to keep them in top condition.
- Seeks community and business input into developments.

Contributes to a great community to live in – Tatou Tatou

- Continuous evaluation of policy and management of the total parks operation.
- Promotes and develops partnerships with Iwi and the community.
- Forward plans and develops funding priorities.

This Year's Highlights and Achievements Included

- Okareka Walkway Completion
 - Very successful project. Presently in the final phase of preparing the last of the interpretation panels.
 - Planting around the ponds was recently carried out in conjunction with a conservation corp.
 - The whole community has been involved with the project and this has contributed to its overall success.
 - We have also set up a land care group with local residents.
- Hannahs Bay Wetland Development - Successful in receiving \$100,000 from Environmental Enhancement Fund for Hannahs Bay Wetland Development.

- Replacement of Playgrounds - This year's replacements have been very well received by the community, in particular Wright Park and Selwyn Road.
- Completed the Millennium walkway project.

Strategic Issues

- The redevelopment of Kuirau Park.
- Westbrook Park development including grounds and building
- Centennial Park – Tree Trust – roading, amenities & services
- Lakefront wharf/pavilion upgrade
- Ngongotaha Central Business District beautification
- Environment awareness
- The review of reserves holdings under the Open Space Strategy.
- Maintaining the integrity of the Rotorua District Recreation Strategy.
- Development of a sustainable shared governance mechanism for the Ngati Whakaue gifted reserves.
- The Tokorangi Forest Management Plan.

What We Do

Council acknowledges that the Tangata Whenua has gifted many of the District's reserves. Council employs 11 full time administrative and planning staff providing contract and asset management services for the various activities with the Parks and Recreation Division as well as landscape planning advise for the Environmental Services Department. This includes looking after 390 ha of parks, 21 sportsfield sites, 79 playgrounds, 74 kilometres of walkways and 33 boatramps.

Activities include

- Ensuring Council's obligations under the relevant statutory requirements are met.
- Policy preparation, compliance and review.
- Overall budget control
- Planning and development
- Preparation and supervision of maintenance and capital contracts.
- The maintenance of high profile parks, gardens and lawns.
- The maintenance of all sportsfields, urban and rural reserves, street trees, local purpose reserves, drainage easements and traffic islands
- The maintenance of structures on and bordering reserves including buildings, fences, playgrounds, jetties, boatramps,
- Reserves amenity lighting and water supply to reserve
- Janitorial services for reserves' amenities

Cost of Service

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Operating Expenditure	6,885	6,914	6,510
Revenue	809	801	2,609
Net Costs	6,076	6,113	3,901

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Capital Expenditure			
Capital Development	618	597	
Computers	10	13	
Total Capital	628	610	1,010

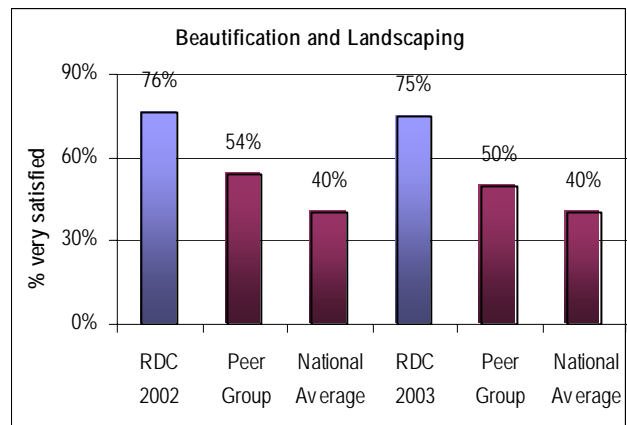
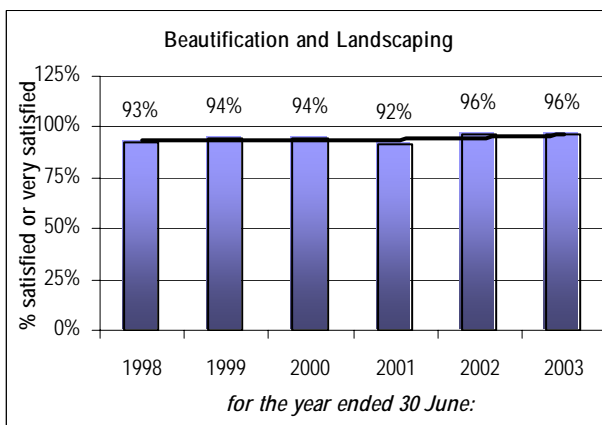
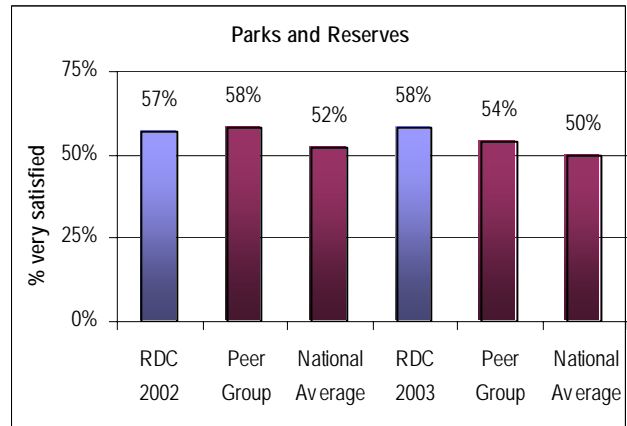
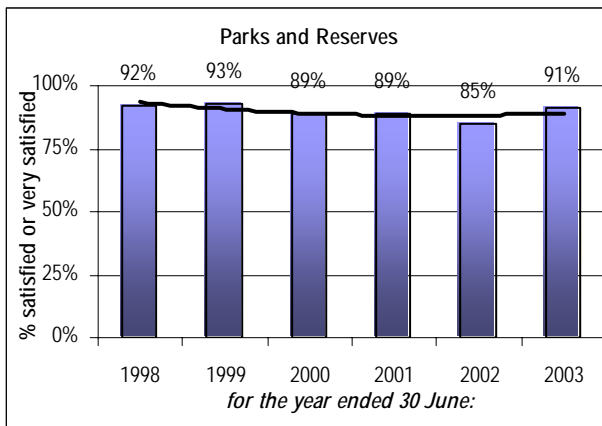
Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To provide, maintain and protect parks, gardens, trees, landscaped trees, streetscapes and general open spaces that both meets the needs of the public and protects the environment.	To plant a minimum number of new tree plantings in accordance with Council policy by year end.	Minimum 300 street trees 350 reserve trees 30.06.03	Achieved. 302 street trees and 437 reserve trees planted.	B2 C1 C3 E1
	To complete the contracts for maintenance and scheduled works for public gardens and general reserves by year end in accordance with contract specifications and within budget.	Contract Completion Certificates	Achieved. Budget \$3,514,115. Actual \$3,476,761.	B2 C1 C3 E1
To provide and maintain amenity facilities for public use and enjoyment that enhance people's appreciation of the environment and encourages active lifestyles.	To undertake a safety audit for all Council's playgrounds with a view to all playgrounds meeting the approve criteria.	96% compliance by 30.06.03	Achieved. 97.9% achievement level.	B2 C1 C3 E1
	To complete the annual capital works programme within budget. (As listed below.)			B2 C1 C3 E1
	Kuirau Park/Aquatic Centre Development	\$1,100,000 by 30.06.03	Not achieved. Underway - Aquatic Centre development programmed for September 2003 completion.	
	Watersports Trust Lakefront Landscaping	\$25,000 by 30.06.03	Not achieved. Deferred to 2003/04 year.	
	Westbrook Playing Fields	\$164,000 by 30.06.03	Not achieved. Deferred to 2003/04 year.	
To provide planning policy advice and management of the total Parks operation.	To hold meetings with Pukeroa Oruawhata Trust representatives in terms of the protocol on gifted reserves by year end.	2 meetings held	Achieved with meetings held on 13.12.02 and 26.06.03.	B2 C1 C3
	To complete the Management Plan for Reserves covered by the Ngati Whakaue Protocol Agreement.	Hearings completed by 31.08.02 Adopted by 31.10.02.	Not achieved due to Pukeroa Oruawhata Trust's delay in releasing draft plan. Now Annual Plan target for 2004.	B2 C1 C3

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
	To develop an Open Space Strategy for incorporation into the District Plan.	Draft for incorporation completed by 30.06.03.	Not achieved. Project underway. New Annual Plan target for 2004.	B2 C1 C3
	To maintain the integrity of the Rotorua District Recreation Strategy.	2 meetings held with stakeholders by 30.06.03.	Achieved with meetings held on 20.03.03 and 26.06.03.	B2 C1 C3
	To maintain an RDC Recreation Action Plan with annual review and updating.	Reviewed by 30.12.02. Approved by 30.03.03.	Achieved with plan approved by Council on 19.03.03.	B2 C1 C3

NRB Community Survey

The four graphs below have been prepared from the annual Communitrack Survey conducted by National Research Bureau Ltd (NRB) Public Perception and Interpretations of Council Services and Representation Report.



These graphs show the percentage of survey respondents that are satisfied and very satisfied with these services over the last 6 years. There is a trend line which helps show the general direction of service satisfaction over time.

These graphs show the percentage of survey respondents that are "very" satisfied with these services over the last 2 years and compares it with our peer group and the national average. The peer group is described in the Contents page to this section of the Annual Report.

Nursery

Vision

Provides high quality plants and trees for the parks and reserves activity.

Contributes to a great place for locals and visitors to enjoy

- Provides high quality plants and trees at reasonable cost for the Council.

Contributes to a great natural and physical environment

- Provides premises for growing both native and exotic plants, so more can be incorporated into the Council's landscape.

Contributes to a great place to work and do business

- Provides plants that enhance the environment.

Contributes to a great community to live in – Tatou Tatou

- Provides plants that contribute towards the continued sustainability of the natural environment.

This Year's Highlights and Achievements Included

- Provision of ecosourced natives for of Lake Okareka Walkway.

Strategic Issues

- Maintain gardens to support the Rotorua 'Most Beautiful City' Award.

What We Do

Council operates a plant nursery in Government Gardens employing seven full time staff:

- Producing plants for parks and gardens.
- Producing plants for use in projects of environmental improvement.
- The numbers of plants produced include 616,848 annuals, 2,850 perennials, 38,779 trees and shrubs, and 1,016 house plants.
- Providing horticultural expertise for other Councils staff and the general public.
- Providing educational opportunities for horticultural students (able bodied and disabled)

Sale prices of plants include a return on the capital value of the stock on hand.

Cost of Service

Other sectors - (thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Operating Expenditure	223	188	169
Revenue	220	187	187
Net Costs	3	1	(18)

Capital Expenditure (thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Computers	6	15	
Total Capital	6	15	-

Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To ensure suitable plants are available in sufficient numbers for Council use.	To provide and move on required levels of plant units by year end.	425,000 annuals 2,000 perennials 17,000 trees and shrubs 1,000 house plants	Achieved. 616,848 annuals. 2,850 perennials. 38,779 trees and shrubs 1,016 house plants despatched	B2 C1 C3

Cemeteries/Crematorium

Vision

To provide for the burial and cremation of deceased persons of Rotorua and the surrounding District in a manner that is appropriate to the needs of the community.

Contributes to a great place for locals and visitors to enjoy

- Access to quality crematorium and cemeteries at an affordable price.

Contributes to a great natural and physical environment

- By incorporating the wider environment into the cemetery setting.

Contributes to a great place to work and do business

- By providing appropriate amenities.

Contributes to a great community to live in – Tatou Tatou

- Meets cemetery and crematorium legislative requirements in a caring and appropriate way.

This Year's Highlights and Achievements Included

- Revamped the Children's Lawn Cemetery.

Strategic Issues

Securing land for required public cemetery expansion.

What We Do

Council employs a Cemetery/Crematorium Officer in this activity which undertakes the legislative requirements for burial and cremation. This involves the provision, operation and maintenance of the Council owned Crematorium, and Rotorua, Reporoa, Ngakuru and Mamaku Cemeteries.

Council also administers and maintains Rotorua's main public cemetery at Ngongotaha for the Kauae Cemetery Board of Trustees at no cost to Council.

Cost of Service

	2002/03	2002/03	2001/02
(thousands)	Actual	Estimate	Last Year
Operating Expenditure	332	329	287
Revenue	142	140	169
Net Costs	190	189	118
Capital Expenditure	2002/03	2002/03	2001/02
(thousands)	Actual	Estimate	Last Year
Crematorium - Plant	10	-	
Total Capital	10	-	32

Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To provide for the burial and cremation of deceased persons of Rotorua and the surrounding District in a manner that is appropriate to the needs of the public.	Meet all legislative requirements relating to burials and cremations.	100% compliant	Achieved.	E3 F4
	To provide a burial and cremation booking service responding to all requests promptly.	– 24 hour service – 30 minutes response time	Achieved.	E3
	To identify and purchase suitable land for development of the new Rotorua Cemetery.	Concept design plan adopted by 30.06.03.	Not achieved. Ongoing negotiations with land owners.	E3

Civil Defence Emergency Management

Vision

To provide for the maintenance and operation of a Civil Defence organisation suitable for the needs of the District.

Contributes to a great community to live in – Tatou Tatou

- An efficient, effective and responsive organisation.

This Year's Highlights and Achievements Included

- Adoption of revised Civil Defence Emergency Management Plan in July 2002 and approved by Environment Bay of Plenty in September 2002.
- Recruitment of three Alternate Civil Defence Controllers.
- Decision by Rotorua District, after formal consultation with Waikato and Bay of Plenty Regional Councils, to join Bay of Plenty Civil Defence Emergency Management Group.
- Establishment of Bay of Plenty Civil Defence Emergency Management Group in May 2003 as required by the Act.
- Establishment of a Co-ordinating Executive Group consisting of representatives from all local authorities and emergency services.

Strategic Issues

- New regional framework for emergency management planning purposes and the management of hazards and disasters.
- Development of first Bay of Plenty Civil Defence Emergency Management Plan.

What We Do

The primary functions of the activity are the maintenance and improvement of Civil Defence Emergency Management operations to standards necessary for the efficient and effective implementation of the Civil Defence Emergency Management Act. This activity is undertaken primarily by contract.

The activity also covers the cost of conducting training exercises and competitions such as rescue training, casualty handling, communications, search and rescue etc. These functions provide valuable training for the large volunteer component of the Civil Defence Emergency Management organisation.

The CDEM 2002 Act was passed by Government on December 1st 2002. It is a requirement of the act that all territorial local authorities belong to one and only one Regional Civil Defence Emergency Group. Rotorua chose to join the Bay of Plenty CDEM Group. The CDEM Group will, over a two year period commencing 1 June 2003, develop a Regional Civil Defence Emergency Management Plan. This plan must be approved by the Minister. Local authorities remain responsible for civil defence emergency management within their boundaries.

The budget sought provides for some additional funding to assist with the development of the CDEM Group structure and the preparation of the CDEM Group plan. Rotorua District Council will also be seeking to increase its reimbursement from the Ministry of Civil Defence Emergency Management for approved expenditure. To date claims for reimbursement by Rotorua have been at the lower end of the scale.

Cost of Service

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Operating Expenditure	176	168	165
Revenue	9	12	9
Net Costs	167	156	156

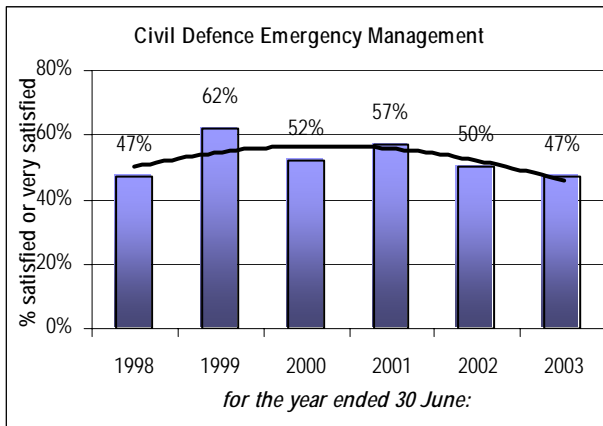
(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Capital Expenditure			
Photocopy/Computers	21	21	
Total Capital	21	21	3

Performance for 2003

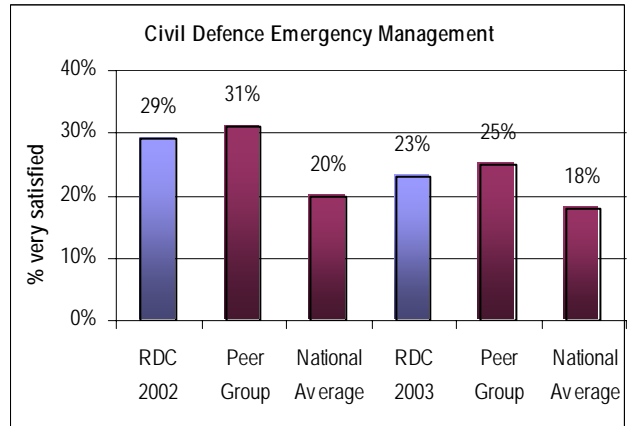
Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To maintain efficient and effective Civil Defence operations to standards necessary to provide for adequate protection for residents of the District in the event of Civil Disaster in terms of the Civil Defence Act.	To hold a major internal (district) Civil Defence exercise involving the full mobilisation and exercising of the Rotorua District Council Civil Defence Headquarters, and to participate fully in a regional Civil Defence exercise as required by Environment BOP.	1 internal exercise 1 joint exercise	Achieved.	E1

NRB Community Survey

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Central Business District Operations

Vision

To create a well presented, pleasant and vibrant city centre environment.

Contributes to a great place for locals and visitors to enjoy

- By ensuring a very high standard of cleaning and maintenance in the CBD.
- By ensuring activity in the City Focus and CBD is encouraged, adds flavour, enhances Rotorua's character and is well managed.

This Year's Highlights and Achievements Included

- Maintaining Council's buildings and assets within the Central Operations Area.
- Creating a well presented and vibrant city centre.
- Creating a pleasant and safe environment in the City Centre by maintaining CCTV system in an operational condition.
- Ensuring that the City Focus Centre is well presented to residents and visitors to the city at all times.
- Responding to all complaints in a timely and courteous manner.

Strategic Issues

- Operation of the Community Information Centre (responsibility for this which currently sits with the NZ Police but managed by Council staff), encompassing the level of future service required by Council.

- Maintaining vibrancy of City Focus and Central Business District.
- Lighting/decorative features.
- Crime prevention camera operation.

What We Do

This activity involves:

- The management and maintenance of the City Focus, Central Business District, Lakefront, and central public conveniences.
- It touches on a range of regulatory, engineering, and administration issues.
- It relates to keeping the central city area spick and span and well administered.
- It employs 1 full time staff member and 1 part time assistant.

Cost of Service

	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Operating Expenditure	1,001	1,007	983
Revenue	7	8	8
Net Costs	994	999	975

Capital Expenditure (thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Computers/Equipment	2	10	
Security Cameras	16	-	
Total Capital	18	10	71

Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To enhance a safe CBD environment for all users.	To maintain the operation of the crime prevention camera system.	100% achieved.	Achieved.	C2
To ensure high standards of CBD cleaning and maintenance.	To ensure CBD, Lakefront and Government Gardens cleaning and maintenance is completed within approved budget and to approved standards.	Budget achieved 95% contractor compliance.	Achieved.	C2

Environmental

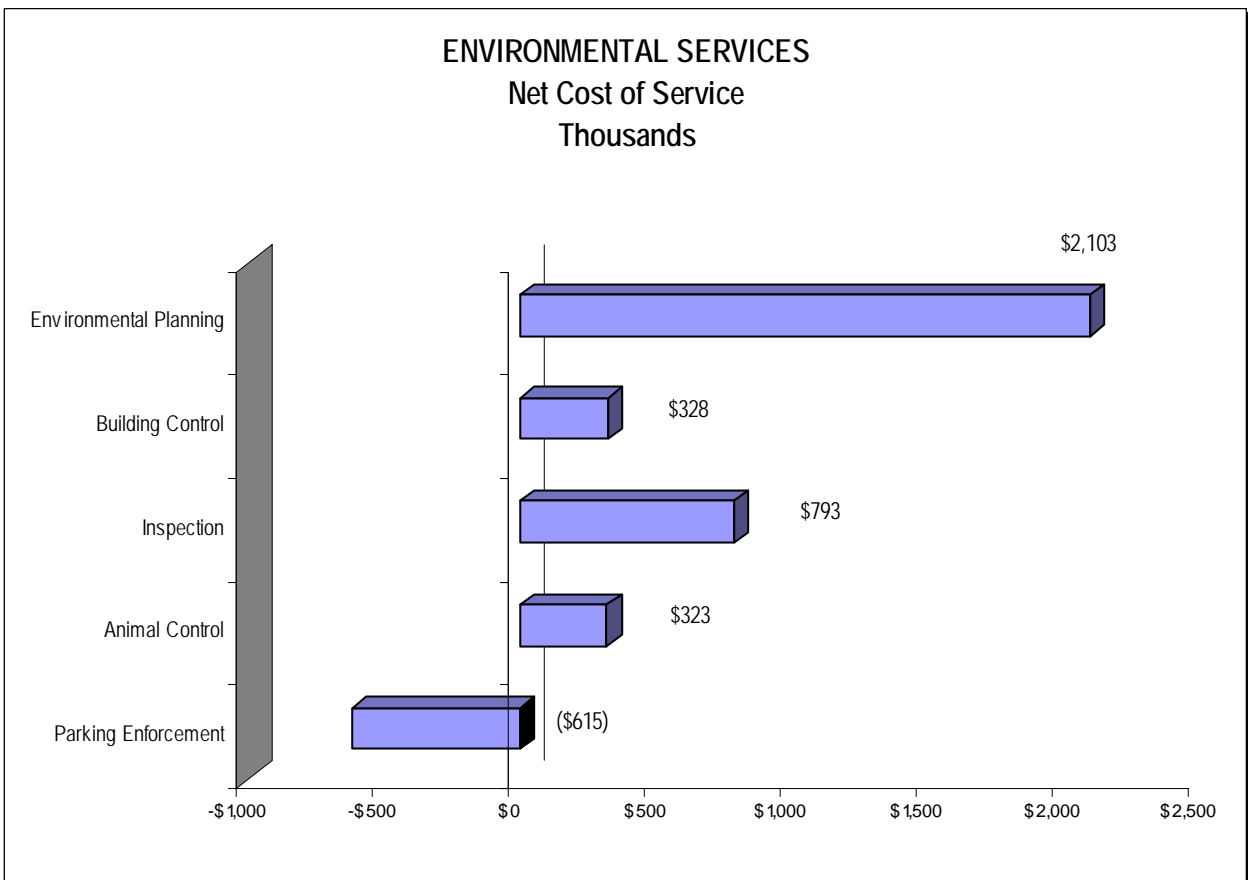
Introduction

Environmental Well-being is strongly supported through Council's planning and regulatory roles and relate mainly to functions and responsibilities under the Resource Management Act.

Scope and Nature of Activity

This activity employs 56 staff in such functions as resource management, building services, environmental health, general inspection, animal control and parking. In many areas workload is dependent upon public generated demand.

How the Money is Used



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Environmental Planning

Vision

To manage changes in land use so that quality of the environment is maintained or improved for current and future generations.

Contributes to a great natural and physical environment

- A District that values and protects its uniqueness as the world's premier geothermal wonderland and looks after its lakes, forests, rivers and historic places.
- A District where infrastructure is maintained and enhanced for the health and safety of the community and the environment.
- A District where planned growth ensures sensitive development within the natural environment and easy access to and from the District as well as within.

This Year's Highlights and Achievements Included

- State of the Environment Report awarded the Green Ribbon Award.
- Progressed negotiations to resolve Variation Twelve appeals.
- Completion of Hazardous Substances and Facilities Section of District Plan.
- Preparatory work carried out and community consultation on the CBD plan changes relating to Urban Design Principles and Noise.
- Resolution of the Kahikatea trees as they related to the Rotorua Airport following agreement by the Ngati Rangiteaorere Tree Trust.
- Submissions made to Environment BOP Water and Land Plan about lakes management.

Strategic Issues

- Maintenance and enhancement of the District environment and in particular the Rotorua Lakes (through the development of Catchment Action Plans).
- Identification of sustainable urban and rural development options.
- Integration of Regional and District RMA functions and LGA planning and decision making processes.

What We Do

Functions of the Planning Division are derived mainly from the Resource Management Act (RMA). Council's policies on the environment are set out in the Rotorua District Plan.

Council currently employs 13 permanent staff in its Planning Division.

A growing focus will be to monitor changes in the environment and to identify where changes in environmental policy may have merit. Implementation of current policy remains to be a key function.

Policy activities include:

- Progressive development of the Council's District Plan. Commence next District Plan review cycle in 2005/06.
- Monitoring the state of the environment and reporting of environmental outcomes in the Long Term Community Plan.
- Performing the functions of Council under the Resource Management Act including district plan compliance, resource consent processing and enforcement.
- Advice to Council on environmental issues.
- Consultation with the public, interest groups and affected parties where changes to policy are contemplated.
- Working with other resource management agencies.
- Responding to central and regional government policy proposals where these affect resource management within the District.

Administration of the District Plan includes activities such as:

- processing land use and subdivision resource consents
- providing information about the District Plan in response to public enquiries
- monitoring compliance with resource consent conditions
- enforcement of provisions of the District Plan and RMA.

Cost of Service

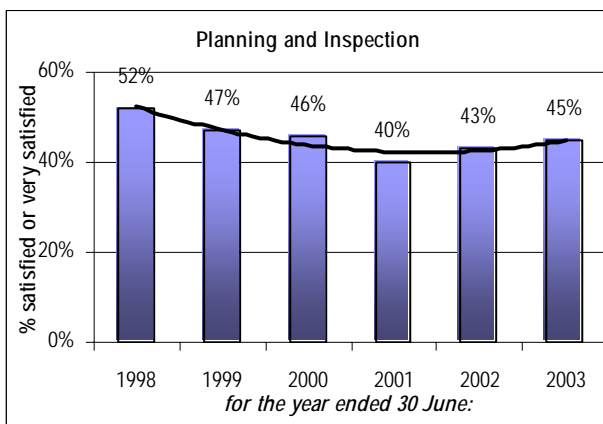
	2002/03	2002/03	2001/02
(thousands)	Actual	Estimate	Last Year
Operating Expenditure	2,295	2,293	2,147
Revenue	192	252	202
Net Costs	2,103	2,041	1,945
Capital Expenditure	2002/03	2002/03	2001/02
(thousands)	Actual	Estimate	Last Year
Computers / Equipment	12	17	
Total Capital	12	17	43

Performance for 2003

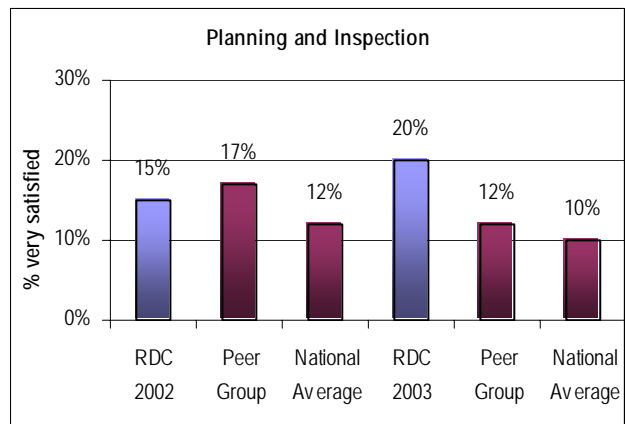
Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
Planning Policy				
To have the District Plan updated regularly through changes and reviews.	Plan Changes progressed. Rural Resort Zone change to the stage where it can be publicly notified or where Council is able to decide to proceed or not.	Strategy for Variation Twelve references reported to Council. Programme reported to Council each Planning and Bylaws Committee meeting.	Achieved. Strategy for Variation Twelve and Policy Work Programme reported to each Planning and Bylaws Committee meeting.	C1 C3
To monitor the state of the natural and physical resources of the Rotorua District and the effectiveness of the District Plan.	To prepare the State of the Environment Report.	SOE report by 30.11.2002	Achieved. Released to the public on Website December 2002 and Printed Version distributed from 11.02.03.	C1 C3
Planning Implementation				
To administer the District Plan in an effective and efficient manner.	To process non-notified land use consent applications within 20 working days of receipt of adequate information.	89%	Not achieved - 78%.	C1 C3 F4
	To process non-notified subdivision consent applications within 20 working days of receipt of adequate information.	89%	Not achieved - 59%.	C1 C3 F4
Lakes				
To develop and implement a Lakes Management Strategy.	To report annually on progress achieved on the 18 key tasks outlined in "Strategy for the Lakes of the Rotorua District".	By 30.06.03	Not achieved. Interim Report from Chief Executive to Finance and Strategic Planning Committee on 06.05.03.	C1 C3 F4

NRB Community Survey

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Building Control

Vision

To ensure the safety of people occupying buildings.

Contributes to a great place for locals and visitors to enjoy

- By protecting the safety and health of the occupants of buildings effectively.
- By providing information on building matters.

Contributes to a great natural and physical environment

- By implementation of environmental monitoring programmes, which have a particular emphasis on natural features.

Contributes to a great place to work and do business

- By being an organisation that excels in fulfilling its statutory and financial duties.

Contributes to a great community to live in – Tatou Tatou

- By making sure infrastructure is maintained and enhanced for the health and safety of the community.

This Year's Highlights and Achievements Included

- Issue of Code Compliance Certificates 100% within one working day (10 working day requirement).
- Increase in Land Information Memorandum reports - 402 issued within 10 days. This is 126 more than previous years.

Strategic Issues

Potential impacts should "leaky building" eventuate as an issue in the District

What We Do

The primary goal of this activity is to ensure the health and safety of persons occupying various categories of buildings by the enforcement of the provisions of Statute and Bylaw.

Council's policy is to operate the activity on a 70% self-funding basis with receipts from consent fees.

Workload is dependent upon public-generated demand.

12 staff are currently involved in this activity.

Cost of Service

	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
(thousands)			
Operating Expenditure	1,080	1,067	1,007
Revenue	752	748	615
Net Costs	328	319	392

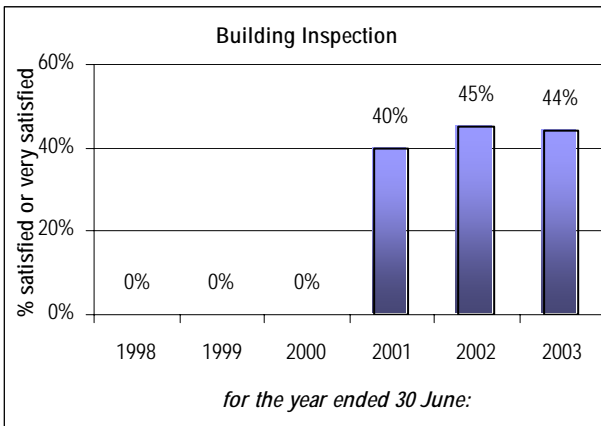
	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
(thousands)			
Capital Expenditure			
Computers / Photocopy	7	13	
Total Capital	7	13	16

Performance for 2003

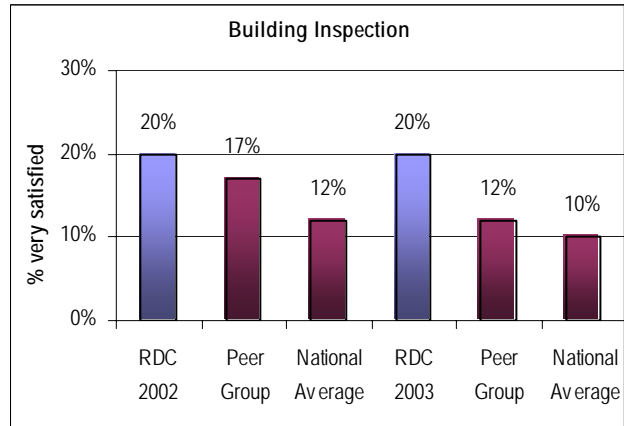
Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To process all Building Consents.	Within the legislative timeframe as required by the Building Act and to a standard set by the Building Act.	100%	Not achieved. 98.54%	C2 C3 F4
To ensure the safety of people occupying buildings.	To complete all inspections to enable issue of Code Compliance Certificates within 10 working days of notification.	100%	Achieved 100%.	C2 C3 F4

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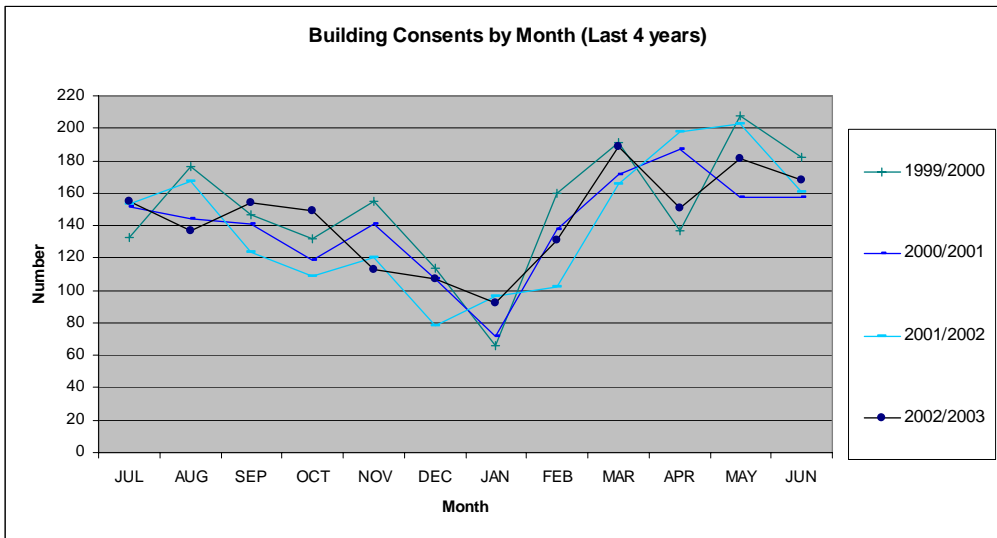
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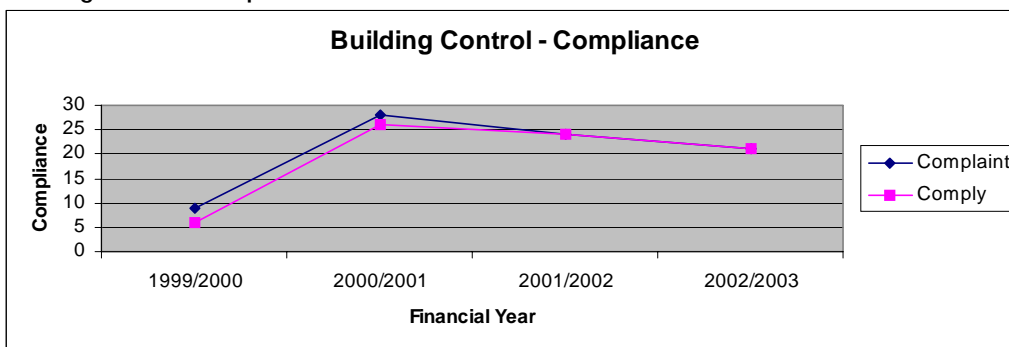
This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last 2 years and compares it with our peer group and the national average. The peer group is described in the Contents page to this section of the Annual Report.

Other Indicators

Building Consents Levels



Building Control Compliance Levels



Inspection

Vision

To ensure the health, safety, comfort and well-being of the inhabitants and visitors within the District, with reference to wise use and protection of the environment and sustainable resource management.

This activity employs inspectors in the following activities:

- Lake waters control
- Hazardous substances
- Geothermal
- General
- Liquor licensing
- Environmental health

Contributes to a great place for locals and visitors to enjoy

- By ensuring safety of navigation on District waterways.
- By ensuring safe health standards of:
 - food prepared for public consumption
 - water quality in school and public swimming pools
 - compliance with liquor licence conditions

Contributes to a great natural and physical environment

- By minimising the effect of health, noise and general nuisances.

This Year's Highlights and Achievements Included

- Launching of Patrol Boat MV 'Ra'.
- Location of all navigational aids plotted using GPS technology.
- Jet skis utilised for lake patrol work over height of season.

What We Do

This activity employs inspectors in the following activities:

i) Lakewaters Control

To ensure the safe sporting/recreational enjoyment of lake amenities by enforcing the provisions of the Lakewaters Bylaw and maintaining an educational/advisory service. Activities include the installation and maintenance of marker-buoys, signs, and other water sports facilities. Council's function of policing the Bylaw is supplemented by Honorary Lakes Inspectors. The role also involves the annual licensing of commercial vessels plying for hire and foreshore structures.

ii) Dangerous Goods

To ensure public safety in the handling and storage of dangerous goods by the enforcement of the Hazardous Substances and New Organisms Act and Regulations.

iii) Geothermal

The geothermal inspection function is limited to health and safety issues in an advisory role and includes undertaking testing for the emission of hydrogen sulphide gas.

iv) General

To ensure the enforcement of the General Bylaw. A diverse range of activities is involved including licensing signs and hoardings, obstruction of public property, and disposal of abandoned vehicles.

v) District Licensing Agency

The management of the District Liquor Licensing Agency in relation to the administration of the Sale of Liquor Act and Regulations

vi) Environmental Health

The promotion and conservation of public health by the enforcement of the provisions of the Health Act, Resource Management Act and Bylaws. Activities include inspection of food premises, licensed premises, hairdressers and camping grounds, investigation of noise and health complaints, and monitoring of water supplies and swimming pools.

Cost of Service

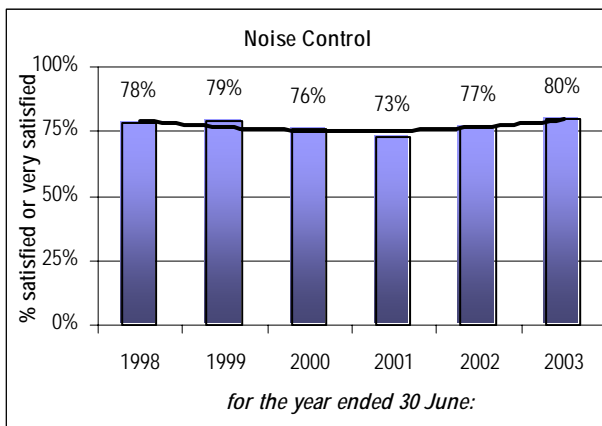
	2002/03	2002/03	2001/02
(thousands)	Actual	Estimate	Last Year
Operating Expenditure	1,414	1,424	1,249
Revenue	621	674	621
Net Costs	793	750	628
Capital Expenditure	2002/03	2002/03	2001/02
(thousands)	Actual	Estimate	Last Year
General Inspection - Computers / Equipment	9	3	
Lakewaters control	47	-	
Health - Computers / Office Equipment	2	-	
Environmental Admin - Computers / Equipment	3	11	
Total Capital	61	14	26

Performance for 2003

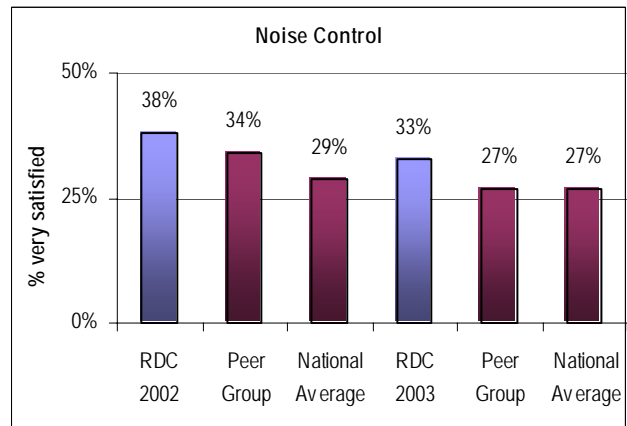
Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To ensure acceptable quality of private water supplies in district.	Conduct sanitary survey of and collect one sample from 20 minor publicly assessed supply points.	100%	Achieved. 27 of 27 – 100%	C2
To ensure safe health standards of public swimming pool water.	Test water quality of all public pools annually.	100%	Achieved. 32 of 32 – 100%	C2
To control health nuisances within district.	Respond to health complaints within 24 hours based on a seven day a week provision.	98%	Achieved. 98.17% response rate.	C2
Ensure compliance of premises/activities with statutory requirements.	Conduct one annual inspection of premises used as hairdressing salons, camping grounds, funeral parlours.	100%	Achieved 100%. All relevant premises inspected.	C2
To ensure compliance with Liquor Licence conditions in district.	Conduct at least one annual inspection of all licensed premises.	100%	Not achieved. 75% of premises inspected.	C2
To ensure safety of navigation on lake waters.	Reinstate missing navigation aids within three weeks of notification.	100%	Achieved 100%.	C2

NRB Community Survey

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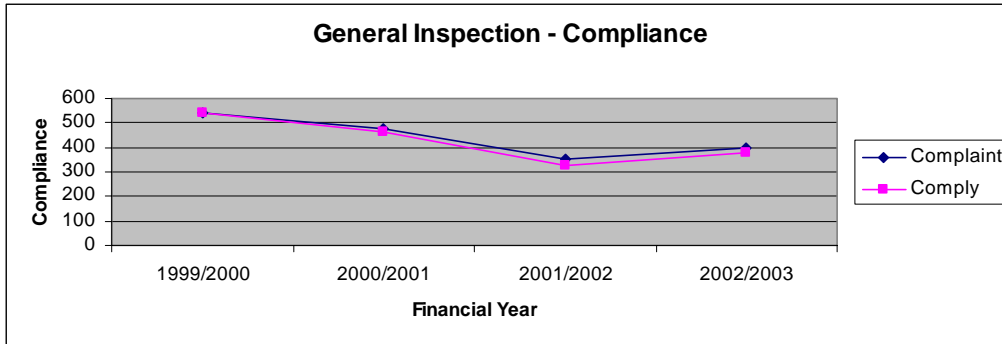
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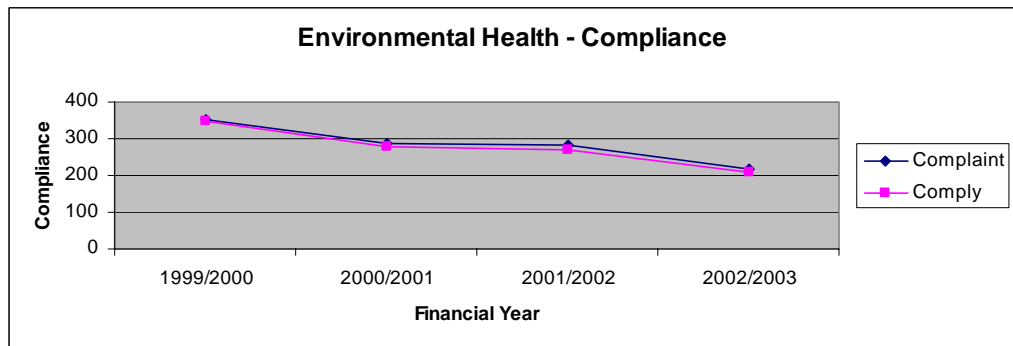
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Other Indicators

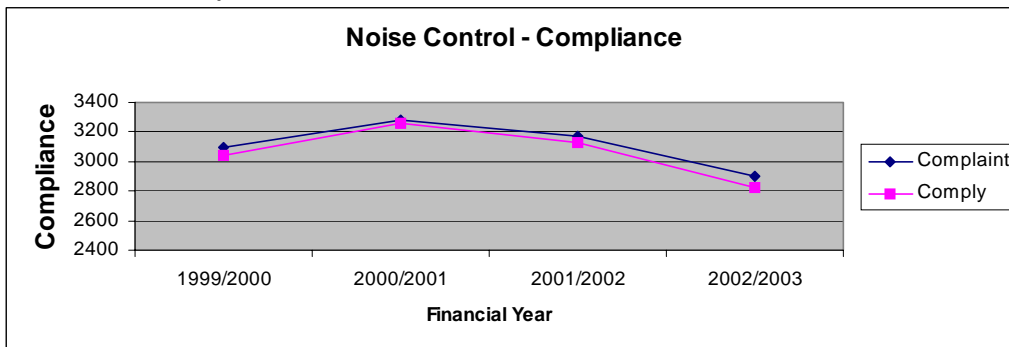
General Inspection Compliance Levels



Environmental Health Compliance Levels



Noise Control Compliance Levels





Animal Control

Vision

To ensure the safety of the public by the control of nuisance dogs and stock wandering in public places.

The Animal Control Unit provides a seven day a week service of mobile patrols.

Contributes to a great place for locals and visitors to enjoy

- By resolution of complaints/nuisances created by uncontrolled wandering and/or barking dogs.

Contributes to a great natural and physical environment

- By the provision of dog exercise areas where dogs may run free of a leash.
- By removing wandering livestock from public roads.

This Year's Highlights and Achievements Included

- 73% level of satisfaction in NRB Survey.

Strategic Issues

- Funding for control of stock on highways.
- Potential new legislative requirements (e.g. breed specific dog control legislation).

What We Do

Five full time staff work in this activity under the control of the Supervisor who is responsible to the Manager, Regulatory Services.

Control Function

This involves registration of dogs, inspection of kennelling standards, investigation/resolution of nuisances/complaints and impounding of wandering/stray dogs and other animals. Also provided is an educational programme on dog control to be shown on a demand basis to primary and intermediate schools in the Rotorua District.

Pound Keeping Function

Impounded dogs are kept in humane conditions, with those not claimed by their owners after seven days from the date of the impounding of each individual dog disposed of.

Stray stock are impounded and kept with ample pasture feed until their disposal to owners, or by way of public auction.

Cost of Service

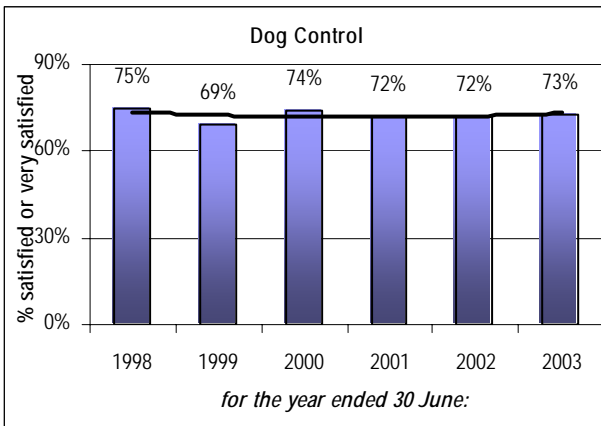
	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
(thousands)			
Operating Expenditure	673	625	611
Revenue	350	337	353
Net Costs	323	288	258
Capital Expenditure	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
(thousands)			
Computers	8	7	
Total Capital	8	7	24

Performance for 2003

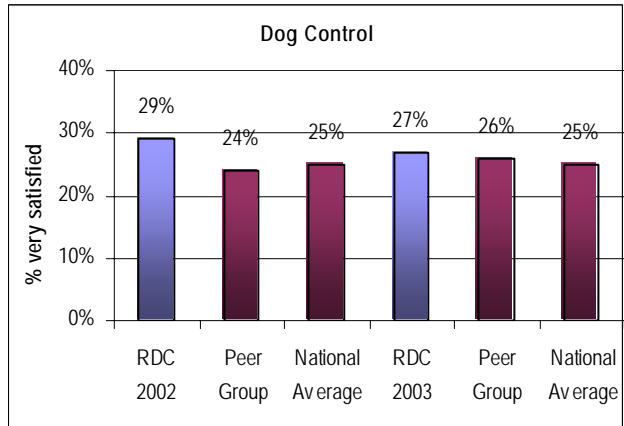
Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To provide an Animal Control service.	To take appropriate action to respond to complaints about dogs within 1½ working days based on a 7 day a week service provision.	87% response rate	Achieved. 94.51% response rate.	E1 F4

NRB Community Survey

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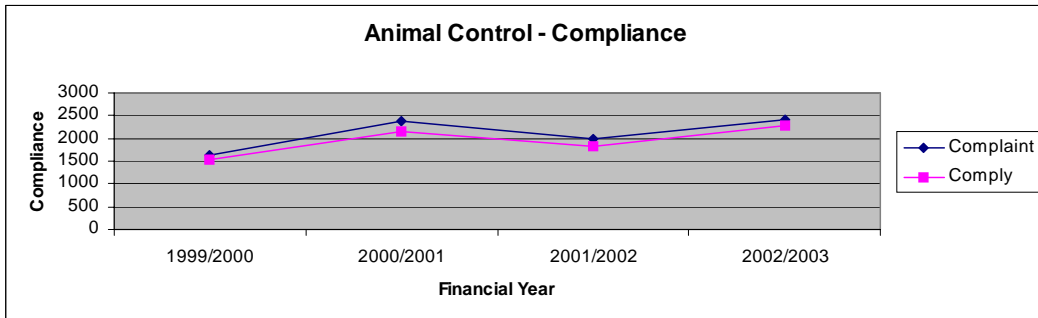
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Other Indicators

Animal Control Compliance Levels



Parking Enforcement and Facilities

Vision

To provide an effective parking enforcement service within the CBD and peripheral areas to maximise availability of parking.

The Council enforces offences under the Transport Act 1962 and the Land Transport Act 1998 relating to vehicle safety.

Contributes to a great place for locals and visitors to enjoy

- By ensuring an equal opportunity for all motorists to have access to parking available in the CBD.
- By making available a carpark building with capacity for 244 vehicles.

Contributes to a great community to live in – Tatou tatou

- By monitoring the requirements for all vehicles to have a current Certificate of Inspection (Warrant of Fitness).

Strategic Issues

- Potential to provide Parking Enforcement at Rotorua Airport.

What We Do

Enforcement is undertaken during the following hours:

Monday to Friday	9.00am to 5.00pm
Saturday	9.00am to 12.00 noon

This section employs five full-time and one part-time staff, including a Supervisor Parking Enforcement to whom staff are responsible.

Cost of Service

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Operating Expenditure	1,295	1,290	1,229
Revenue	1,910	2,010	2,067
Net Costs	(615)	(720)	(838)

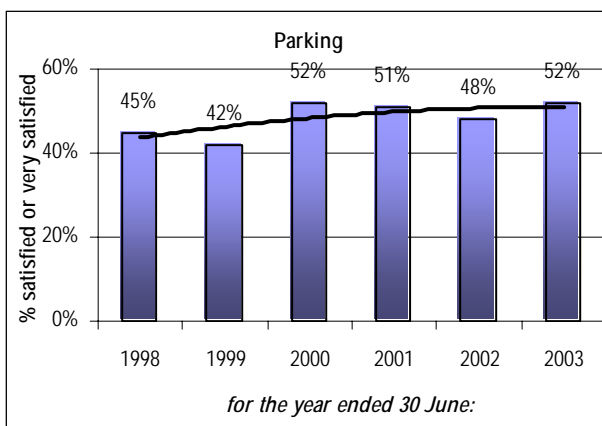
Capital Expenditure (thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Computers / Equipment	12	3	
Meters & Handheld machines	9	30	
Total Capital	21	33	5

Performance for 2003

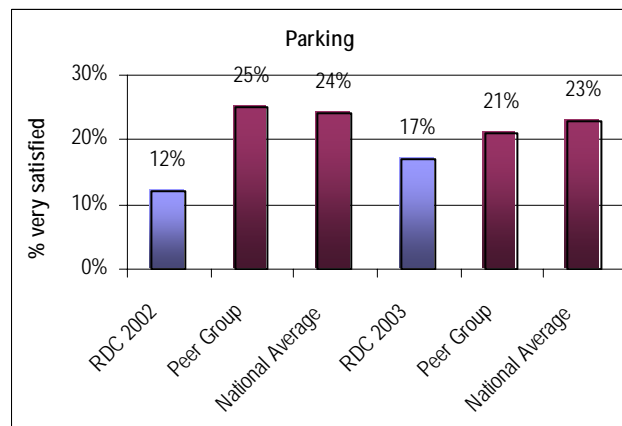
Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To provide an effective parking enforcement service within the CBD and peripheral areas to maximise availability of parking.	To provide, within budget, a 5½ day week surveillance of CBD and peripheral areas.	100%	Achieved.	E1 F4

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Economy

Introduction

Economic Well-being can be improved through Council working with key sectors and individuals to foster economic growth. Council continues to facilitate the implementation of the District Economic Development Strategy and this plan identifies new areas for potential partnerships with the private sector.

Scope and Nature of Activity

This activity employs 28 staff.

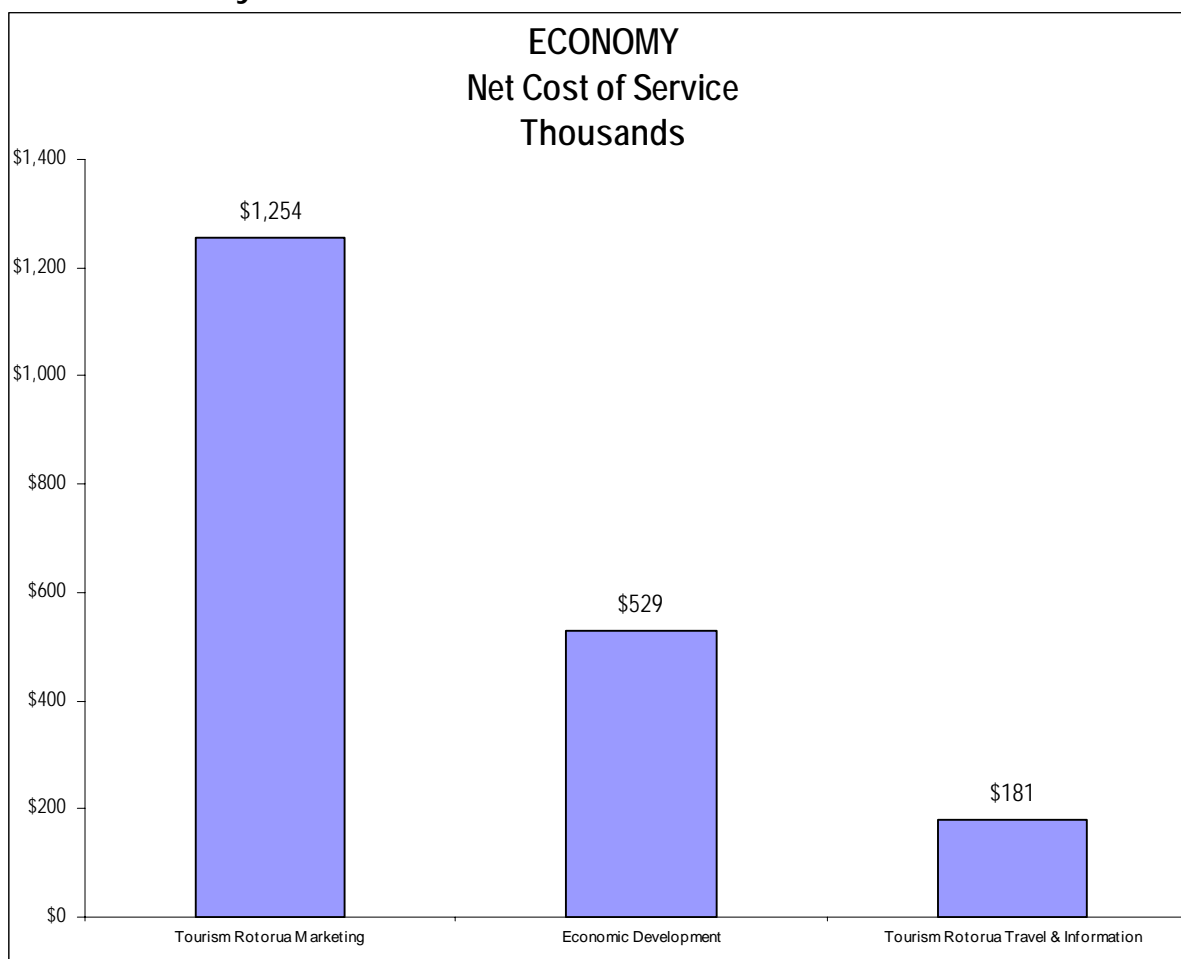
Council co-ordinates the marketing and promotion of Rotorua to domestic and international visitors and fully recognises the

current and potential benefit to the community resulting from its involvement. Allied to this is the facilitation of economic activity within the District and help to co-ordinate the effort of groups working toward this. It should be noted that the majority of funding in this activity is seen as a necessary catalyst for the involvement of the commercial sector in the promotion and marketing of the district.

An essential part of the Business Development function is the provision of assistance and guidance to the many personal enquiries made regarding business and other opportunities within the District.

Council operates a 365 day a year Visitor Information Centre, which is part of the nationwide VIN network.

How the Money is Used



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Tourism Rotorua Travel & Information	87



Economic Development

Vision

To enhance the economic well-being (potential) of Rotorua

Mission

To aspire to the vision through sustaining, Attracting and growing business within the Rotorua District

Contributes to a great place for locals and visitors to enjoy

- Council's Economic Development Unit helps to promote and sustain Rotorua as a vibrant, growing, and exciting environment.

Contributes to a great natural and physical environment

- Helps develop and promote business opportunities that benefit the cultural and environmental aspects of the District.

Contributes to a great place to work and do business

- Develops networks and produces information to the business community.
- Supports and encourages business growth.
- Facilitates initiatives i.e. inquiries into business opportunities.
- Works with key industry sectors to help develop and broaden sustainable business opportunities that will grow the economy.

Contributes to a great community to live in – Tatou Tatou

- Aims to increase employment opportunities as a result of working with key sectors.
- Provides assistance to Maori economic development initiatives.
- Helps in education initiatives for our young people to improve the workforce capability.

This Year's Highlights and Achievements Included

- Working on a new focus for the unit, building strong networks with the community to facilitate an environment that stimulates entrepreneurial and innovate cultures within Rotorua.
- The Rotorua Skills/ Knowledge Project
 - A project headed by the unit and run in partnership with Work & Income, WIT, TEC applying a whole of government approach.
 - There was significant skill shortages identified in the Dec 2002 analysis across all sectors.
 - Industry groups were formed and workshops held to stimulate industry input into the development of practical action plans to address the identified issues.
 - Practical Action plans have been developed identifying solutions for a number of the issues raised, these action plans have accountability and

timeline mechanisms installed in them to ensure positive outcomes along with accountability.

- Relocate to Rotorua
 - There has been a DVD produced to complement the relocate to Rotorua Pack developed pre July 2002.
 - This pack has been distributed to major domestic and international investment points, such as Embassies, Ministerial offices around the world along with a number of local private enterprise firms to assist in the enticement of new staff to the region.
- Centre of Forestry Excellence
 - The BDU has played a key role in the development of the COE for Wood processing, the first of the Governments major regional initiatives.
 - The Centre's first courses will be available to students at the start of 2004.
 - To add to this development there has been a continuation of the work done with the Central North Island Forestry Training and Employment Advisory Group to facilitate the skills provision of the forestry industry within the CNI the major partners in this project have been Industry NZ and Forest Industries Training.
- Rerewhakaaitu Industrial Land development
 - The rezoning process is underway with Bill Wasley of Wasley Knell Consultants Ltd.
 - It is at the consultation stage which has included the provision of public meetings with the local residents.

Strategic Issues

- Council is developing a Rotorua Growth Strategy
 - This will provide guidance and direction for the concentration of the units resources into the future.
- The development of Destination Rotorua
 - This will provide greater opportunities for the development of dual purpose marketing for the region
 - This will also provide the opportunity for greater collaboration from different sectors of council on dual purpose projects

What We Do

Rotorua District Councils Economic Development Unit actively works on all levels alongside individual businesses and key community organisations to stimulate the process of sustaining, attracting and growing business within the Rotorua region.

We encourage economic activity to create an environment that stimulates sound investments, more employment opportunities, higher incomes and a great lifestyle quality for residents.

The four main areas of activity for the unit are based around:

1. Development and regular distribution of **information** on the districts economy.
2. To **facilitate** economic development initiatives within and between different business sectors and business interest groups.
To facilitate business projects through councils regulatory process.
To facilitate the introduction of prospective new business people to relevant individuals and organisations within relevant business sectors.
3. To **promote** Rotorua nationally and internationally as a residential, business and investment location by providing a range of promotional material which is utilised by the business and wider community of Rotorua and New Zealand.
4. To **project manage** economic development. initiatives such as events, forums, seminars, business networks etc.

Cost of Service

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Operating Expenditure	533	649	621
Revenue	4	6	19
Net Costs	529	643	602

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Capital Expenditure			
Computers	2	-	
Airport expansion	38	* 4,500	
Total Capital	40	4,500	6

* Investment in shares in the Airport made rather than capital purchase.

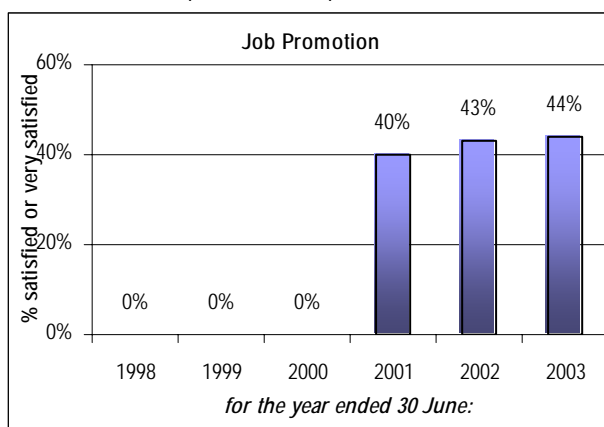
Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
Information – provision of relevant and timely District economic data.	Publications produced based on census data, plus others as required by market demand.	Within budget of \$35,000	Achieved.	D2
	Monthly District and National economic data and business news circulated to subscribers and provided to Council.	Within budget of \$12,000. Within 3 working days of receipt.	Achieved.	D2
	To continue developing and promoting the Rotorua business websites.	To complete 8 sector campaigns	Achieved. <ul style="list-style-type: none"> • Employment Skills Project <ul style="list-style-type: none"> - Agriculture/ Horticulture - Construction - Education - Health - Manufacturing - Professional Services - Wholesale and Retail - Tourism - Personal, Government • Golf • Employment Opportunities • Subscription Package 	D2
Forestry Sector – to undertake work ensuring Rotorua's dominant position in forestry and related industries is maintained.	To continue developing and promoting the forestry website.	To ensure accuracy of all forestry website data.	Not achieved. Ongoing task.	D2

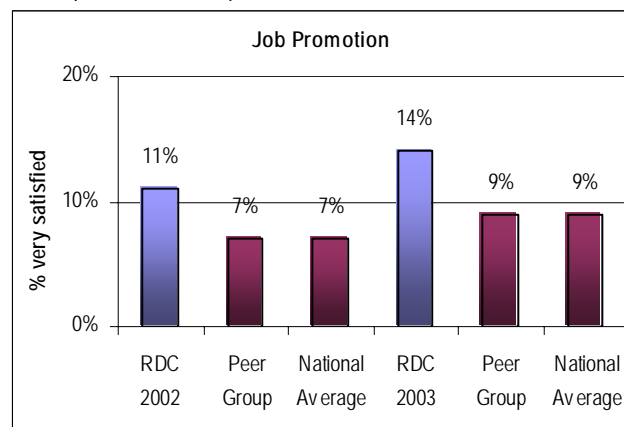
Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
	To continue active participation as a member of the Central North Island Forest Industries Training and Employment Advisory Group.	3 meetings held by 30.06.03	Achieved. The development of the NZ Centre of Excellence for Wood Processing is now the major focus of this project.	D2
Other Sectors – to stimulate cluster formation where industry advantage can be demonstrated.	Development of a spa industry cluster involving key industry players by profiling Rotorua's spa industry through active participation in Asia-Pacific ISPA.	Implementation of strategy to develop Rotorua spa website.	Achieved. Site developed. Strategy being completed.	C3 D1 D2
Maori economic development.	To work closely with individuals and groups to improve management structures currently involved in asset management and assist in capability development strategies as per Regional Partnership Proposal.	Demonstrate effective liaison and support for Te Arawa inclusion in the Regional Partnership Proposal with Industry NZ.	Achieved. All performance targets of the Regional Partnership Proposal set by Industry NZ were achieved.	D2
	To showcase by recognition and promotion Maori business role models.	1 Maori business forum by June 2003	Not achieved. A Capability Building Workshop was held 16 May in which key Maori business mentors and role models were invited to attend.	D2 E2
To continue to provide an interface service supporting businesses in dealings with Rotorua District Council.	To respond to requests for facilitation through Council processes.	80% within 3 working days	Achieved.	D2
Rotorua Airport Investment.	To assist the strategic direction of the Rotorua Airport.	TBC	TBC	C3 D1

NRB Community Survey

The two graphs below have been prepared from the annual Communitrack Survey conducted by National Research Bureau Ltd (NRB) Public Perception and Interpretations of Council Services and Representation Report.



This graph shows the percentage of survey respondents that are satisfied and very satisfied with this service over the last 6 years. There is a trend line which helps show the general direction of service satisfaction over time.



This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last 2 years and compares it with our peer group and the national average. The peer group is described in the Contents page to this section of the Annual Report.

Tourism Rotorua Marketing

Vision

A tourism sector that is making a maximum contribution to Rotorua's economic, social and environmental well-being by continually improving and promoting Rotorua to existing and new, making an exciting, vibrant, high quality destination.

Contributes to a great place for locals and visitors to enjoy

- Co-ordinates the marketing and promotion of Rotorua District Council.
- Helps add to the excitement and vibrant high quality destination.
- End result is more different activities and venues for the visitors and locals to enjoy.

Contributes to a great natural and physical environment

- Marketing is focussed on sustainability and industry ... growth opportunities.
- Protects and develops the Rotorua "Manaakitanga – Feel the Spirit" brand identity.

Contributes to a great place to work and do business

- Strives to improve returns for Rotorua.
- Positions Rotorua as a year round destination and premier event destination.
- Works in together with local tourism industry.
- Facilitates/encourages events to develop and expand as a means of expanding visitor arrivals.

Contributes to a great community to live in – Tatou Tatou

- More visitors and returns leads to more jobs for locals.

This Year's Highlights and Achievements Included

- Domestic Winter Campaign that combined both retail and accommodation and tourism sector.
- TRANZ participation and support for Rotorua theme upgrade.
- Participation at Tourism Awards in Wellington.
- Helped implement Airport Development Levy.

- Rotorua's first two-day tourism conference which will become a bi-annual event.

Strategic Issues

The unit is faced with a number of Strategic Issues/Projects at present:

- Review of the Rotorua Tourism Strategic Plan
- Review of the LGNZ Act and implications for the RTO, in terms of targeted rating, revenue focussed business ventures and destination management.
- Development of the Rotorua Regional Airport Trans-Tasman Market.
- Resourcing (Staff/Offices) for optimum output.
- Conference Group Capacity

The over-riding issue facing the unit is the expectation from RDC, the visitor sector and the wider business community on the role that the district's promotional body will play in years to come.

What We Do

The primary function of this department is focussed on promotional activity through the tourism industry networks, specifically targeting trade, media and consumer. This is carried out across the areas of international, domestic and event marketing, as well as conference and incentive promotion.

Cost of Service

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Operating Expenditure	1,482	1,535	1,501
Revenue	228	351	355
Net Costs	1,254	1,184	1,146

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Capital Expenditure			
Computers & Equipment	25	24	
Total Capital	25	24	20

Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To create awareness of Rotorua as New Zealand's premier visitor destination to international agents, airlines, inbound agents, industry and visitors.	To attend international consumer travel shows, trade missions and sales missions in association with Tourism NZ within budget according to Annual Activity Plans.	Travel Shows/ Trade Missions 100% attendance.	Achieved. 2 x Backpacker Expos Australia Kiwilink India Kiwilink Japan	B1 D1 E2
		4 Tourism Rotorua conducted. 2 Central North Island conducted.	Achieved. Kiwilink USA Kia Ora Malaysia	

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
	To co-ordinate the visits of international travel agents educational groups in association with Tourism NZ.	4 Tourism Rotorua visits co-ordinated. 4 Govt visits. 2 Education visits.	Achieved. 22 x Rotorua Visits 8 x Government Visits 3 x Education Visits	B1 D1 E2
	To produce the Rotorua Visitors Guide at a profit.	185,000 printed. Profit \$45,000.	Not achieved. Project delayed until July 2003.	B1 D1 E2
To maximise Rotorua's domestic and international exposure in all media and communications channels.	To co-ordinate public relations/ media activities which will result in equivalent advertising value to Rotorua.	EAV of \$2.0m realised. Audience reach to 1.0m people.	Achieved. Estimate \$3.4m. Achieved via international marketing.	B1 D1 E2
To facilitate and encourage events to develop and expand in Rotorua as a means of expanding visitor arrivals to Rotorua.	To assist strategic events develop, expand and attract sponsorship and to provide general support and guidance to major event prospects.	10 strategic events assisted	Achieved. 19 events supported. 2 sponsored.	B1 D1 E2
	To produce assistance/bids for conferences during programmed year.	100 bids produced	Achieved. Over 150 bids produced.	B1 D1 E2
To enhance and promote Rotorua's market position as a conference and incentive destination.	To attend international/ convention meeting shows during programmed year.	3 attended	Achieved. AIME – Australia. Meetings – Auckland. APA Conference – Australia.	B1 D1 E2
To communicate marketing activities to local industry to communicate/maximise marketing impact.	To conduct industry forums by 30.06.03.	2 forums	Achieved. 2 day Industry Forum.. 1 Marketing Packages Forum.	B1 D1 E2
	To conduct, facilitate and engage discussion from industry representatives through the marketing portfolio groups on a regular basis.	8 meetings	Achieved.	B1 D1 E2

Tourism Rotorua Travel and Information

Vision

Your first contact for information and booking requirement on things you can see and do around Rotorua and the rest of New Zealand.

Contributes to a great place for locals and visitors to enjoy

- By maintaining the highest level of customer service within a fixed budget.
- Providing quality information and services for locals and visitors.

Contributes to a great natural and physical environment

- By preserving and using a historical building as its headquarters.

Contributes to a great place to work and do business

- By providing skilled and knowledgeable staff to help people find the information they need.

Contributes to a great community to live in

- Provides an information source for the local community.
- Provides Department of Conservation information.

This Year's Highlights and Achievements Included

- Rotorua VIN centre being one of first visitor centres to adopt the i-SITE brand which was used as a trial, prior to national roll-out.

Strategic Issues

- E-Commerce.
- Business alignment with Destination Rotorua.

What We Do

The Tourism Rotorua Travel Office operates 364 days a year and employs 14 fulltime and one part-time staff.

The office is active not only in information provision but also offers a comprehensive domestic travel reservation service available to local residents and visitors. Commercial returns are earned through commissions on sightseeing and travel sales.

Cost of Service

	2002/03	2002/03	2001/02
(thousands)	Actual	Estimate	Last Year
Operating Expenditure	1,058	1,079	1,129
Revenue	877	762	871
Net Costs	181	317	258
Capital Expenditure	2002/03	2002/03	2001/02
(thousands)	Actual	Estimate	Last Year
Computers and Display Unit	64	66	
Total Capital	64	66	24

Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To maintain the highest level of customer service within a fixed budget.	To operate a seven day information and ticketing centre within general rates requirement.	\$345,000	Achieved.	B1 D1 E2

Infrastructural

Introduction

Infrastructural has been established as a significant activity as the cost centres provide directly toward the economic, social and environmental well-being of the community.

Provision of utility services including water, wastewater collection and treatment, refuse collection and disposal, and control of stormwater, provide for the public health, economic needs, and the environmental well-being of the District.

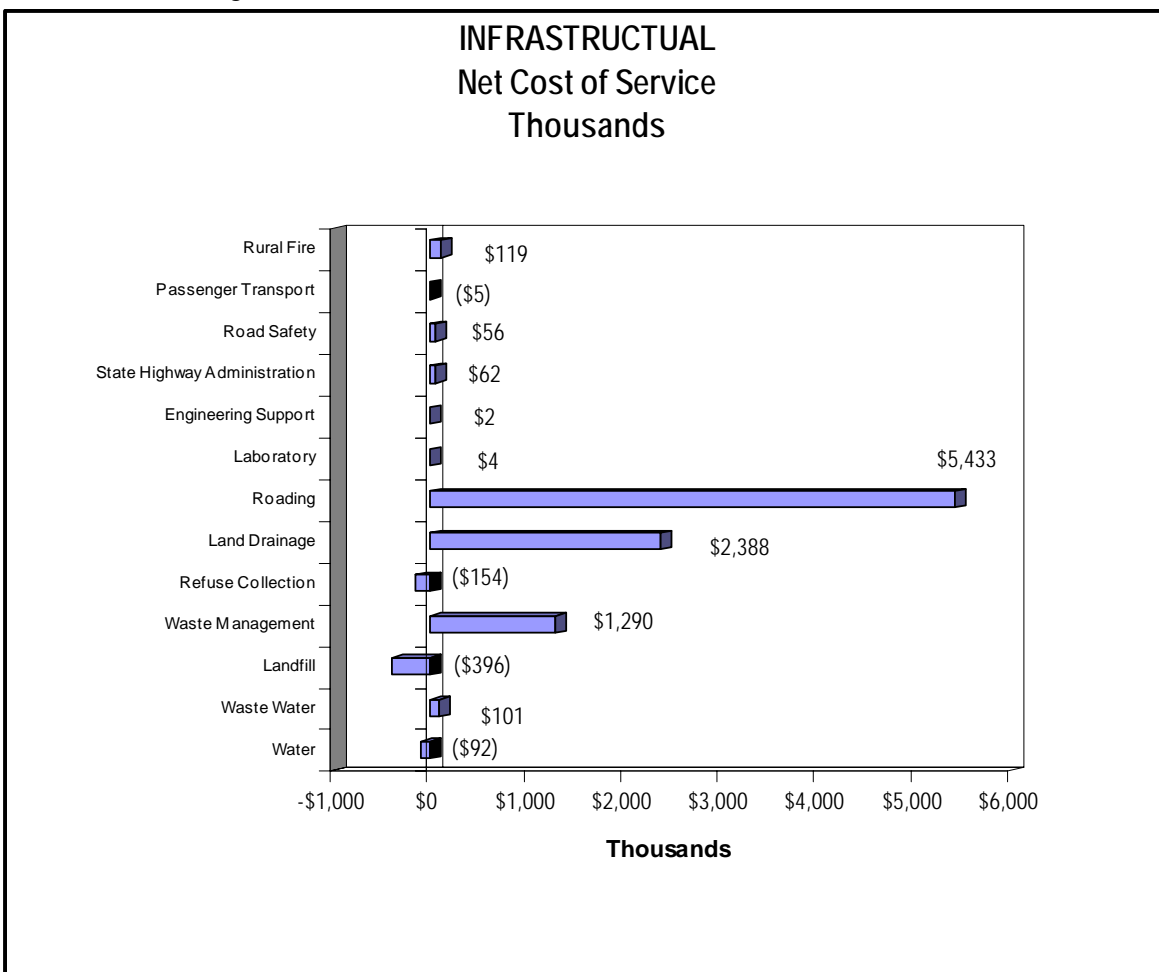
Transport infrastructure e.g. roads, footpaths etc, provide for the economic and social well-being of the community for motorists, pedestrians and cyclists.

Scope and Nature of Activity

To provide for the general maintenance and upgrading of the utility services and roading, the updating and implementation of asset management plans, and compliance with national and local standards.

Works are generally undertaken through publicly tendered contracts for both maintenance and improvement works.

How the Money is Used



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Rural Fire

Vision

Working in partnership with the rural communities to provide protection for people, property and the environment from the hazards of fire and other emergencies.

This Year's Highlights and Achievements Included

- Completion of the relocation and refurbishment of the West Rotoiti Fire Building.
- Training of all Rural Fire Staff and Volunteers to meet NZQA Standards.
- An extreme fire season was managed to minimise risk.

Strategic Issues

- Rationalisation of Rural Fire in the Rotorua District.
- Lake Okareka - requirement for new fire appliance.
- Request from Reporoa for a Rural Fire Unit.
- Principal Rural Fire Officer position requirements need to be met.

What We Do

Administration of Rural Fire responsibilities including:

- Issuing of Fire Permits.
- Operative Fire Plan.
- Budgeting and administration of Rural Fire Units for Lake Okareka, Lake Tarawera, West Rotoiti and Castlecourt Response Unit.
- Equipment Maintenance and Operational Budgets.
- Training.
- Statutory requirements i.e. Rural Fire Management Code of Practice.

Cost of Service

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Operating Expenditure	151	120	101
Revenue	32	5	130
Net Costs	119	115	(29)

Capital Expenditure (thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Appliances	8	6	
Total Capital	8	6	194

Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To provide and update Rotorua District Council Rural Fire Plan.	Fire Plan to be updated and certified by Central North Island Regional Rural Fire Committee for distribution no later than 31 August 2002.	Fire Plan to be updated and certified by Central North Island Regional Rural Fire Committee for distribution no later than 31 August 2003.	Achieved.	C1 C2
To provide for the issue of Fire Permits.	Fire Permits are issued where "appropriate" within 24 hours of request.		Achieved.	C1 C2
Administration of Rural Fire Units at Lake Okareka, Lake Tarawera and West Rotoiti.	Equipment is supplied/maintained. Subsidies are requested. Training is provided.		Achieved.	C1 C2

Passenger Transport

Vision

To provide for an accessible, safe and effective public passenger transport service to meet the transport needs of the Rotorua community.

This Year's Highlights and Achievements Included

- Production of a long-term Passenger Transport Strategy for Rotorua.
- New expanded timetables to be introduced in July 2003.

Strategic Issues

- New delegated function contract mid - 2004.
- Implementation of the long-term Passenger Transport Strategy in the Rotorua District.

What We Do

This Section is responsible for the administration (under delegated authority from Environment BOP) of passenger

transport services in Rotorua. This involves passenger transport contract administration and monitoring, provision of timetable information, and notification of changes to services and fares. This section also allows for provision of shelters and facilities for bus services, including maintenance and capital investment, for the Rotorua District.

Cost of Service

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Operating Expenditure	277	304	270
Revenue	282	267	259
Net Costs	(5)	37	11

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Capital Expenditure			
Bus Shelters	49	45	
Total Capital	49	45	47

Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
Manage the contract for the provision of passenger transport services in Rotorua.	Subject to 90% EBOP funding, provide passenger transport services within budget.	Within budget of \$263,000 pa.	Achieved.	E1
	Ensure that trips operate within 5 minutes of timetable departure.	90% minimum.	Achieved.	E1
	Subject to 25% TNZ funding provide timetables and service publicity within budget (excluding Corporate overheads).	Within timetable budget of \$20,000.	Achieved.	E1
	To maintain existing passenger transport shelters for the Rotorua District.	100% provision as appropriate.	Achieved.	E1
	Subject to 40% TNZ funding, to build new passenger transport shelters as required.	6 new shelters completed within budget.	Achieved.	E1

Road Safety

Vision

To reduce the incidence and severity of crashes in the Rotorua District.

This Year's Highlights and Achievements Included

- First year of delivery.
- Provision of a community fund for local projects.
- Walking school bus support.
- Older drivers support.
- Provision of regional road safety projects in Rotorua.

Strategic Issues

- Drivewise Trust partnership.
- Relationships with Land Transport Safety Authority, Neighbouring Local Authorities and both Regional Councils to ensure consistency and co-ordination occur.
- Greater Community access to funds via LTSA and Drivewise funds.
- Development of Maori and Pacific Peoples Road Safety initiatives.

What We Do

This section provides for the delivery, co-ordination and facilitation of road safety programmes and initiatives in the

District. Council employs a fulltime Road Safety Co-ordinator to co-ordinate, facilitate and manage local efforts to address identified road safety problems.

In addition the District and Regional Road Safety Programmes of the Land Transport Safety Authority, Environment Waikato and Environment Bay of Plenty are prepared and delivered to ensure consistency across the region. In addition 20% of a further officer's time is committed to this area.

Cost of Service

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Operating Expenditure	129	100	117
Revenue	73	60	86
Net Costs	56	40	31

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Capital Expenditure			
Computers	-	3	
Total Capital	-	3	-

Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
Prepare, manage and deliver the LTSA NZ Road Safety Programme for Rotorua.	Meet LTSA contract and audit requirements.	100% compliance.	Achieved.	E1 E3
Contribute to Regional Road Safety issues.	Attend Regional Road Safety group meetings and deliver regional projects.	100% compliance.	Achieved.	E1 E3
Facilitate community Road Safety initiatives and development.	Reporting to Works Committee and Drivewise.	100% compliance.	Achieved.	E1 E3
Ensure Road Safety programmes meet with District Road Safety Plan.	Reporting to Works Committee and Drivewise.	100% compliance.	Achieved.	E1 E3

State Highway Administration

Vision

To plan, develop and maintain the District State Highway system in a way that contributes to an integrated, safe and responsive network for the District.

This Year's Highlights and Achievements Included

- Completion of four laning and improvements to Pukuatua Street/Old Taupo Road.
- Rectifying the worst crash black spot in Rotorua - Old Quarry Rd Intersection.
- Commencing passing lane construction at Te Ngae.
- Completing design/land acquisition of Old Taupo Rd four laning (Pukuatua Street to Malfroy Road).
- Commencing Hauparu Bay realignment.
- Obtaining State Highway status for the Tauranga Direct route.
- Reduced fatality record for the district.

Strategic Issues

- Maintenance of the Network to TNZ standard.
- Tauranga Direct Rd potential S.H. Project development and promotion.
- Eastern Arterial (east side).
- Gasline Curves at Waiotapu.
- Old Taupo Rd, 4 Laning.

What We Do

This Section provides the management and administration of the State Highway network within the Rotorua District on behalf of Transit New Zealand. This cost centre includes 20% of the District Engineer's time/salary plus one further officer. Much of this function is undertaken by Consultants via professional services contracts with the Council. Council receives 1% of the value of all State Highway works and professional services expenditure in return for providing this service.

Cost of Service

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Operating Expenditure	155	141	121
Revenue	93	120	96
Net Costs	62	21	25
Capital Expenditure (thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Total Capital	-	-	3

Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To undertake and oversee Network Maintenance on Delegated Highways within the District.	Meets Transit NZ/Transfund standards criteria and guidelines for SH5, 30, 30A, 33, 38.	100% compliance	Achieved.	C2 C3
To provide effective and efficient management of the Rotorua District Highway Network.	Advance safety and efficiency improvements on the network, meet requirements of the TNZ Act, National Roading Programme Budgets and Council Policy subject to TNZ Authority approval.	<ul style="list-style-type: none"> • NRP programme complete • Eastern Arterial (investigation) subject to Transit Authority approval • Gasline Curves (design) subject to Transit Authority approval • Old Taupo Stage II (works) subject to Transit Authority approval • Amohau St Reconstruction (works) 	<ul style="list-style-type: none"> • Achieved. • 2 additional projects commenced • Not approved. • Not approved. • Not approved. • Completed. 	C2 C3

Engineering Support

Includes Resource Engineering, Strategic Planning and other Engineering Administration

Vision

To provide support to the Engineering Department in an efficient and effective manner.

This Year's Highlights and Achievements Included

- Submissions on Environment BOP Water and Land Plan.
- Submission of Resource Consent to renew water take at Taniwha Springs.
- Reinstatement of the designation over the Wastewater Treatment Plant
- Updating of Council's asset management plans.
- Part of team implementing NZ Waste Strategy within Council.
- Council employee Andy Bell awarded the Meritec International Study Award.
- Grease trap study – Gap in technical evaluation of efficiency of traps. Carried out by Pollution Control.
- 98% of all resource consents processed within nine day in-house agreement with planning.

Strategic Issues

- Update of AMP's.
- Meeting legislative requirements (eg LGA & Risk Assessment Acts)
- Update of Engineering Bylaws.
- To monitor Consent approvals for engineering compliance with the subdivision provisions of the RMA 1991, BA 1991, Rotorua District Plan, and where applicable, the Engineering Code of Practice.
- To apply infrastructure upgrading contributions required as a consequence of development in accordance with the provisions of the District Plan.
- To maintain an Industry Standard Code of Practice available in Digital Format.
- To encourage a better standard of consent application.
- To encourage the most effective and efficient use of the road corridor as transportation.
- To maintain graphical and presentation outputs at a high technical level.

What We Do

This section provides services to all Departments within Council, within the following two broad areas:

- Overview of all Asset Management Plans. This part of our service focuses on ensuring AMP's are up to a robust standard and assist the Asset Managers to improve them.
 - Monitoring of Strategic Policies that may affect Council utility operations. This includes reviewing Regional Plans, advising on effects, and recommending submissions. Also includes representing Council at Regional Council hearings.
- The Management of Engineering and Hazard Issues relating to Consent Application and the Transfer of Assets from Developers to Council.
 - The Digital production of Design and Construction Drawings, As Built Plans and Data Capture, Publishing, Printing and Visual Modelling.
 - Control of works carried out within the Road Reserves.

Cost of Service

	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
(thousands)			
Operating Expenditure	74	36	32
Revenue	72	37	30
Net Costs	2	(1)	2
Capital Expenditure (thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Engineering Admin			
Computers / Photocopiers	8	7	
Strategic Planning			
Engineering Strategic Planning - Computers / Software	21	20	
Engineering Lifelines	13	35	
Resource Engineering			
Aerial Mapping	-	4	
Resource Engineering & Draughting - Computers	84	67	
Asset Management - Computers/Plant	31	31	
Total Capital	157	164	144

Engineering Support by Activities

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Actual
Operating Expenditure			
Engineering Administration	605	579	562
Works Overheads	985	983	932
Resource Engineering	681	650	584
Draughting Services	660	624	609
Strategic Planning	366	395	379
	3,297	3,231	3,066
Less Internal Recoveries	3,223	3,195	3,034
Total Operating Expenditure	74	36	32
Revenue			
Engineering Administration	1	4	5
Resource Engineering	23	23	9
Draughting Services	8	5	5
Strategic Planning	40	5	11
Total Revenue	72	37	30
Net Cost of Service	(2)	(1)	2

Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To reduce the impact on lifeline services of the Rotorua District from known hazards.	To complete the Lifelines Project Action Plan.	Completion of Stage III Impact Analysis	Achieved.	C2
To educate, encourage and enforce regulatory compliance, by users of Council's Engineering Managed Utility Infrastructure assets, particularly the sewerage and stormwater drainage systems.	To advise, monitor and inspect trade waste premises occupiers compliance with the trade waste bylaw and consent conditions.	40% of consented trade waste premises are audited for compliance annually.	Achieved.	C1 C2 C3

Laboratory

Vision

To provide accurate, efficient and sustainable monitoring, sampling, testing and scientific services to Council's internal clients.

This Year's Highlights and Achievements Included

- Continued to provide satisfactory outputs despite severe staffing problems.

Strategic Issues

- Maintaining and improving Laboratory to meet Industry Standards.
- Maintaining IANZ accreditation subsequent to staff changes.

What We Do

The Laboratory employs five full time staff (four technicians and a manager). Staff are occasionally required to work on weekends in order to meet all the laboratory functions. The main functions of the laboratory are as follows:

- To provide an analytical testing service for the wastewater treatment plant for process control and discharge consent work.
- To provide a maintenance and calibration facility for the WWTP on-line analytical instrumentation.
- To monitor and report on the environmental impact of the forest irrigation system. Work includes providing discharge consent reports.

- To monitor and report on the environmental impact of the landfill operation. Work includes providing discharge consent reports.
- To undertake all necessary testing and reporting of Council's drinking water supplies.

The laboratory also provides services to other areas of Council's operation including Parks and Reserves, the Aquatic Centre, Public Utilities Reticulation and Trade Wastes.

The laboratory also provides a cost recovery service to outside customers and a scientific advisory service to all clients.

Cost of Service

	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
(thousands)			
Operating Expenditure	96	80	81
Revenue	92	88	91
Net Costs	4	(8)	(10)

	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
(thousands)			
Capital Expenditure	8	11	
Total Capital	8	11	15

Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To maintain and operate the laboratory to approved standards.	To participate in the IANZ water test inter-laboratory testing programme and perform to a high standard.	Participation programme completed 100%. Rating maintained or exceeded.	Achieved 100%.	C2
	To maintain IANZ registration.	Registration maintained.	Not achieved. Voluntarily withdrew IANZ registration for Chemistry and Micro. Registered for Drinking Water only. Yet to be regained.	C2
To undertake monitoring programmes for water right consents (forest and landfill).	To undertake water quality monitoring as prescribed by the Resource Consent within the stated timeframe.	All monitoring undertaken. Timeframes met 100% where stated.	Achieved 100%.	C2
To undertake analysis of samples in the laboratory.	To have samples analysed and reported within the time period specified by the clients.	95% compliance.	Achieved. Maintained a minimum of 95%.	C2

Roading

Vision

To provide and maintain a network of roads for the movement of vehicles, goods and people in a safe, efficient manner throughout the District in accordance with Council and Transfund NZ standards.

Contributes to a great place for locals and visitors to enjoy

- Create a road environment that supports and encourages a greater range of community and street activity.
- To enhance a safe CBD environment for all users by ensuring high standards of CBD cleaning and maintenance.
- Educate and encourage the public to use the network safely.

Contributes to a great natural and physical environment

- By undertaking general maintenance, reseals and shape correction in urban and rural areas in accordance with Transfund and Council maintenance standards.
- Advance safety and efficiency improvements on the networks.

Contributes to a great place to work and do business

- Progress the enhancement of streetscape in suburban retail/commercial areas.
- Upgrading roads to improve access to Rotorua.
- Find the best solution to arterial routes under pressure.

Contributes to a great community to live in – Tatou Tatou

- To provide footpaths to all urban streets.
- Provide cycleways and passenger transport as alternative transport.
- Ongoing programme of urban and rural street improvements.

This Year's Highlights and Achievements Included

- Continuation of Mamaku upgrade.
- Completion of subsidised works on Rerewhakaaitu roads identified in the strategy study.
- Virtual completion of the urban transportation study.
- Letting of a contract for the Ngongotaha Township upgrade.

Strategic Issues

- Improve key parts of the Tauranga Direct Road, to meet expected traffic increase, for which the LTFS has made allowance and which is currently fundable under Transfund Policy.
- Major projects to ease congestion on the southern CBD link from Lake Road through Ranolf/Malfroy and Ti Street to Te Ngae Road.
- Upgrade of the urban areas of Ngongotaha CBD, the Whakatau Block and Tyron Street.

- Redevelopment of Mamaku and improvements to Spencer Road at Tarawera.

What We Do

Council's total roading network covers 1008km (757km rural, 251km urban). Within the urban area all but 0.5km of the roads are sealed. Within the rural area approximately 75% of the roading network is sealed.

Council has in place a set of Roothing Maintenance Standards which state minimum requirements, inspection frequencies and criteria based on an adopted hierarchy.

This activity includes footpath and verge maintenance and construction in both the urban and rural areas, along with the undertaking of non-subsidised roading improvements works, such as extension of seal in the rural area and the provision of kerbing and channelling and footpath construction in both the urban and rural areas.

Council has in place Roothing Maintenance Standards, which set out minimum standards and inspection frequencies based on the roading hierarchy but particularly, targeted at footpath and verge maintenance requirements.

All maintenance works are undertaken by contract and capital development activities such as footpath extension, new kerbing and channelling and seal extension works are competitively tendered.

The Assets

- 1,000km of local roads
- 400km of footpaths
- 430km of kerb and channel
- Thousands of culverts
- 120 bridges and footbridges

Replacement Value

The estimated replacement value of the collective roading assets, including land, is \$243 million.

Maintenance and Replacement

Council spends approximately \$12 million per annum on operating the Roothing Network. [\$7m subsidised: \$5m unsubsidised].

Council spends approximately \$2.7 million per annum on reseals, pavement rehabs, replacing footpaths and kerb and channel.

Council spends approximately \$2.5 million per annum on improvements such as Urban Street improvements and Urban Undergrounding.

Future Major Capital Improvements

\$10-12 million in 2006/07 onwards for Inner City Interlink

Cost of Service

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Operating Expenditure	9,659	8,830	9,485
Revenue	4,226	3,943	4,074
Net Costs	5,433	4,887	5,411
Capital Expenditure	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Subsidised Rooding			
Major Drainage Control	21	33	
Road Reconstruction	200	295	
Minor Safety Projects	270	217	
Rehabilitation Renewal	841	707	
Cycleway Construction	10	10	
Kerb & C , Culvert Renewals	7	29	
Urban Street Light Renewals	102	150	
Traffic Lights	12	25	
Project Investigation	9	50	
Road Reseals	1,862	1,859	
Preventative Maintenance	200	320	
Emergency Capital Reinstatement	205	-	
Works General & Unsubsidised Rooding			
Urban Street Improvements	431	412	
Western Heights	-	24	
Malfoy Geyser	2	43	
Rural Street Improvements	402	352	
Rural Seal Extension	1,118	975	
Undergrounding / Streetlighting Poles	150	150	
Minor Safety Improvements	3	130	
Security Lighting	47	43	
Ngongotaha Shopping Centre Upgrade	299	530	
Land Acquisition	27	49	
K & C Renewals	46	48	
Footpath Renewals	95	90	
Maori Road Lines	100	65	
Total Capital	6,459	6,606	5,819

Rooding by Key Programmes

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Actual
Operating Expenditure			
General Maintenance	3,412	3,204	3,331
Network Maintenance Consultants	395	347	356
Unsubsidised Rooding	325	351	368
Maori Roads & Unformed Roads	7	10	9
Rooding Maintenance - Parks	81	106	102
Planning Services & Control	182	90	84
Corporate Overheads	954	944	929
Storm Damage/Claims/Savings	0	(97)	0
Loan Servicing	680	908	985
Depreciation	3,623	2,967	3,321
Total Operating Expenditure	9,659	8,830	9,485
Revenue			
Transfund NZ Subsidy - RDC Network	3,333	3,090	3,182
General Revenue	893	853	892
Total Revenue	4,226	3,943	4,074
Net Cost of Service	5,433	4,887	5,411

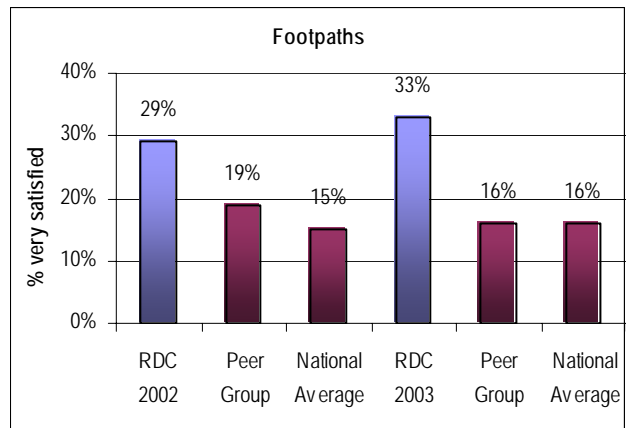
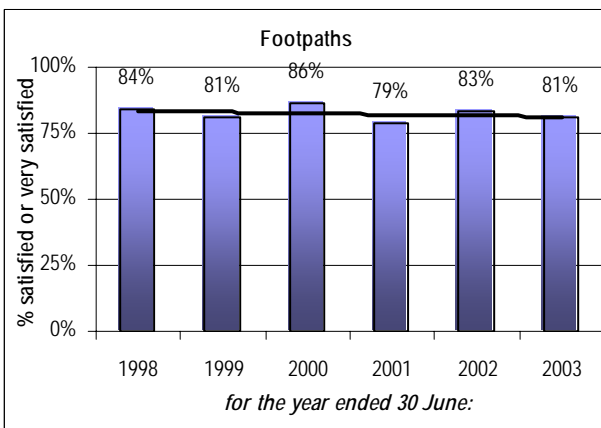
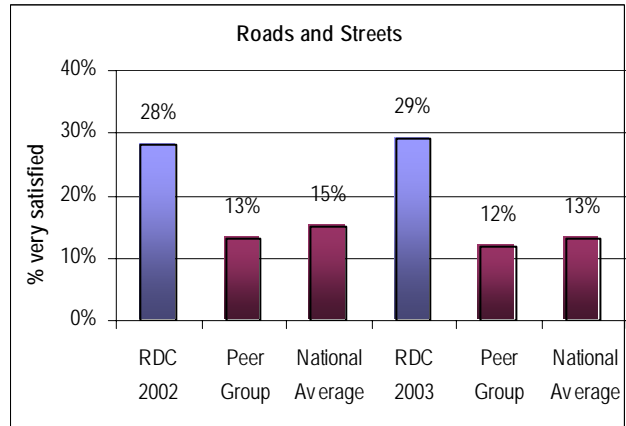
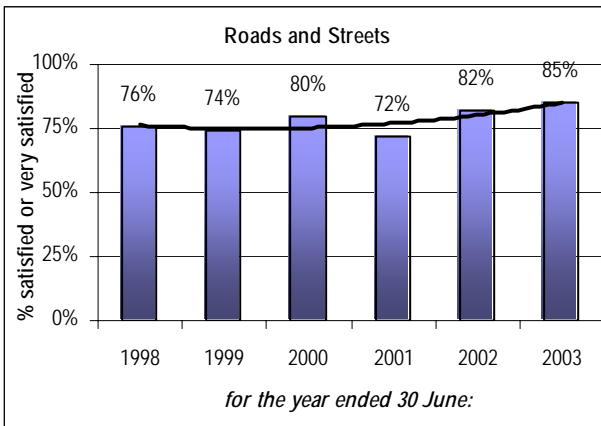
Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To maintain the rooding asset to acceptable standards.	To undertake general maintenance, reseals and shape correction in urban and rural areas in accordance with Transfund and Council maintenance standards.	83km of resealing and second coat seals 5.3km of sealed pavement rehabilitation	Not achieved. 79.9km. Not achieved. 4.2km.	C2

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference	
To enhance and expand the roading and footpath network.	To complete the rural seal extension programme within Council's policy and budget.	10km		Achieved.	C2
		Bryce Rd	2.1		C3
		Penny Rd	2.9		
		Te Kopia North	2.8		
		Mangatete South	1.3		
		Old State Mill	<u>0.8</u>		
		9.9			
	To carry out a programme of urban street improvements.	Mokoia/ Keith Rds	Achieved.	C2 C3	
	To provide footpaths to all urban streets.	Toko St Kawaha Pt Rd	Achieved.	C2 C3	
	To carry out upgrades of rural communities.	Tarawera Stage 1 Mauku St, Mamaku	Not achieved. Stage 1 is consent. Hearing held but decision awaited. Achieved.	C2	
	To complete Maori roadlines programme and Marae entranceways programme.	Church Rd. Marae entranceways Total budget \$65,000.	Work completed but at budget of \$100,000.	C2	
	To carry out upgrades for urban shopping areas.	Ngongotaha Stage I \$530,000	Not achieved. Works 90% complete.	C2	
To undertake a capital improvement programme for the roading asset.	Minor safety improvements in accordance with Transfund and Council Policy.	Completion of Dudley Rd right turn bay Dansey Road 8.1 – 8.5km sight benching Rerewhakaaitu Rd guard rails 3.9 and 5.1km Kaharoa Rd sight benches 0.7, 2.1 and 2.3km Ashpit Rd curve improvements 3.8 and 5.2km Russell Rd traffic management Aorangi School Kea Crossing Ngongotaha Primary Kea Crossing To budget of \$217,000	Achieved plus additional work for which \$10,000 local contribution was made. Final budget \$270,000.	C2 C3	
	Road re-alignment.	Ashpit Road widening subject to land designation and purchase	Achieved.	C2 C3	

NRB Community Survey

The four graphs below have been prepared from the annual Communitrack Survey conducted by National Research Bureau Ltd (NRB) Public Perception and Interpretations of Council Services and Representation Report.



These graphs show the percentage of survey respondents that are satisfied and very satisfied with these services over the last 6 years. There is a trend line which helps show the general direction of service satisfaction over time.

These graphs show the percentage of survey respondents that are "very" satisfied with these services over the last 2 years and compares it with our peer group and the national average. The peer group is described in the Contents page to this section of the Annual Report.



Land Drainage

Vision

To protect property from flood damage, the District's lakes, and the District's rivers.

Contributes to a great place for locals and visitors to enjoy

- By ensuring maintenance and development of the stormwater system.
- By minimising the effect of flood damage from high rainfalls.

Contributes to a great natural and physical environment

- Stopping pollution at its source by preventing fuel, oil and other pollutants from entering stormwater drains.
- By having a system that is maintained in a way that is sensitive to natural values.

Contributes to a great community to live in – Tatou Tatou

- By reducing the impact on lifeline services on the Rotorua District from known hazards.

This Year's Highlights and Achievements Included

- Completion of services upgrade in Whakatau Block.
- Completion of assessment of environmental effect on stormwater impact on Lake Rotorua.

Strategic Issues

- Comprehensive catchment stormwater consents, to replace individual consents.

What We Do

Within the urban area there are 30km of streams, 130km of open drains and approximately 202km of piped drains including manholes structures and a pump station. Within the rural area there are 60km of open drains and 35km of piped drains and structures. Two staff are employed in this activity.

Capital Works

The capacities of the existing urban piped systems have now been analysed and compared to the capacity required to cater for runoff calculated using criteria set in the Building Act.

The areas of deficiencies have been determined, and a preliminary ranking system devised to prioritised capital upgrading works, a total of approximately \$15M in costs. The top ranking catchments will be further investigated and appropriate remedial works designed. Progress on construction work will depend on funding.

Maintenance

The majority of maintenance works are undertaken by Councils Business Unit, Castlecop under contract. A maintenance and quality assurance programme is in place, and is being monitored to assess the correct amount of work required to maintain the asset. Also included under contract to EBOP is the maintenance of the Upper Kaituna Catchment Control Scheme

Replacement Value

The estimated replacement value of the collective drainage assets, including open drains, is \$81.7 million.

Maintenance and Replacement

- Council spends approximately \$2.6 million per annum on operating the Land Drainage Network.
- Council spends approximately \$300,000 per annum on renewals, and approximately \$450,000 per annum on upgrades.

Future Major Capital Improvements

An overall \$15 million project for capital upgrade works - approximately 50% to be spent within 10 year period.

Cost of Service

	2002/03	2002/03	2001/02
(thousands)	Actual	Estimate	Last Year
Operating Expenditure	2,496	2,559	2,599
Revenue	108	95	16
Net Costs	2,388	2,464	2,583
Capital Expenditure	2002/03	2002/03	2001/02
(thousands)	Actual	Estimate	Last Year
Stormwater - Upgrades	743	900	
Stormwater - Renewals	441	420	
Total Capital	1,184	1,320	714

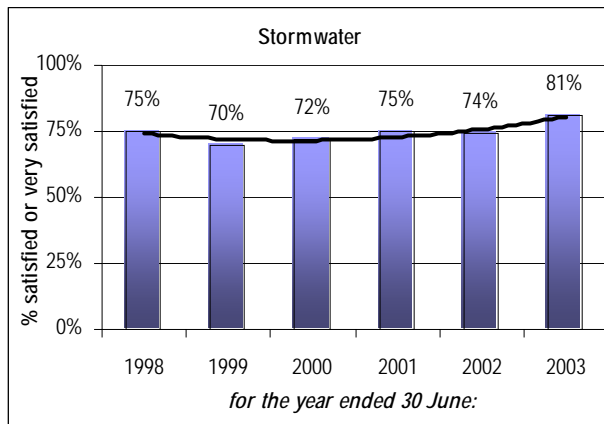
Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To maintain existing drainage systems.	To manage the land drainage activity within operating budget.	\$2,559,000	Achieved.	C2
To upgrade the urban drainage system.	To complete upgrading in compliance with Building Act and Council policy requirements.	Whakatau Street Area	Achieved.	C2 C3

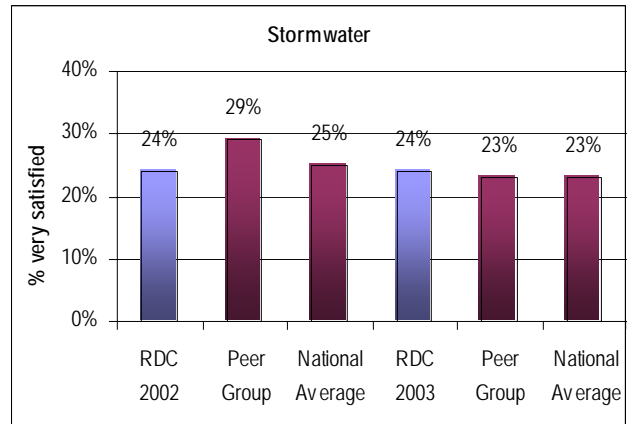
Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To renew the urban drainage system.	To replace components of the drainage system to ensure the design function is maintained.	Phillip Street Catchment (Clinkard, Millar, Pretoria Sts)	Not achieved. Partially delayed due to land issues.	C2 C3

NRB Community Survey

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This graph shows the percentage of survey respondents that are satisfied and very satisfied with this service over the last 6 years. There is a trend line which helps show the general direction of service satisfaction over time.



This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last 2 years and compares it with our peer group and the national average. The peer group is described in the Contents page to this section of the Annual Report.



Refuse Collection

Vision

To provide a collection of domestic refuse in an efficient and environmentally sound manner.

Contributes to a great place for locals and visitors to enjoy

- By promoting a waste hierarchy – reduction, reuse, recycle, recovery and residual disposal.

Contributes to a great natural and physical environment

- By managing waste efficiently and effectively to protect the environmental quality.
- By increasing awareness of waste reduction services to reduce quantity of end waste.

Contributes to a great place to work and do business

- By promoting cleaner production to minimise waste through better work practice.
- Operating as a self-funding activity to ensure revenue covers required expenditure over time.

Contributes to a great community to live in – Tatou Tatou

- By managing waste efficiently and effectively to help maintain the health and safety of the community.

- By enhancing public participation in management of natural resources.

Strategic Issues

- Ensuring the long term funding matches expenditure.
- Maintaining control of the activity with considerable private industry interest.

What We Do

The Refuse Contract specifies the collection from approximately 28,000 properties in the District. This entails collecting approximately 1.9 million bags. The contract also details the distribution of bags to all households twice yearly.

Cost of Service

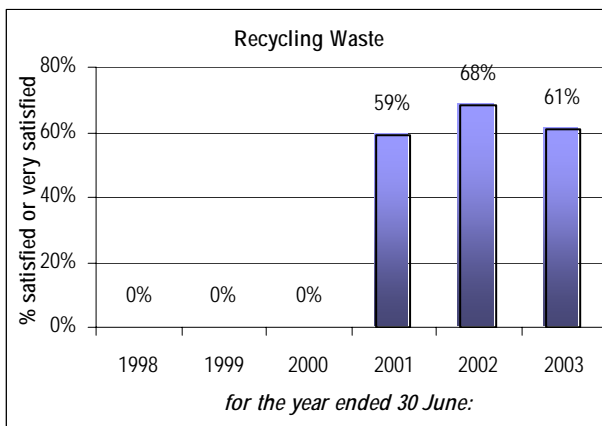
	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
(thousands)			
Operating Expenditure	1,357	1,463	1,357
Revenue	1,511	1,488	1,414
Net Costs	(154)	(25)	(57)

Performance for 2003

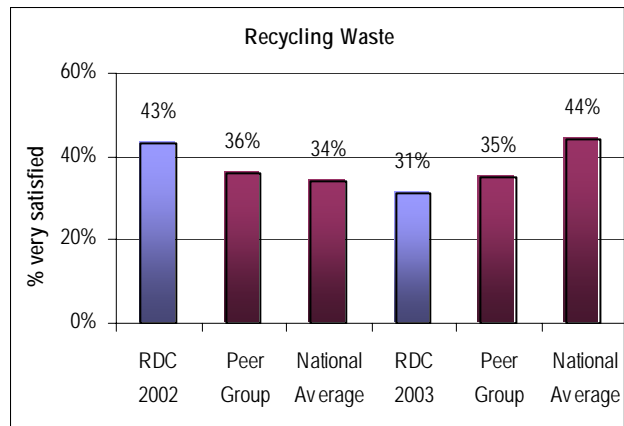
Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To provide a refuse collection service.	To collect refuse from specified area on each day by 4.30pm.	99%	Achieved 100%.	C1 C3

NRB Community Survey

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This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last 2 years and compares it with our peer group and the national average. The peer group is described in the Contents page to this section of the Annual Report.

Waste Management

Vision

To provide a litter free environment within the District.

Contributes to a great place for locals and visitors to enjoy

- By the promotion of "Keep Rotorua Beautiful" brand label.

Contributes to a great natural and physical environment

- Protection of the CBD area and lakeside reserves.

Contributes to a great place to work and do business

- By promoting cleaner production to minimise waste through better work practice.

Contributes to a great community to live in – Tatou Tatou

- By ensuring a clean environment for people to live in.
- By involving public to participate to make a difference.
- By providing recycling services to the whole community.

This Year's Highlights and Achievements Included

- Opening of Okere and Tarawera transfer stations.

Strategic Issues

- Establishment of a Transfer Station in the East Rotoiti/Rotoma area.
- Meeting obligations of Central Government Strategies.

What We Do

This activity includes such functions as general litter control within the Central Business District and Suburban Shopping Centres, reserves and walkways, and also includes a rural bin collection. Other functions include the responsibility for

the control and removal of trade and hazardous wastes, the funding of the Litter Control Committee and the Rotorua Recycling Committee and funding for recycling. Council has considerable involvement in waste minimisation, recycling and environmental education. This includes:

- The "In Town" Recycling Centre which was opened in March 2001 has been well received by both Rotorua Residents and Businesses.
- Continuation of Waste Reduction, Recycling and other environmental education visits and programmes.
- Waste Minimisation and Recycling education kits and other presentation material is available on demand.
- The Recycling Committee is actively involved with community and other organisations.
- Recycling facilities to be available free of charge at all Rotorua District Council's Rural Transfer Stations.
- Rotorua District Council currently recycles 25% of Rotorua's waste stream.

Cost of Service

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Operating Expenditure	1,334	1,276	1,343
Revenue	44	90	43
Net Costs	1,290	1,186	1,300

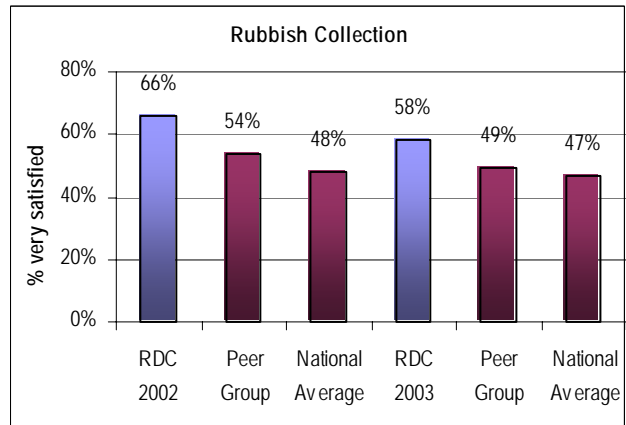
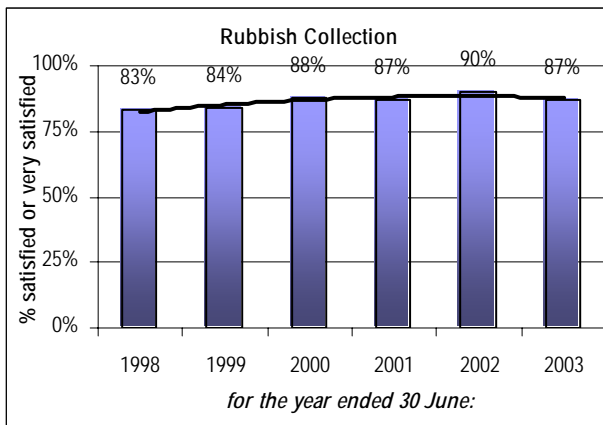
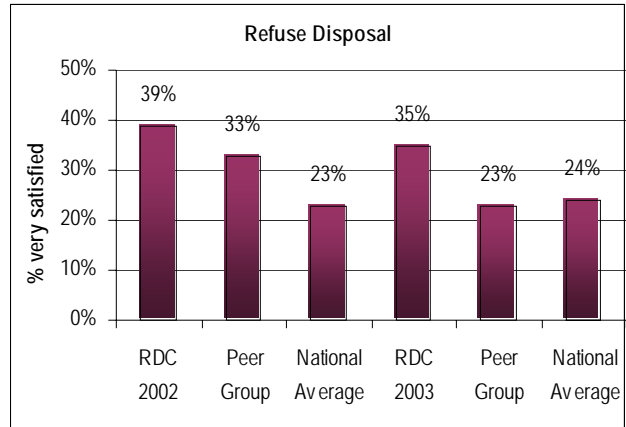
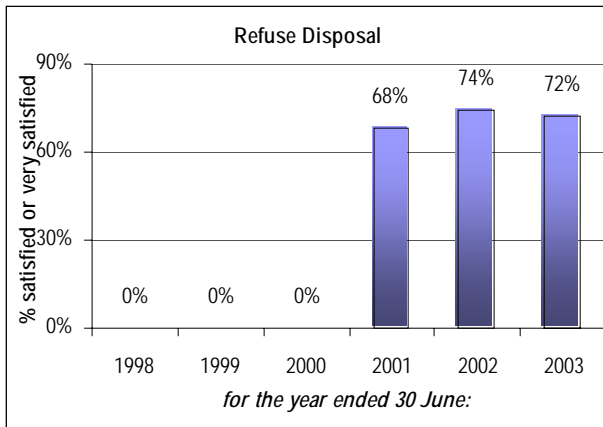
(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Capital Expenditure			
Rural Transfer Station Development	255	300	
Total Capital	255	300	158

Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To manage solid wastes within the District.	To service all urban litter bins daily.	100%	Achieved 100%.	C2
	To service all litter bins within rural areas at least twice weekly and every day from mid-December to mid-February.	100%	Achieved 100%.	C2
To manage inner city and landfill recycling facilities.	To operate inner city and landfill recycling facilities to achieve target volumes.	800 tonnes p.a.	Achieved. 1266.516 tonnes.	C1 C2
	To meet national standards for reporting on the quantity and composition of waste disposal as per the Ministry for the Environment's Waste Strategy.	Measurement and reporting systems resolved by 30.06.02. To undertake a Waste Survey and report by 30.06.02.	Achieved. Reporting systems in place. Reported as required to MfE. Waste Survey complete. Awaiting results.	C1 C3

NRB Community Survey

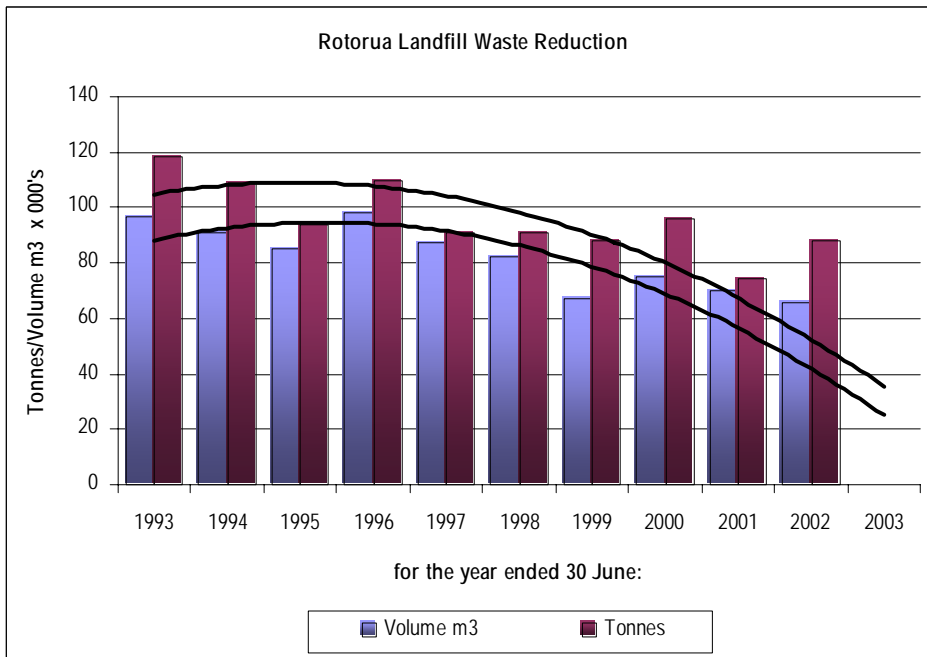
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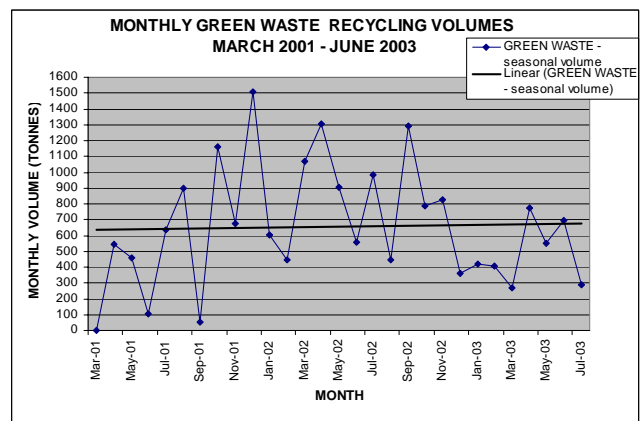
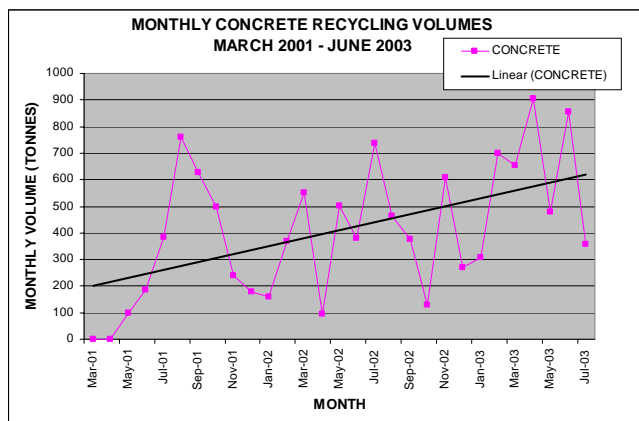
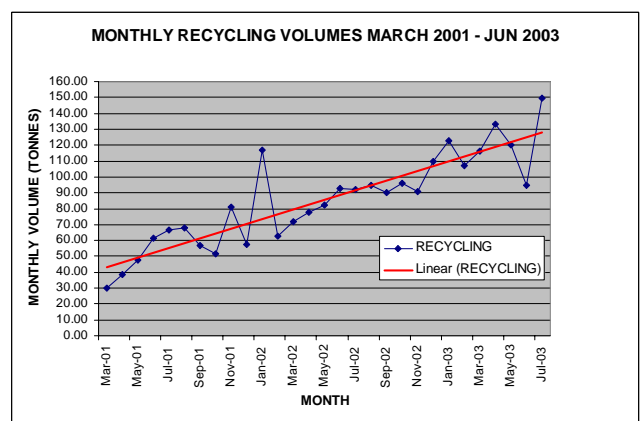
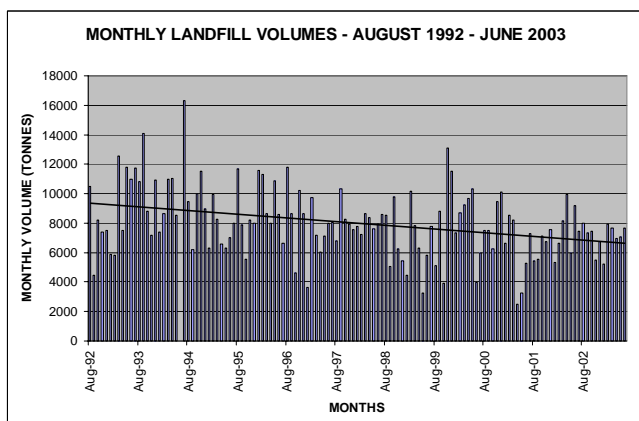
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Other Indicators



Waste Disposal Levels



Landfill

Vision

Providing a proper disposal of wastes in modern, well engineered, and controlled landfill.

Contributes to a great place for locals and visitors to enjoy

- By being located away from the urban Rotorua area.

Contributes to a great natural and physical environment

- By the proper management and use of landfill gas.
- By taking a precautionary approach to ensure minimum environmental harm.

Contributes to a great place to work and do business

- By being operated on a contract basis.

Contributes to a great community to live in – Tatou Tatou

- By minimising risks to human health and safety from wastes.
- By providing clean efficient transfer stations for rural communities.

This Year's Highlights and Achievements Included

- Completion of a long term strategy for the landfill as part of a wider waste/energy study.

Strategic Issues

- Long term planning for development of Landfill cells, and expansion for future capacity.
- The development of the landfill as an energy source.

What We Do

The Landfill operations and development are undertaken by Contract with day to day supervision undertaken by one and a half full-time equivalent Council staff. The landfill operations contract is performance based.

All current operational areas have been constructed to ensure compliance with accepted environmental standards. Leachate is collected from a liner beneath the landfill and pumped off-site for treatment.

Major development and expansion of operations within the site has just been completed.

Revenue from the Landfill is 100% based on user pays.

Cost of Service

	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
(thousands)			
Operating Expenditure	1,103	1,489	1,353
Revenue	1,499	1,700	1,697
Net Costs	(396)	(211)	(344)

	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Capital Expenditure (thousands)			
Landfill Development	1,049	250	
Total Capital	1,049	250	125

Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To provide an environmentally acceptable landfill to meet the needs of the District.	To ensure operation within the conditions of the Management Plan.	100%	Achieved.	C1 C3
	To ensure compliance with all consent conditions.	100%	Achieved.	C1 C3

Waste Water

Vision

To provide an environmentally safe and efficient collection, treatment and disposal of water-borne waste and by-products in a sustainable operation to safeguard public health.

Contributes to a great place for locals and visitors to enjoy

- Minimising the effect of wastewater discharge on the environment and limiting the visual impact of wastewater, aiding Rotorua's clean green image.

Contributes to a great natural and physical environment

- Researching and developing wastewater solutions that are environmentally sensitive, particularly in relation to the lakes.
- Investing in pre-treatment, and promoting cleaner production to minimise business waste.
- Advice, control and charge for the discharge of commercial and industrial liquid trade waste disposal into the wastewater system.

Contributes to a great place to work and do business

- Developing quality waste infrastructure that meets growth requirements.
- Operating as a self-funding activity to ensure revenue covers required expenditure over time.
- To make efficiency gains to lower costs and enable fair and reasonable costs to users.
- Laboratory services available.

Contributes to a great community to live in – Tatou Tatou

- Providing a quality facility that helps protect public health and minimises the impact on the environment in a manner that residents can be proud of.

This Year's Highlights and Achievements Included

- Wastewater Treatment Plant upgrade underway to meet new resource conditions.
- Preliminary design for Mourea/Okawa Bay.
- Sub-surface dip irrigation trials underway for Wastewater Treatment Plant land disposal.

Strategic Issues

- Rural lakeside settlements wastewater solutions (Mourea/Okawa Bay in the next two years and then commence work on Hinehopu and Okareka).
- Upgrading of Wastewater Treatment Plant to meet its water right while servicing an increasing population. (\$2.8 million over the next two years).

What We Do

This includes the operation and maintenance of over 300 kilometres of gravity sewers and rising mains and also

includes 54 pumping stations. The total underground asset has an estimated replacement value in excess of \$85M.

This division is also responsible for the operations and maintenance of the Wastewater Treatment Plant and Forest Disposal system. The operation needs to comply with or surpass the standards of nutrient removal and monitoring required under Council's Water Right to discharge. Treatment plant effluent is discharged via spray irrigation into Whakarewarewa forest. The estimated replacement value of the treatment and disposal system is in excess of \$50M.

Another important aspect of this cost centre is pollution control. This activity aims to educate, encourage and enforce regulatory compliance of commerce, trade premises and the community's use of and discharge into Council's Stormwater and Sewerage Drainage Assets.

The Assets

Approximately 20,000 lateral pipes connect drains at the property boundary to a network of 370km of pipes. These pipes and 50 pump stations convey the wastewater to the Treatment Plant.

Replacement Value

The estimated replacement value of the underground assets is \$87 million.

The estimated replacement value of the treatment and disposal system is \$51 million.

Maintenance and Replacement

Council spends approximately \$7.2 million per annum on operating the Wastewater System.

Council spends approximately \$1.2 million per annum in replacing pipes, pump station components, wastewater treatment and disposal components.

Future Major Capital Improvements

\$2.4 million over 2002/03 and 2003/04 to upgrade Wastewater Treatment Plant.

\$3.3 million in 2003/04 for Mourea/Okawa Bay Sewage Treatment.

\$3.0 million maximum in 2004/05 onwards for Okareka Sewage Treatment.

Cost of Service

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Operating Expenditure	7,443	7,133	6,956
Revenue	7,342	7,069	7,003
Net Costs	101	64	(47)
Capital Expenditure	2002/03	2002/03	2001/02
(thousands)	Actual	Estimate	Last Year
Mourea Wastewater	196	1,300	
Hinehopu Sewerage	3	65	
Okareka Sewerage	1	20	
Other Rural Wastewater Investigations	1	-	
Sewer Renewals	182	297	
Land Treatment Renewals	1	16	
Pump Station Renewals	63	494	
Treatment Plant Renewals	241	386	
Waste Water Treatment Plant Upgrade	763	1,113	
Reticulation Extension	80	96	
Total Capital	1,531	3,787	1,040

Wastewater by Key Programmes

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Actual
Operating Expenditure			
Sewerage Reticulation	294	333	281
Pump Stations	427	406	383
Treatment Plant	2,031	2,244	2,129
Compost Plant	101	110	94
Land Treatment	594	588	554
Overheads	1,119	1,122	1,066
General Lakeside Settlement Studies	16	79	119
Cost of Capital	148	273	264
Depreciation	2,861	2,162	2,261
	7,591	7,317	7,151
Less Internal Recoveries	148	184	195
Total Operating Expenditure	7,443	7,133	6,956
Revenue			
Sewerage Rates	6,773	6,748	6,538
General Revenue	107	0	77
Trade Wastes	437	276	361
Compost Plant	25	45	27
Total Revenue	7,342	7,069	7,003
Net Cost of Service	101	64	(47)

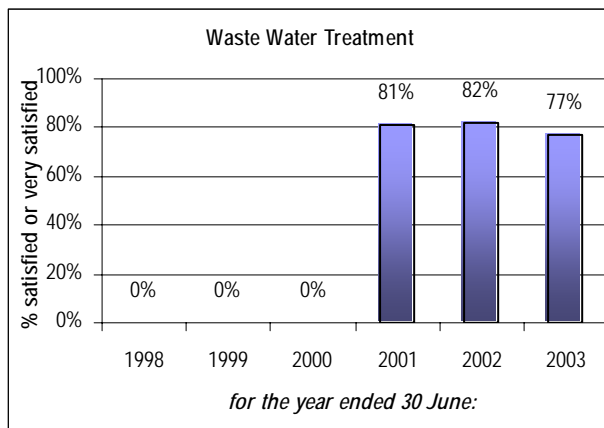
Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To undertake research and investigations on needs and possible solutions for sewage schemes at lakeside settlements.	To complete the years programmed investigations and initiate work programmes to implement appropriate schemes.	Initial investigations commenced for Hinehopu and Okareka. Budget \$70,000. Scheme commenced for Mourea/Okawa Bay. Budget \$1.3 million.	Achieved.	C2 C3 C4
The management of the wastewater treatment and pumping system in a cost-effective manner meeting the requirements of the Resource Consent or approved variations.	Manage the reticulation pumping, treatment and composting systems within the combined operating expenditure budget.	Within budget.	Achieved.	C2 C3
	That no overflows occur from the WWTP or pump stations except due to power failure or extreme weather conditions.	Zero overflows	Achieved.	C2 C3
To maintain the wastewater reticulation system and treatment assets to acceptable standards.	The advancement through contracts for the works described in the AMP Outputs and Annual Three Year Work Projection. The works and contracts to be managed according to market movements and budgets.	Reticulation Renewal and Capital Works outputs advanced within a budget of: Renewal \$1,193,000 Capital Works \$1,492,000	Achieved.	C2 C3

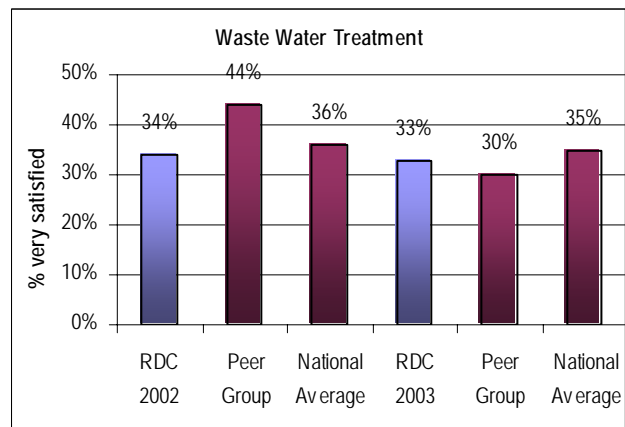
Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To undertake a Capital improvement programme for the wastewater treatment system in accordance with the conditions of relevant Resource Consents.	The advancement through contracts of the works described in the AMP.	Capital Works WWTP upgrade outputs advanced within a budget of \$1,113,000.	Achieved.	C2 C3

NRB Community Survey

The two graphs below have been prepared from the annual Communitrack Survey conducted by National Research Bureau Ltd (NRB) Public Perception and Interpretations of Council Services and Representation Report.



This graph shows the percentage of survey respondents that are satisfied and very satisfied with this service over the last 6 years. There is a trend line which helps show the general direction of service satisfaction over time.



This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last 2 years and compares it with our peer group and the national average. The peer group is described in the Contents page to this section of the Annual Report.



Water

Vision

To provide, in a cost-effective manner, an adequate supply of water of sufficient quality to satisfy the needs of communities within the District.

Contributes to a great place for locals and visitors to enjoy

- High quality and safe drinking water helps the green image and enjoyment of the Rotorua experience.

Contributes to a great natural and physical environment

- By planned development of the water facilities to meet population growth.
- By water conservation to maximise the resource for the future.
- By managing development to protect the quality of natural groundwaters.

Contributes to a great place to work and do business

- By provision of quality water supplies that meet current and future needs.
- Provides water services at fair and reasonable rates to consumers.

Contributes to a great community to live in – Tatou Tatou

- Protecting public health through quality infrastructure.
- Providing high quality drinking water which residents can be proud of.

This Year's Highlights and Achievements Included

- Reporoa Water Supply is under construction.
- Ngongotaha/Central interconnection is under construction.
- Eastern Water Supply pipe bridge complete.
- Mountain Road Reservoir under construction.

Strategic Issues

- Formalising and rationalising boundaries of the different water supply schemes.
- Potential for the impending Health (Drinking Water) Amendment Act to require additional treatment for most supplies.

What We Do

Central Urban - Commissioned 1909

Originally commissioned about 1909 the supply was fed from the Hemo Spring in Whaka Forest. Various major modifications of note are:

- 1930 Gravity supply enhanced by in-line booster
- 1931 Hemo reservoir constructed 2270m³
- 1955 Source changed to Karamu-Takinga Springs (current sources)
Hemo Spring 'mothballed'
Matipo 1 reservoir constructed 2270m³

- 1966 Russell Crescent reservoir constructed 4540m³
- 1974 Utuhina reservoir constructed 4540m³
- 1980 Matipo 2 reservoir constructed 17500m³

Water is drawn from the Karamu-Takinga Springs and pumped via two pump stations (Matipo and Utuhina) to storage reservoirs. A further three booster stations (Pukehangi, Thomas Crescent and Tihiotonga) are used to service the supply area. The supply serves a population of 43,412 with an estimated 15,447 connections covering an area of 2,600 hectares.

An average of 23,572m³ was used daily in 2000, with estimated peak day consumption of 36,300m³, which is supplied through 363km of pipe work.

The supply is lightly chlorinated.

Total reservoir capacity is 32,015m³.

Eastern Area - Commissioned 1963.

A predominantly urban supply serving a population of 9,500 with 3,300 domestic and 240 industrial or commercial connections covering an area of 1,900 hectares.

Water is drawn from springs in Whaka Forest and pumped to a high level of storage reservoir in Tarawera Road, then gravitated to the main reservoir just above Highfield Place in Tarawera Road. The area served by the supply extends from the Puarenga Stream, north east along the lakeshore, to the airport, and south up to about the 335m contour level.

An average of 3,783m³ was used daily in 2000, with a estimated peak day consumption of 6,743m³ which is supplied through 81km of pipework.

Total reservoir capacity 7,270m³.

Ngongotaha - Commissioned 1924 - Refurbished 1954

Originally a predominantly urban supply with the Ngongotaha Township but now with minor extensions, services some of the adjoining farmlands. The supply services a population of 4000 with 1,600 domestic and 230 industrial/commercial connections covering an area of 1300 hectares. Water is drawn from the Taniwha Springs and pumped to reservoirs in Central Road and Henderson Road.

An average of 2,237m³ was used daily in 2000 with a peak consumption of 3,773m³, which is supplied through 44km of pipework

Total reservoir capacity is 6130m³.

Mamaku - Commissioned 1987

A predominantly urban supply serving 240 properties.

Water is drawn from a deep bore and pumped to a storage reservoir in Mamaku Domain and fed into reticulation via a hydro-pneumatic booster station because of the flat terrain.

The water at the source has a pH of 5.8, however after aeration and chlorination, is supplied to consumers at a pH approximately 6.5.

An average of 185m³ was used daily in 2000, with a peak consumption of 314m³, which is supplied through 11km of pipework.

The supply is lightly chlorinated.

Total reservoir capacity is 220m³.

Rotoiti – Commissioned 1976

A predominantly urban supply servicing 330 properties. Water is drawn from the Wai-iti Springs and pumped directly into reticulation to storage reservoirs at Gisborne Point and Hinehopu.

An average of 235m³ was used daily in 2000, with a peak consumption of 395m³, which is supplied through 13km of pipework.

Total reservoir capacity is 308m³.

Rotoma – Commissioned 1983

A predominantly urban supply serving 125 properties. Water is drawn from Lake Rotoma and pumped to a storage reservoir in Oxford Road.

An average of 71m³ was used daily in 2000, with a peak consumption of 121m³, which is supplied through 7km of pipework.

The supply is lightly chlorinated.

Total reservoir capacity is 220m³.

Kaharoa – Commissioned 1979

A predominantly rural supply serving 260 properties supplying 7,500 hectares of farmland.

Water is drawn from Hamurana Springs and pumped to a storage reservoir in Te Waerenga Road and fed on via a booster station in Tauranga Direct Road to a reservoir in Roy Road from where it is further boosted to consumers on Lagoon Road.

An average of 1,239m³ was used daily in 2000, with a peak consumption of 2,689m³, which is supplied through 57km of pipework.

Total reservoir capacity is 1,200m³.

Reporoa/Mihi (now combined)

Reporoa – Commissioned 1968

A predominantly rural supply serving 320 properties supplying 5,700 hectares of farmland.

Water is gravity fed from springs located approximately 8.5km NW of Reporoa township and fed on via a booster station in Broadlands Road to Broadlands and Golden Springs.

An average of 5,009m³ was used daily in 2000, with a peak consumption of 8,170m³, which is supplied through 58km of pipework. Largest Consumer: Fonterra Co-operative Group Ltd factory 2,322m³ av, 4,618m³ peak. The supply is lightly chlorinated. There is no reservoir capacity.

Mihi – Commissioned 1953

A predominantly rural supply serving 35 properties supplying 1,100 hectares of farmland. Water is drawn from Mihi Springs and pumped directly into reticulation to a storage reservoir in Strathmore Road and fed on via booster stations in Strathmore Road and Sangro Road to consumers. An average of 316m³ was used daily in 2000, with a peak consumption of 607m³, which is supplied through 11km of pipework. Total reservoir capacity is 425m³.

Hamurana – Commissioned 1992

A predominantly urban supply serving 270 properties though includes several lifestyle and farm blocks.

Water is drawn from the Hamurana Springs and pumped to a storage reservoir in Turner Road and fed on via gravity to the Unsworth Road reservoir. An average of 287m³ was used daily in 2000, with a peak consumption of 640m³, which is supplied through 16km of pipework. Total reservoir capacity is 700m³.

Okareka – Commissioned 1994

A predominantly urban supply serving 245 properties. Water is taken from the Eastern No.1 reservoir (Waipa Spring source) and pumped to a storage reservoir in Okareka Loop Road near Lake Tikitapu (Blue Lake). An average of 160m³ was used daily in 2000, with a peak consumption of 335m³, which is supplied through 10km of pipework. Total reservoir capacity is 600m³.

The Assets

- 11 water supplies covering both urban and rural
- 17 reservoirs
- 18 pump stations
- 600km of pipes

Replacement Value

The estimated replacement value of the collective water supply assets is \$75.7 million.

Maintenance and Replacement

- Council spends approximately \$3.5 million and \$750,000 per annum respectively on operating the Urban and Rural Water Supply.
- Council spends approximately \$1 million and \$50,000 per annum respectively on Urban and Rural renewals.
- Council spends approximately \$1 million per annum on improvements [mainly reticulation and storage] to the Urban Water Supply.

Future Major Capital Improvements

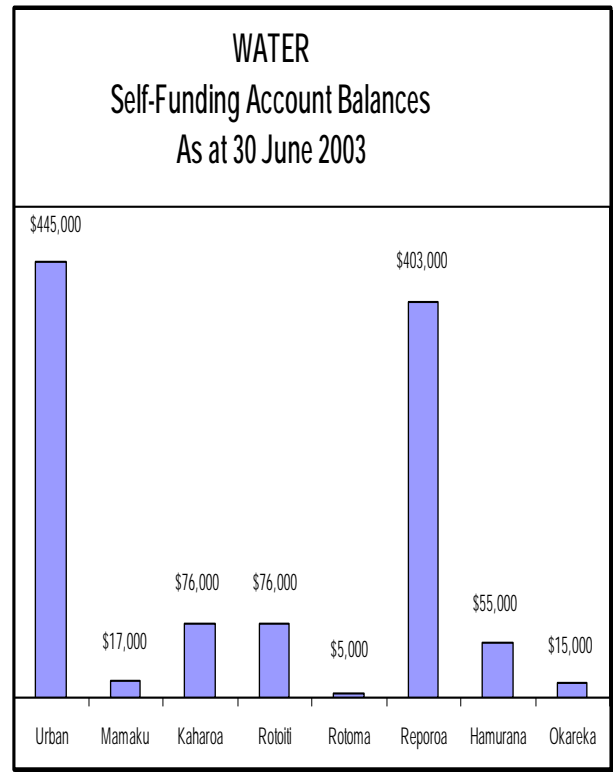
Up to \$1 million in 2005/06 onwards for inter-connection Central to Eastern

Cost of Service

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Operating Expenditure	4,182	4,070	3,793
Revenue	4,274	4,211	4,194
Net Costs	(92)	(141)	(401)
Capital Expenditure	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Administration - Computers / Equipment	31	6	
Urban Water Supply			
Urban - Central Reservoir	63	245	
Urban - Renewal Works	767	807	
Urban - Reticulation	879	1,802	
Rural Water Supplies			
Mamaku	10	44	
Rotoiti	5	5	
Rotoma	2	4	
Kaharoa	17	36	
Reporoa - Capital Improvements	745	2,199	
Reporoa - Renewal Works	3	8	
Hamurana	-	1	
Okareka	1	1	
Total Capital	2,523	5,158	1,502

Water by Water Scheme

(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Actual
Operating Expenditure			
Urban Water	3,549	3,449	3,215
Mamaku	52	49	46
Rotoiti	55	53	54
Rotoma	40	37	34
Kaharoa	151	146	148
Reporoa	231	231	196
Hamurana	57	60	58
Okareka	47	45	42
Total Operating Expenditure	4,182	4,070	3,793
Revenue			
Urban Water Rates	2,006	2,134	2,090
Urban Metered Water	1,599	1,452	1,462
Mamaku	44	40	38
Rotoiti	48	51	49
Rotoma	41	41	40
Kaharoa	138	139	138
Reporoa	329	287	310
Hamurana	40	38	39
Okareka	29	29	27
Recoverable works	0	0	1
Total Revenue	4,274	4,211	4,194
Net Cost of Service	(92)	(141)	(401)



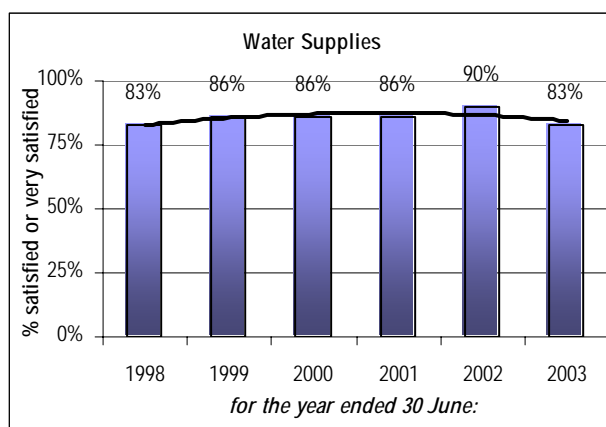
Self Funding Account Balances are effectively the cash balance accumulated to date to fund future capital requirements for the specific water areas.

Performance for 2003

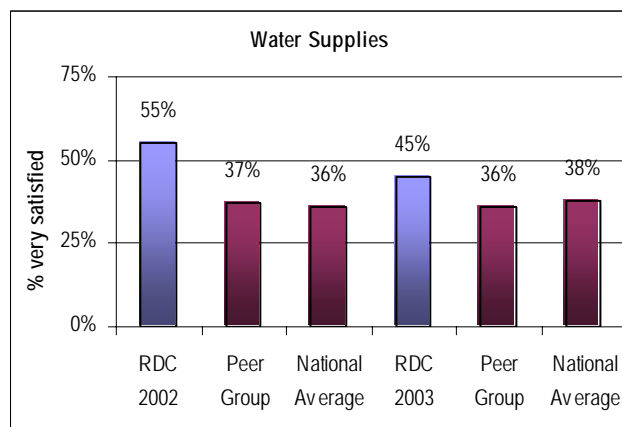
Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
Ensuring that all supplies comply with the current Drinking Water Standards of NZ.	Permanently chlorinated supplies achieving compliance with the microbiological criteria of DWSNZ 2000.	All permanently chlorinated supplies 100% compliance achieved.	Achieved for all schemes except Reporoa.	C2 C3
	Unchlorinated supplies achieving compliance at the source with the monitoring requirements of DWSNZ 2000.	All unchlorinated supplies 100% compliance achieved.	Achieved.	C2 C3
	To initiate the prescribed response to microbiological contamination events as per the DWSNZ 2000.	100% within a maximum of 4 hours from notification	Achieved.	C2 C3
Managing the water supplies in a cost-effective manner.	The total operating expenditure for all water supplies as reported in the Business Plan end of year review.	Total operating expenditure within original budget	Achieved.	C2 C3
To maintain the assets of the water supply schemes to acceptable standards.	Advancement through contracts for the works described in the AMP Programme. The works and contracts to be managed according to market movements and budgets.	Urban Reticulation Renewal and Capital Works outputs advanced within a budget of: Renewal \$807,000 Capital Works \$1,802,000	Achieved.	C2 C3
		Urban Reservoir Capital Works outputs advanced within a budget of \$245,000	Achieved.	C2 C3
		Rural Capital Works outputs advanced within a budget of \$2,199,000 Reporoa / Mihi	Achieved.	C2 C3

NRB Community Survey

The two graphs below have been prepared from the annual Communitrack Survey conducted by National Research Bureau Ltd (NRB) Public Perception and Interpretations of Council Services and Representation Report.



This graph shows the percentage of survey respondents that are satisfied and very satisfied with this service over the last 6 years. There is a trend line which helps show the general direction of service satisfaction over time.



This graph shows the percentage of survey respondents that are "very" satisfied with this service over the last 2 years and compares it with our peer group and the national average. The peer group is described in the Contents page to this section of the Annual Report.

Business Unit Castlecorp

Introduction

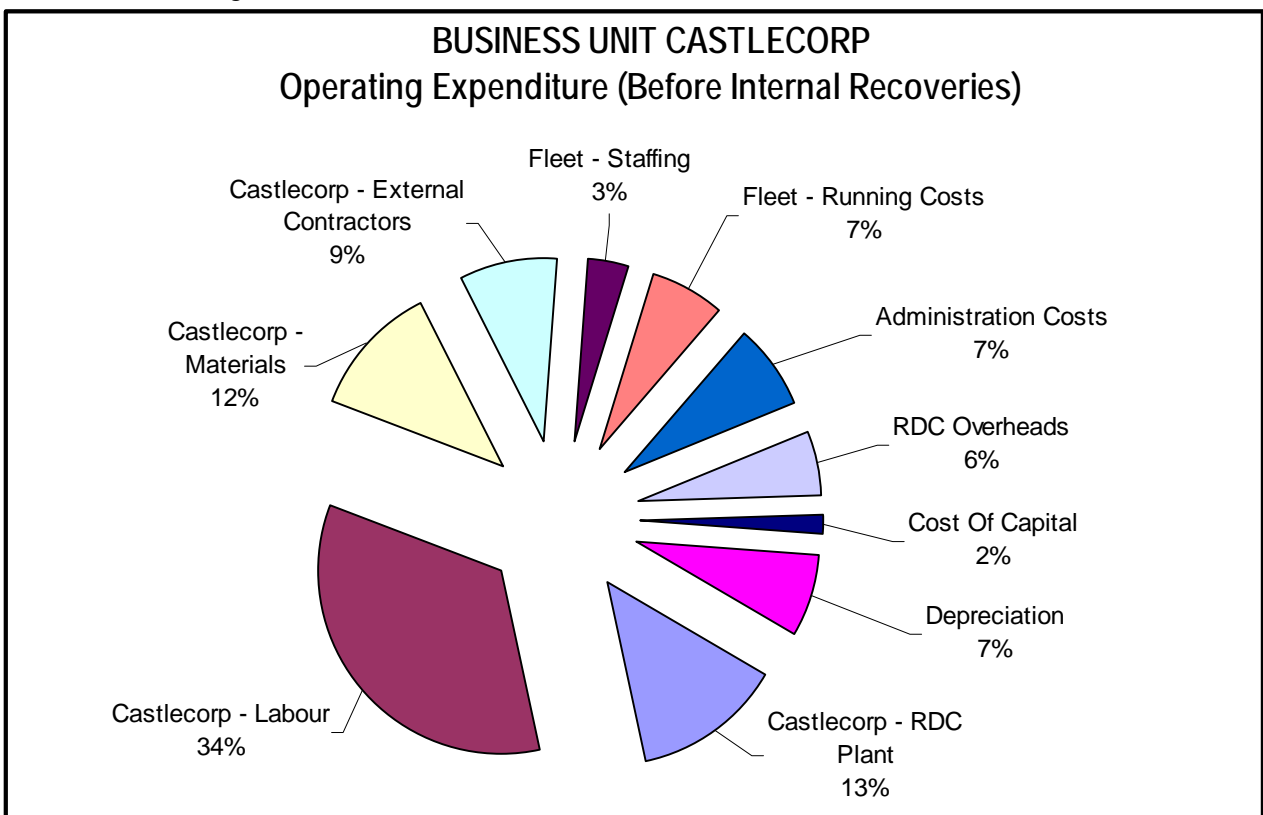
Castlecorp is a Business Unit within Council and earns its income from regularly reviewed and negotiated contracts for in-house service provided to Council.

Scope and Nature of Activity

Castlecorp provides the functions of General Roading Maintenance, Land Drainage, Refuse Collection, Litter Collection, Janitorial Services, Horticulture Maintenance, Mowing and Water/Wastewater Utilities and the management of Fleet.

Castlecorp earns most of its income from contract payments for services provided to Council.

How the Money is Used



Business Unit Castlecorp

Vision

To enrich the quality of life of residents and ratepayers through the provision of quality services and maintenance and enhancement of infrastructure necessary for the health and safety of the community and the environment.

This Year's Highlights and Achievements Included

- Quality standard audited and retained.
- Maintained ISO 9002 quality accreditation, which included:
 - 11,400 tonnes of refuse deposited at the Landfill
 - 1.8 million refuse bags collected
 - 772 trees planted
 - 37,586 bulbs planted
 - 152,700 annual plants planted
 - 6,467m² shrub gardens planted
 - Fleet maintained and serviced 160 vehicles (cars, trucks and tractors) and maintained and serviced 146 items of small plant and equipment.

Strategic Issues

Continue to operate a quality service.

What We Do

Castlecorp is a Business Unit within Council and earns its income from regularly reviewed and negotiated contracts for

in-house service provided to Council. Those services include:

- Refuse Collection
- Litter Clearance
- Rural Skip Clearance
- Footpath and Verge Maintenance
- Stormwater Systems Maintenance
- Water Supply Operations and Maintenance
- Wastewater Operations and Maintenance
- Cemetery – Mamaku, Kauae, Rotorua, Reporoa and Ngakuru (burials and maintenance)
- Sportsfields Maintenance
- Reserves (Urban, Northern Rural and Southern Rural) Maintenance
- Public Garden Maintenance
- Horticultural Maintenance
- Park Structures and Maintenance
- Purchasing and Maintenance of Vehicle and Small Plant

Cost of Service

	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
(thousands)			
Operating Expenditure	136	183	172
Revenue	264	183	307
Net Costs	(128)	-	(135)
Capital Expenditure	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
(thousands)			
Castlecorp Business Unit	1,038	1,203	
Total Capital	1,038	1,203	1,189

Performance for 2003

Key Result Areas	Performance Measures	Performance Target 2003	Achievement as at 30.6.03	Strategic Reference
To provide efficient and quality services to RDC in accordance with sound commercial standards and principles.	To meet the standards of service contracted as per contract.	Contract standards 100% met.	Achieved.	C2
		No demerit points incurred by year end.	Achieved. No demerit points.	
To consistently provide the community with quality services.	To meet all requirements of and maintain ISO 9002 accreditation.	To operate within budget (plus 2% or minus 1% of turnover).	Achieved.	C2
		To meet all requirements of and maintain ISO 9002 accreditation.	Achieved.	



Rotorua Regional Airport Ltd 2002/2003 Year

This review is presented in two sections.

The first section comprises an executive review that addresses Council interests in the Company during the year.

The second reports against the Annual Plan on the detailed information Council is required to address under the Local Government Act 1974 (replaced now by the Local Government Act 2002).

Section I: Executive Review of Council's Interests in the Company

Background

Many residents in the Rotorua District have continued to hold the view that Rotorua Regional Airport needs to be upgraded for the benefit of the district. The cessation of domestic jets led to a decision to extend the runway, and this was fully reported last year. Last years report also recorded the discussions Council had been holding an options to fund development needed to enable the Company to operate efficiently in the emerging market and maximise opportunities for the benefit of the District.

This led to Council increasing its holding from 50% to 100% of the Company at a cost of \$3.37 million on 31 July 2002.

Governance

It is appropriate to pause and acknowledge the tremendous contribution of Johnny Lepper as chairman of the board for many years. Johnny's vision, contribution, and wise counsel cannot be over-estimated and it is with great regret that we record his passing in September 2002.

Council reviewed the structure of the board in late 2002 and appointed two external directors, Ray Cook and Bill Kingi, to join Councillors Neil Oppatt and Bob Martin on the board.

Airport Master Plan

The Company has, over the second half of the year, committed a great amount of energy to preparing an Airport Master Plan. This will record the Company's long term strategy for management and development of all airport assets. The plan is well advanced and the outcomes of the plan will be included in an updated statement of intent soon to be prepared by the Company for agreement with Council.

Airport Development

In the meantime, the Company has completed extensions of phase 1 of the runway extension, and is well advanced with other developments that include extending the airport terminal.

Phase 1:

Added 200 metres to the runway and includes other associated developments such as security arrangements.

Phase 2:

If proceeded with, will increase the runway by a further 230 metres plus starter extensions, to give a total take off distance of 1900 meters for fully laden jets, plus other associated developments.

Other proposed developments will be announced when the statement of intent has been approved, hopefully within the next 2 to 3 months.

Regional Development

Council continues to support regional study, commissioned by Environment Bay of Plenty looks to a long term solution for regional airport requirements. In the event this study points towards building a new regional airport, this will take many years to achieve.

In the meantime, it is critical that Rotorua Regional Airport continue to serve, not only Rotorua, but the region as a whole.

Section II: Annual Plan Review

This statement sets out information from two perspectives:

- Part A Council's Interests in the Company
- Part B The Company's Statement of Corporate Intent and Financial Results

Part A: Council's Interests in the Company

Council continues to identify several interests and responsibilities in respect of the Rotorua Regional Airport Limited.

These include:

- a) As a Council-controlled organisation (CCO) (previously referred to as a Local Authority Trading Enterprise (LATE))
Council needs to consider the statement of intent (previously called statement of corporate intent and agree this with the Company
- b) Financial/economic
As a sole shareholder, Council needs to monitor the value and security of its investment and the economic viability of the Company
- c) Strategic
Council needs to take into account the interest of all sections of its community in the short, medium and long term on their behalf.

- i) As a minimum, this involves ensuring continuity of domestic air services
- ii) Council has also signalled its intention to promote a trans-Tasman service and sees this as viable in the near future, say within 1 year, now that the runway has been extended by Phase 1.

d) **Accountability**

Council is accountable to the community in recognition of the community's aspirations and any impact on both rates and Long Term Council Community Plan.

Council views the airport as part of the District's essential transportation and communications infrastructure.

Council also has a separate responsibility to address regulatory issues. These need to be looked at separately from its financial and strategic interests, and are thus not part of the scope of the Statement of Intent.

Strategic Issues And Future Viability

Siting of the Airport so close to the city is a great advantage, but the operating and commercial future of the Company is dependent on solving several environmental and planning issues.

The Company has again worked very intensely on solving issues that come within the scope of its ability to solve. In addition, Council has joined the Company in working on issues that need the support and contribution of Council.

The main environmental and planning issues that have been addressed and/or continue to be addressed include:

- a) Completion of negotiations for management of the Kahikatea Stand off the north end of the runway. These were completed with the goodwill and co-operation of all parties in seeking a sensible and fair solution that addressed the interests of all who have social, economic, environmental, cultural, and heritage interests in the stand.
- b) Negotiating control of other trees and obstructions, including developments and roading, in the obstacle limitation surfaces surrounding the airport. This includes actual and potential intrusions. In particular, options for an alternative to the proposed motorway over-bridge at Lee Road continue to be investigated.
- c) Planning of the requirement for land, airspace, and noise boundary designations necessary for the current and future needs of the airport.

The Company has continued to work through these strategic issues on a carefully programmed basis that has involved managing risk and controlling costs at each stage, before proceeding to further capital commitment.

To date, the Company's plans have centred on maintaining an efficient domestic service, and this must remain a priority. However, whilst the Company's plans have previously

centred on maintaining an efficient domestic service, and this must remain a priority, they now also include development of a trans-Tasman service. Many sectors of the community have made clear their views that eastern seaboard services should commence as soon as possible. The Rotorua District economy is very dependent on the visitor industry and we must pursue development opportunities if we are to look after the well-being of our people by growing business and by developing employment opportunities.

Key Result Areas Identified by Council

Council identified the following key result areas in its Annual Plan for 2002/2003:

- To maintain an efficient Airport in both the short and long term for the benefit of the Rotorua District:
 - a) To support the Company as required by addressing environmental issues that are essential to maintaining the airport operational and safe for domestic services, in particular involving the trees and other obstructions and potential intrusions.
 - b) To support the Company as requested in planning for a trans-Tasman capability.
 - c) To manage the consents process efficiently and promptly to enable the Company to meet its timelines.
- To ensure the Company is financially viable:
 - a) To agree an appropriate capital structure that provides for prudent financial management of the Company.
 - b) To negotiate and agree the ongoing shareholding of the Company.
- To provided relevant information on the expected performance of Rotorua Regional Airport Ltd:
 - a) To report to Council on the Rotorua Regional Airport Ltd Statement of Corporate Intent by 30 June annually.
 - b) To report to Council on the Rotorua Regional Airport Ltd financial statement as they relate to Council's shareholding by 30 June annually.

Council believes it has achieved or made significant progress on all of these indicators. It will, however, need to again consider the capital structure and funding of the Company when the Statement of Intent embodies the strategies required by the Airport Master Plan.

Part B: The Company's Statement of Corporate Intent

This section reports on the Company's results in terms of its Statement of Corporate Intent for 2002/2003.

First, it should be noted that this statement is somewhat historic and has lost some of its relevance. Several factors during the past year, including equity restructuring, Phase 1 development, and work towards an Airport Master Plan have contributed to significant progress.



Capital Expenditure Proposals

Proposed costs where identified in the annual plan as follows:

Year	Capital Expenditure	Cost (000s)
2002/2003	Phase 1 runway extension Terminal upgrade and departure lounge Internal roading, corporate upgrade, fencing and gates Plant and vehicles Planning for Phase 2 runway extension	6,437
2003/2004	Phase 1 runway extension completion Taxiways and aprons Planning for Phase 2 completion runway extension	1,352
2004/2005	Aprons Internal roading Buildings Phase 2 runway extension	9,167

Stage I costs have been in the order of \$3.6 million for Phase I of the runway and other minor items.

All future costs are currently being reviewed and updated for inclusion in a new Statement of Intent.

Financial Forecasts

Council noted several factors in its 2002/2003 Annual Plan that would impact on the Company's ability to predict earnings. Subject to these, the Company achieved the following results:

	Actual 2001/02 (000s)	Budget 2002/03 (000s)	Actual 2002/03 (000s)
Total Revenue	1,364	2,042	2,331
Total Costs	1,080	1,418	2,207
Profit Before Tax	318	624	141
Provision for Tax	104	206	54
Profit After Tax	214	418	87

Results for the year were affected by one-off costs of negotiating the management of the Kahikatea Stand and other issues related to ongoing development of the Airport.

Key Result Areas Identified by Council

The Company reports that, in respect of the past year, it has:

- Maintained an effective domestic airport with the intention of continuing to do so for the long term.
- Continued to address the requirements of a trans-Tasman service, including intrusions on the consent process.
- Achieved a satisfactory financial return having regard to the one-off development costs included in this year. Now that the Company is wholly-owned by Council, and will need to carefully plan the funding of its

developments, it is not proposed to pay a dividend for the year.

- Complied with regulations and agreed operational and safety standards required for maintenance of an operating license.
- Maintained the airport open for flights 365 days of the year, apart from the effects of weather conditions.
- Continued to address all consent processes relating to intrusions, flight path obstacles, airspace, noise, and land designations.

All key result areas are currently being reviewed as part of the development of the Airport Master Plan and new Statement of Intent.

Financial Statements

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Purpose of Financial Statements

Statement of Financial Performance

This statement discloses the net surplus or deficit and the components of the net surplus (deficit), arising from activities or events during the year that are significant for the assessment of both past and future financial performance.

Performance by Council Activity

Activities have been grouped into major activities of Council. This statement shows a summary of the revenue/expenditure and net cost of service for each activity.

Net cost of service is the net cost of expenditure less revenue. A positive net cost of service indicates that the expenditure exceeded revenue and is an operational cost to the ratepayer. A negative net cost of service are those activities where revenue exceeded expenditure.

Statement of Movement in Equity

This financial statement contributes to the objectives of general purpose financial reporting by combining information, about net surplus (deficit) with other aspects of Council's financial performance in order to give a degree of measure of comprehensive income.

Statement of Financial Position

Information about the economic resources controlled by Council and its capacity to modify those resources, is useful in assessing Council's ability to generate cash and/or provide services in the future. Information about the financing structure is useful in assessing future borrowing needs, and how future surpluses and cashflows may be distributed among those with an interest in the Council. The information is also useful in assessing how successful the Council is likely to be in raising further finance.

Statement of Cashflow

This statement reflects Council's cash receipts and cash payments during the year and provides useful information about Council's activities in generating cash through operations to:

- repay debt; or
- re-invest to maintain to expand operating capacity.

Statement of Accounting Policies

The accounting policies adopted by Council can have a significant impact on the financial and service performance, financial position and cashflows that are reported in its financial reports. Therefore, for a proper appreciation of those reports, users need to be aware of:

- a) the measurement system underlying the preparation of the financial reports; and
- b) the accounting policies followed in respect of individual items in the financial reports, especially where there are acceptable alternatives for dealing with any such items; and
- c) any changes in the measurement system, assumptions or particular accounting policies.

Notes to the Financial Statements

Provide further detail to the summary performance in compliance with accounting standards.

Statement of Financial Performance

for the year ended 30 June 2003

Notes	Council	Council	Council	Group	Group
(thousands)	2002/03	2002/03	2001/02	2002/03	2002/03
	Actual	Annual Plan	Last Year	Actual	Annual Plan
Operating Revenue					
General Rates Income					
General Rates	34,395	34,305	32,512	34,395	34,305
Less Rates paid by council/group	(993)	(961)	(933)	(1,017)	(961)
Total Rates Income	33,402	33,344	31,579	33,378	33,344
Revenue by Significant Activity					
Democracy	-	-	73	-	-
Policy & Strategic Direction	2,208	1,434	1,834	1,603	1,434
Social & Cultural	4,541	4,578	6,300	4,541	4,578
Environmental Services	3,825	4,021	3,858	3,825	4,021
Economy	1,109	1,119	1,245	1,083	1,119
Infrastructural	19,648	19,173	19,133	19,606	19,173
Business Unit Castlecorp	264	183	307	264	183
Airport	(266)	-	107	2,348	-
Assets Vested in Council	1,800	2,000	1,464	1,800	2,000
Total Revenue	33,129	32,508	34,321	35,070	32,508
Total Operating Revenue	1	66,531	65,852	68,448	65,852
Operating Expenditure					
Democracy	2,720	2,600	2,582	2,720	2,600
Policy & Strategic Direction	2,518	1,504	1,873	2,518	1,504
Social & Cultural	20,220	20,112	18,494	20,220	20,112
Environmental Services	6,757	6,699	6,243	6,757	6,699
Economy	3,073	3,263	3,251	3,073	3,263
Infrastructural	28,456	27,601	27,608	28,456	27,601
Business Unit Castlecorp	136	183	172	136	183
Airport	-	-	-	2,056	-
Rates Remissions, Doubtful Debts & Write-offs	851	1,000	984	851	1,000
Less Internal Charges within Expenditure	(2,190)	(2,109)	(1,968)	(2,190)	(2,109)
Total Operating Expenditure	2	62,541	60,853	64,597	60,853
Non-Operating Adjustments					
Plus Other Adjustments - Revenue	3	16,389	-	1	16,389
Less Other Adjustments - Expenditure	3	2,781	-	-	2,781
Surplus before Taxation		17,598	4,999	6,662	17,459
Taxation	4	164	12	47	12
Net Surplus after Taxation		17,434	4,987	6,662	4,987

The accompanying Accounting Policies and Notes should be read in conjunction with these Financial Statements.

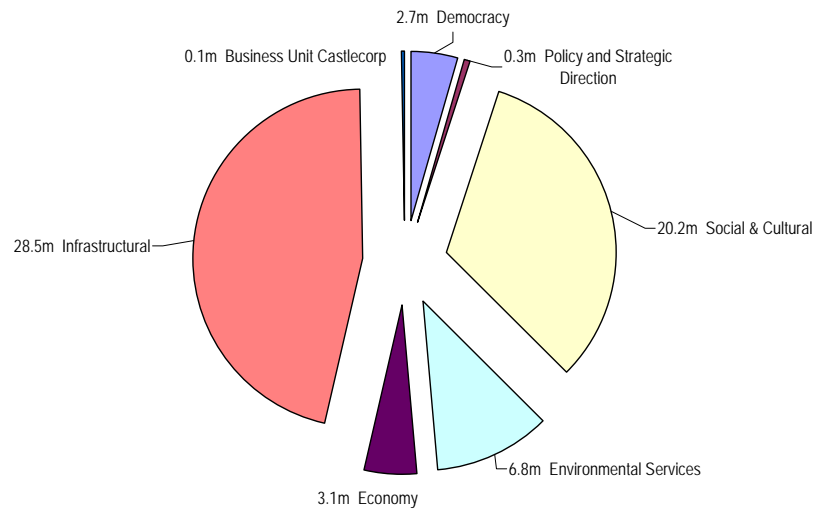
Performance by Council Activity

	Expenditure			Revenue			Net Cost Of Service			
	(thousands)	2002/03 Actual	2002/03 Estimate	2001/02 Last Year	2002/03 Actual	2002/03 Estimate	2001/02 Last Year	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Rates										
General Rates	-	-	-	34,395	34,305	32,512	(34,395)	(34,305)	(32,512)	
Rate Write-offs & Remissions	851	1,000	984				851	1,000	984	
Internal Rates	(993)	(961)	(933)	(993)	(961)	(933)	-	-	-	
	(142)	39	51	33,402	33,344	31,579	(33,544)	(33,305)	(31,528)	
Democracy										
Democracy	2,720	2,600	2,582	-	-	73	2,720	2,600	2,509	
	2,720	2,600	2,582	-	-	73	2,720	2,600	2,509	
Policy & Strategic Direction										
Policy & Support Services	2,342	1,326	1,673	2,208	1,434	1,834	134	(108)	(161)	
Kaupapa Maori	176	178	200	-	-	-	176	178	200	
	2,518	1,504	1,873	2,208	1,434	1,834	310	70	39	
Social And Cultural										
Public Library	3,100	2,856	2,704	320	292	324	2,780	2,564	2,380	
Rotorua Museum of Art and History	2,148	2,116	1,973	1,018	974	1,122	1,130	1,142	851	
Community Policy & Resources	764	768	641	8	-	48	756	768	593	
Community Assistance	561	846	623	122	236	117	439	610	506	
Pensioner Housing	571	469	432	438	438	422	133	31	10	
Community Halls	214	189	207	16	18	15	198	171	192	
Event Venues	2,407	2,509	2,010	800	811	689	1,607	1,698	1,321	
Aquatic Facilities	1,838	1,753	1,790	632	661	581	1,206	1,092	1,209	
Public Gardens/General Reserves	6,885	6,914	6,510	809	801	2,609	6,076	6,113	3,901	
Nursery	223	188	169	220	187	187	3	1	(18)	
Cemetaries/Crematorium	332	329	287	142	140	169	190	189	118	
Civil Defence Emergency Management	176	168	165	9	12	9	167	156	156	
Central Business District Operations	1,001	1,007	983	7	8	8	994	999	975	
	20,220	20,112	18,494	4,541	4,578	6,300	15,679	15,534	12,194	
Environmental										
Environmental Planning	2,295	2,293	2,147	192	252	202	2,103	2,041	1,945	
Building Control	1,080	1,067	1,007	752	748	615	328	319	392	
Inspection	1,414	1,424	1,249	621	674	621	793	750	628	
Animal Control	673	625	611	350	337	353	323	288	258	
Parking Enforcement	1,295	1,290	1,229	1,910	2,010	2,067	(615)	(720)	(838)	
	6,757	6,699	6,243	3,825	4,021	3,858	2,932	2,678	2,385	
Economy										
Economy	533	649	621	4	6	19	529	643	602	
Tourism Rotorua Marketing	1,482	1,535	1,501	228	351	355	1,254	1,184	1,146	
Tourism Rotorua Travel & Information	1,058	1,079	1,129	877	762	871	181	317	258	
	3,073	3,263	3,251	1,109	1,119	1,245	1,964	2,144	2,006	
Infrastructural										
Rural Fire	151	120	101	32	5	130	119	115	(29)	
Passenger Transport	277	304	270	282	267	259	(5)	37	11	
Road Safety	129	100	117	73	60	86	56	40	31	
State Highway Administration	155	141	121	93	120	96	62	21	25	
Engineering Support	74	36	32	72	37	30	2	(1)	2	
Laboratory	96	80	81	92	88	91	4	(8)	(10)	
Roading	9,659	8,830	9,485	4,226	3,943	4,074	5,433	4,887	5,411	
Land Drainage	2,496	2,559	2,599	108	95	16	2,388	2,464	2,583	
Refuse Collection	1,357	1,463	1,357	1,511	1,488	1,414	(154)	(25)	(57)	
Waste Management	1,334	1,276	1,343	44	90	43	1,290	1,186	1,300	
Landfill	1,103	1,489	1,353	1,499	1,700	1,697	(396)	(211)	(344)	
Waste Water	7,443	7,133	6,956	7,342	7,069	7,003	101	64	(47)	
Water	4,182	4,070	3,793	4,274	4,211	4,194	(92)	(141)	(401)	
	28,456	27,601	27,608	19,648	19,173	19,133	8,808	8,428	8,475	

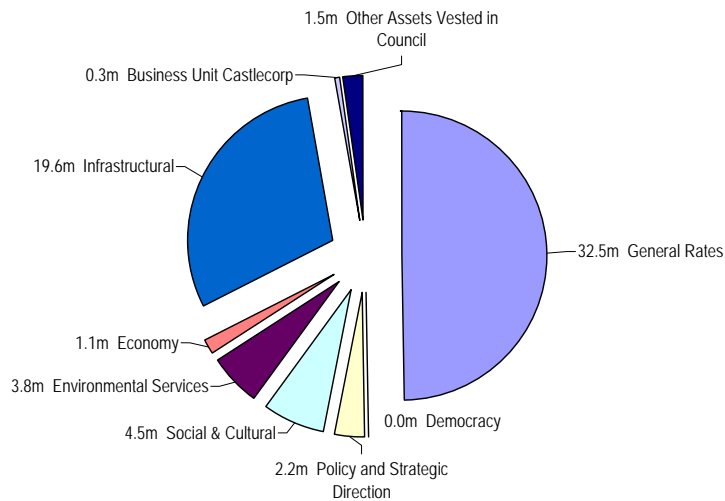
Performance by Council Activity (cont'd)

	Expenditure			Revenue			Net Cost Of Service		
	2002/03 (thousands) Actual	2002/03 Estimate	2001/02 Last Year	2002/03 Actual	2002/03 Estimate	2001/02 Last Year	2002/03 Actual	2002/03 Estimate	2001/02 Last Year
Business Unit Castlecorp									
Castlecorp	136	183	172	264	183	307	(128)	-	(135)
	136	183	172	264	183	307	(128)	-	(135)
Other									
Assets Vested in Council	-	-	-	1,800	2,000	1,464	(1,800)	(2,000)	(1,464)
Other Non Operational Income	-	-	-	16,389	-	1	(16,389)	-	(1)
Other Non Operational Expenditure	2,781	-	-	-	-	-	-	-	-
Airport Income	-	-	-	(266)	-	107	266	-	(107)
Internal Profit within Costs	(1,197)	(1,148)	(1,035)	-	-	-	(1,197)	(1,148)	(1,035)
Taxation	164	12	-	-	-	-	164	12	-
	1,748	(1,136)	(1,035)	17,923	2,000	1,572	(16,175)	(3,136)	(2,607)
Total Per Statement Financial Performance	65,486	60,865	59,239	82,920	65,852	65,901	(17,434)	(4,987)	(6,662)

OPERATING EXPENDITURE BY SIGNIFICANT ACTIVITY Total of \$61,690,000
(Net of Rate Remissions, Write-offs and other adjustments)



OPERATING REVENUE BY SIGNIFICANT ACTIVITY Total of \$65,680,000
(Net of Rate Remissions, Write-offs & Other Adjustments)



Statement of Movement in Equity

for the year ended 30 June 2003

	Notes	Council 2002/03 Actual	Council 2002/03 Annual Plan	Council 2001/02 Actual	Group 2002/03 Actual	Group 2002/03 Annual Plan
	(thousands)					
Opening Equity		460,815	460,473	454,753	460,815	460,473
Less Land fill Provison Recognised for the first time	12	-	-	(600)	-	-
Increase in Asset Revaluation reserve	15	58,319	-	-	58,319	-
Airport Revaluation On purchase	15	-	-	-	700	-
Net Surplus for the Period		17,434	4,987	6,662	17,412	4,987
Total Recognised Revenue & Expenses for the Period		75,753	4,987	6,062	76,431	4,987
Closing Equity		536,568	465,460	460,815	537,246	465,460

The accompanying Accounting Policies and Notes should be read in conjunction with these Financial Statements.



Statement of Financial Position

as at 30 June 2003

	Notes (thousands)	Council 2002/03 Actual	Council 2002/03 Annual Plan	Council 2001/02 Actual	Group 2002/03 Actual	Group 2002/03 Annual Plan
Current Assets						
Cash at Bank	5	1,314	2,000	905	1,628	2,000
Current Investments	6	13,848	6,500	17,140	13,848	6,500
Inventories	8	1,253	1,106	1,096	1,253	1,106
Receivables	9	12,347	8,236	9,006	8,764	8,236
Prepayments		242	269	299	287	269
Capital Projects under Construction	10	6,551	-	-	6,551	-
Properties Intended for Resale	10	-	123	-	214	123
Total Current Assets		35,555	18,234	28,446	32,545	18,234
Less Current Liabilities						
Payables and Accruals		9,126	9,170	8,670	9,292	9,170
Accruals	11	4,643	5,789	5,884	4,866	5,789
Current Portion of Term Liabilities	13	9,010	9,010	9,713	9,010	9,010
Total Current Liabilities		22,779	23,969	24,267	23,168	23,969
Working Capital		12,776	(5,735)	4,179	9,377	(5,735)
Non-Current Assets						
Investments	6	6,675	4,545	5,510	1,251	4,545
Goodwill On Consolidation	7	-	-	-	647	-
Properties Intended for Resale	10	1,173	59	1,173	1,173	59
Deferred Taxation	4	-	-	-	52	-
Fixed Assets	10	554,981	505,234	485,159	565,033	505,234
Total Non-Current Assets		562,829	509,838	491,842	568,156	509,838
Less Non-Current Liabilities						
Long Term Debt	13	37,468	37,503	33,579	38,718	37,503
Long Term Provisions	12	1,569	1,140	1,627	1,569	1,140
Total Non-Current Liabilities		39,037	38,643	35,206	40,287	38,643
Total Net Assets		536,568	465,460	460,815	537,246	465,460
Represented By:						
Ratepayers Equity						
General Reserve	15	349,047	340,636	327,212	349,025	340,636
Self-funding Reserves	15	(1,498)	(5,768)	(1,537)	(1,498)	(5,768)
Council Created Reserves	15	39	31	34	39	31
Restricted Reserves	15	905	554	1,095	905	554
Sinking Fund Reserves	13	4,174	4,177	8,433	4,174	4,177
Share of Airport Reserves	15	8	3	4	8	3
Asset Revaluation Reserve	15	183,893	125,827	125,574	184,593	125,827
Total Ratepayers Equity		536,568	465,460	460,815	537,246	465,460

Mayor _____

Chief Executive _____

Date _____

Date _____

The accompanying Accounting Policies and Notes should be read in conjunction with these Financial Statements.

Statement of Cashflow

for year ended 30 June 2003

Notes	Council	Council	Council	Group	Group
(thousands)	2002/03	2002/03	2001/02	2002/03	2002/03
	Actual	Annual Plan	Last Year	Actual	Annual Plan
Cash flows from Operating Activities					
Cash was provided from:					
Rates	42,724	42,504	40,740	42,700	42,504
General Revenue	20,223	19,438	20,619	22,577	19,438
Interest on Investments	1,252	850	1,444	1,158	850
Dividends	493	38	-	-	38
	64,692	62,830	62,803	66,435	62,830
Cash was applied to:					
Payments to Employees & Councillors	21,467	20,207	19,909	21,687	20,207
Other Payments	22,041	23,598	20,400	23,058	23,598
Taxation Payments	163	12	-	242	12
Net Movement in Agencies	424	-	(1,542)	424	-
Interest on Public Debt	3,117	3,250	3,489	3,233	3,250
Net Goods and Services Tax Paid	93	-	541	188	-
	47,305	47,067	42,797	48,832	47,067
Net Cash Flows From Operating Activities	18	17,387	15,763	17,603	15,763
Cash flows from Investing Activities					
Cash was provided from:					
Proceeds from Sale of Fixed Assets	207	203	322	222	203
Net Movement in Investments	(2,528)	502	855	(2,528)	502
Release of Sinking Funds	5,845	5,833	3,074	5,845	5,833
Collections on Advances	80	79	82	80	79
	3,604	6,617	4,333	3,619	6,617
Cash was applied to:					
Purchase of Fixed Assets	18,723	28,299	19,108	22,490	28,299
Loan Advances made	3,459	32	463	31	32
Sinking Fund Contributions	1,586	1,584	2,335	1,586	1,584
	23,768	29,915	21,906	24,107	29,915
Net Cash Used In Investing Activities	(20,164)	(23,298)	(17,573)	(20,488)	(23,298)
Cash flows from Financing Activities					
Cash was provided from:					
Loans Raised	12,900	12,934	5,705	12,900	12,934
Cash was applied to:					
Repayment of Public Debt	9,714	9,713	8,278	9,714	9,713
Shareholder Dividends	-	-	-	330	-
	9,714	9,713	8,278	10,044	9,713
Net Cash Used In Financing Activities	3,186	3,221	(2,573)	2,856	3,221
Net Increase (Decrease) in Cash	409	(4,314)	(140)	(29)	(4,314)
Opening Cash Brought Forward	905	10,814	1,045	1,657	10,814
Closing Cash Carried Forward	5	6,500	905	1,628	6,500



Statement of Accounting Policies

Reporting Entity

Rotorua District Council is a territorial local authority as defined in the Second Schedule of the Local Government Act 2002.

The Rotorua District Council Group consists of Rotorua District Council and Rotorua Regional Airport Ltd (100% owned), a company registered under the Companies Act 1993.

The financial information presented in the Annual Report has been prepared in accordance with section 223E of the Local Government Act 2002 which includes the requirement to comply with generally accepted accounting practice.

Basis of Consolidation

Consolidated Statement of Financial Performance, Statement of Cash Flow, Statement of Movement in Equity and the Statement of Financial Position have been prepared in accordance with General Accepted Accounting Practices – Financial Reporting Standard (FRS-36 and FRS-37).

All significant inter-group transactions arising from trading between the various activities of the council have been eliminated on consolidation.

Unless shown separately the financial statements and notes refer to both the Council and Group accounts.

Goodwill

Goodwill on consolidation is amortised on a straight line basis over 20 years.

The goodwill expensed is included in the Airport expenditure line in the group statement of financial performance.

Measurement Base

The measurement base adopted is that of historical cost, modified by the revaluation of certain assets.

Rounding

The amounts in the financial statements and notes are rounded to the nearest thousand unless otherwise stated.

Specific Accounting Policies

Basis of Preparation of the Financial Statements

The Annual Report for the Council and its group includes a Statement of Financial Performance, a Statement of Movements in Equity, a Statement of Financial Position, a Statement of Cashflows and the consolidated financial statements of the group comprising of the Rotorua District Council and its subsidiary Rotorua Regional Airport Ltd, encompassing all activities of the Council and group activities.

In order to meet its obligations of public accountability, the Council has included for each significant activity a separate Statement of Cost of Service which shows costs of providing the service less all directly related revenue.

All significant inter-activity transactions arising on trading between various activities of the Council are eliminated from the Statement of Financial Performance to ensure that this statement reflects only those transactions conducted with parties external to the Council.

Overhead/Support Services Allocation

The major types of expenditure classed as support services are civic centre operating, payroll/personnel, information technology and information management, administration costs, treasury, accounting costs, records, asset management overheads, fleet, Land Information services, waterworks overheads, business units, laboratory and graphic solutions. The net costs of support services are charged to significant activities on the appropriation basis of either floor space, staff time, direct use when available, share of estimated rates, volume of transactions used, volume of records used, level of activity areas supported, and percentage of service utilised.

Goods and Services Tax

The financial statements are prepared on a Goods and Services Tax (GST) exclusive basis, except for accounts receivable and accounts payable, which are stated as GST inclusive. The balance outstanding at balance date is shown as an accounts receivable or accounts payable as the case may be.

Budgets

The budgeted figures are those approved by the Council at the beginning of the year after a period of consultation with the public as part of the Annual Plan process. The budgeted figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Council for the preparation of the financial statements.

Funding Requirements Pooled Across Multiple Activities

Council has established through its Funding Policy an appropriate level of user-pays for each activity. These user-pay charges are collected by way of separate rates, fees and charges.

After deducting the user pays charges the remaining funding requirements for all activities are pooled. This total cost is then recovered by way of general rates charged to all ratepayers. In this way all ratepayers contribute towards the costs of the activities that provide a general public benefit.

Revenue Recognition

Rates revenue is recognised as income when levied. Grants are recognised as income when eligibility has been established by the grantor agency and the work has been performed and/or conditions met. Vested assets are recognised when control over the asset is obtained. Parking fines are recognised on a cash basis when payment is received.

Donated Services Recognition

The Council benefits from the voluntary services of many Rotorua citizens in the delivery of its activities and services. Due to the difficulty in determining the value of these donated services with sufficient reliability, donated services are not recognised in these financial statements.

Rating

The Rotorua District Council has a policy of rating its own properties. The effect of this policy is eliminated from the Statement of Financial Performance and the Statement of Cashflows.

Internal Property Rental

Internal property rents are charged to each significant activity where appropriate. This charge is based on floor area occupied and market rentals and covers the actual costs of building holding costs.

Interest Allocation

Council allocates the net cost of interest, being interest expense less interest income, to its various activities:

- a) Interest is credited to or allocated to self-funding activities based on the average annual balance of the self-funding account according to whether the balances are in funds or overdrawn respectively.
- b) The balance of interest is allocated to other significant activities on the basis of the book value of fixed assets employed in the activity.

Taxation

The Council uses the liability method of accounting for deferred taxation and applies this on a comprehensive basis. Future tax benefits attributable to tax losses or timing differences are only recognised when there is virtual certainty of realisation.

Income tax expense (if any) is charged in the Statement of Financial Performance in respect of the current year's surplus after allowing for permanent differences.

Accounts Receivable

Accounts Receivable are shown at estimated realisable value after providing against debts where collection is doubtful. Bad debts are written off against the provision for doubtful debts accounts in the period in which it is determined that the debts are uncollectible.

Receivables in respect of parking fines are not recognised in the statement of financial position due to the uncertainty of collection.

Inventories

Stocks for own use and Stocks for resale are valued at the lower of net realisable value or cost on a first in first out (FIFO) basis.

Properties Intended for Resale

Properties intended for resale as at 30 June 2003 are recorded at the lower of cost and net realisable value.

Statement of Cashflows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which Council invests as part of its day to day cash management.

Operating activities include cash received from all income sources of the group and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise activities that change the equity and debt capital structure of the Council and group.

Agency transactions (for example, the collection of regional council rates) are recognised as receipts and payments in the statement of cash flows given that they flow through the Council's main bank account, and are included as part of operating activity.

Leases

Finance Leases:

Leases which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the lease item are classified as finance leases. These are capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments. The leased assets and corresponding lease liabilities are recognised in the statement of financial position. The leased assets are depreciated over the period the Council is expected to benefit from their use.



Operating Leases:

Council has equipment on operating leases, where the lessors effectively retain substantially all risks and benefits of ownership of the leased item. The operating lease payments are charged as expenses in the periods in which they are incurred.

Investments

Bank investments are stated at cost.

Investments in shares are stated at the lower of cost or estimated realisable value.

Interest Income is recognised in the Statement of Financial Performance on an accrual basis. Dividend income is recognised when the dividend is declared.

The Council has had 100% ownership of the Rotorua Regional Airport Ltd since 31 July 2002.

Fixed Assets

Valuation:

Land and Buildings are recorded at fair value as at 1 July 2002. Quotable Value New Zealand Ltd has certified that these valuations are appropriate for financial reporting purposes.

Asset additions since 1 July 2002 are valued at historic cost. The fair value of Land and Buildings is reviewed at three yearly intervals.

Infrastructural Assets (roading network, bridges, drains, water and sewerage reticulation systems) have been valued by Council's Engineers at replacement cost. An estimate for accumulated depreciation has then been deducted to give a depreciated replacement value as at 1 July 2002. Road reserves have been valued on an average of the District's land value adjusted for restrictions on the land and its existing use. The basis of these in-house valuations have been certified as correct by an independent registered valuer. All capital expenditure on these assets since 1 July 2002 has been capitalised at historic cost. The value of all of Council's infrastructural assets will be revised at three yearly intervals.

The Library collection was valued at estimated historic cost as at 1 July 2002 as estimated by Council's Library staff. The basis of these in-house valuations have been certified as correct by an independent registered valuer. All library purchases since 1 July 2002 have been capitalised at historical cost. The value of the Library Collection is revised at three yearly intervals.

The collections of the Rotorua Museum of Art & History are valued at current market value as at 30 June 1992 by Gow, Landsford Fine Art Valuers and Peter Webb Galleries Limited, Estate & Fine Art Auctioneers & Valuers. Any additions since then have been capitalised at historic cost.

Vested infrastructural assets have been valued based on the actual quantities of infrastructural components vested at the current "in the ground" cost of providing identical services. All other revenue is recognised when it is due and receivable.

Airport land, buildings and runway have been valued as at the date of purchase (31 July 2002) by registered valuers Cleghorn Gillespie Jensen & Associates at fair value in accordance with FRS-36. All assets since have been capitalised at historic cost.

All other fixed assets are valued at cost except where historic cost records were not available, in which case Council has estimated the cost.

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

Land is not depreciated.

Roading, wastewater reticulation, stormwater systems and water reticulation assets are depreciated as noted below. A number of the components of the roading network such as excavation, sub base materials and compaction are not depreciated as these assets have an infinite life. Signs and markings are not depreciated as these assets are maintained to the same level.

The useful lives of the Rotorua Museum of Art & History collections and the Library reference collection are considered to be extremely long. Therefore, due to its insignificance, no depreciation has been brought to charge.

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

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

The expected lives of major classes of assets are:

General	Years
Bathroom building	40
Buildings (other)	50
Plant and Equipment	10
Office Equipment	5
Furniture and Fittings	10 to 20
Computer Systems	3 to 5
Library Books (excl Reference)	2 to 15
Parking	10 to 50
Landfill Improvements	5 to 50
Wastewater Reticulation	
Manholes	70 to 100
Treatment Plant	10 to 100
Pump Stations	10 to 50
Pipes	70
Water Reticulation	
Pipes	45 to 90
Motors/Pumps	20 to 25

	Years
Reservoirs and other	
Water-Retaining Structures	60 to 80
Meters	15 to 100
Parks	
Street and Outdoor Furniture	1 to 20
Street Signals	15
Fencing and Related Structures	40
Playgrounds	25
Jetties and Related Structures	15 to 30
Irrigation Pipes and Sprinklers	6 to 50
Park roads, paths	10 to 100
Kerbs	100
Bridges	50 to 100
Top surface (seal)	8 to 20
Pavement (basecourse)	25 to 80
Drainage	100
Shoulders/Feathers	25 to 80
Culverts	100
Footpaths (concrete)	100
Footpaths (bitumen)	10 to 40
Stormwater systems	
Pipes	70 to 100
Manholes, Cesspits	70 to 100
Service connections and outlets	70 to 100
Airport	
Runways, Taxiways and Aprons	50
Runway Reseal	12.5

Employee Entitlements

A provision is made in respect of the Council's liability for annual leave, long service leave, and retirement gratuities.

Wages and salaries, annual leave and other entitlements that are expected to be settled within twelve months of reporting date are measured at nominal values on actual entitlement basis at current rate of pay.

Entitlements that are payable beyond twelve months, such as long service leave, resigning and retiring leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- the present value of the estimated future cash flows. A discount rate of 5.5% (2001/2002 6.5%), and an inflation factor of 2.5% (2001/2002 2.6%) were used. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

Financial Instruments

All financial instrument arrangements except guarantees have been included in the Statement of Financial Position using the concepts of accrual accounting. They have been

included at their fair value. These instruments include bank accounts, accounts receivable and payable, cash investments, equity investments and long term debt. Revenue and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

Landfill Post-closure Costs

The Council, as operator of the Rotorua Landfill, has a legal obligation to apply for resource consents when the landfill, or landfill stages, reach the end of their operating life and are to be closed. These resource consents will set out the closure requirements and the requirements for ongoing maintenance and monitoring services at the landfill site after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including known changes to legal requirements and known improvements in technology. The provision includes all costs associated with landfill post-closure including final cover application and vegetation; incremental drainage control features; completing facilities for leachate collection and monitoring; completing facilities for water quality monitoring; completing facilities for monitoring and recovery of gas.

Amounts provided for landfill post-closure are capitalised to the landfill asset where they give rise to future economic benefits or if they are incurred to enable future economic benefits to be obtained. The capitalised landfill asset is depreciated over the life of the landfill based on capacity used.

The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the Council.

Ratepayers' Equity

Ratepayers' Equity is the community's interest in the Council as measured by the value of the total assets less liabilities. Ratepayers' Equity is disaggregated and classified into a number of reserves to enable a clearer identification of the specific uses Council makes of its accumulated surpluses.

Reserves

Council Created Reserves:

Council Created Reserves are that part of the accumulated surpluses established by Council resolution. Council may alter Council Created Reserves without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

Restricted Reserves:

Restricted Reserves are those reserves subject to specific conditions accepted as binding by the Council, and which may not be revised by Council without reference to the Courts or a third party. Transfers from Restricted Reserves



may be made only for certain specified purposes or if certain specified conditions are met.

Sinking Fund Reserves:

Prior to 1 July 1998, when the Local Government Act was amended, funds were required to be set aside each year to meet future repayments of loans or commitments. These funds, described as sinking funds, were administered by an independent body of Sinking Fund Commissioners appointed by the Council. These funds are included in the Statement of Financial Position, and any associated interest income is included in the Statement of Financial Performance.

Self-funding Reserves:

Certain activities are undertaken by Council on the basis that the activities generate enough revenue over time to cover the cost of their operation. The net surplus or deficit held on behalf of these activities have been included in the Statement of Financial Position as Self-funding Reserves.

Asset Revaluation Reserves

Revaluations are credited or debited to an asset revaluation reserve for that class of asset. When this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Financial Performance.

Changes in Accounting Policies

During the financial year Rotorua Regional Airport Ltd changed balance data from 31 March to 30 June. The figures in the group accounts for the airport are for a fifteen month period.

All Accounting Policies have been applied on a basis consistent with prior years.

Notes to the Financial Statements

for the year ended 30 June 2003

Note 1: Revenue

	Council 2003 \$000's	Council 2002 \$000's	Group 2003 \$000's
Revenue Includes			
General Rates	35,064	32,512	35,064
Water Rates	1954	2,090	1954
Refuse Rates	6186	6,538	6186
Less Rates Paid by Council	1172	1,223	1172
Total Rates	(993)	(933)	(993)
Dividend	43,383	41,430	43,383
Bank Deposit Interest	493	-	-
Sinking Fund Interest	761	733	433
Advances Interest	391	715	736
Profit on Disposal	11	10	11
New Zealand Lottery Grant Music Centre	33	106	46
Other Revenue	-	42	-
	21,459	22,864	23,839
	66,531	65,900	68,448

Note 2: Operating Expenditure

	Council 2003 \$000's	Council 2002 \$000's	Group 2003 \$000's
Operating Expenditure Includes:			
Bad Debt Write-offs	651	800	652
Rate Remissions	193	174	193
Change in Doubtful Debt Provision	69	28	70
Change in Rates Refund Provision	(1,342)	64	(1,342)
Audit fees Re Annual Audit	71	71	77
Audit fees Re Other Services	10	8	10
Councillor Remuneration (includes Mileage)	388	381	388
Directors Fees	-	-	44
Loan Interest	3,264	3,459	3,488
Depreciation	15,071	12,071	15,386
Assets Written Off / Loss on Disposal	98	598	100
Rent & Leasing Costs	235	139	235
Other Expenditure	42,281	39,981	43,694
<i>The following is disclosure of the miscellaneous expenditure as per the Local Government Act 1974 Section 223J and Section 223K for the year ended 30 June 2003.</i>			
Insurance Premiums	641	486	690
Ex gratia Payments	-	-	-
Public Ceremonies	77	72	77
Purchase of Insignia or Robes	-	-	-
Entertainment	26	54	27
Organisation Contributions	659	853	659
Unauthorised Expenditure	-	-	-
In accordance with Section 223E(12) of the Local Government Act 1974, there were severance payments over made by the Rotorua District Council to 30.06.03	149	-	149
	62,541	59,239	64,597

Notes to the Financial Statements (cont'd)

Note 3: Other Adjustments

	Council 2003 \$000's	Council 2002 \$000's	Group 2003 \$000's
Other Adjustment Expenditure Includes:			
Asset Revaluation Reserves in Debit *	2,777	-	2,777
Airport Reserve increase	4	-	4
Total Other Adjustments Expenditure	2781	-	2781
Revenue Includes:			
Provision UAGC reversed as Privy Council case found in favour of local authorities	1,417	-	1,417
Asset Revaluation Reserves Reversed **	14,970	-	14,970
Shares value increase	2	1	2
Total Other Adjustments Revenue	16,389	1	16,389

* Mainly due to reduction in unit price for bridges

** Mainly due to a change in valuation method in valuing land from existing use to best use in accordance with FRS 3

Note 4: Taxation

	Council 2003 \$000's	Council 2002 \$000's	Group 2003 \$000's
Total operating surplus/(deficit) before taxation	17,434	6,662	17412
Prima facie tax (credit)/expense at 33%	5753	2198	5746
Add/(deduct) tax effect of:			
Permanent differences	(5,589)	(2,198)	(5,699)
Tax (credit)/expense	164	-	47
Tax (credit) expense consists of:			
Current Tax	164	-	58
Deferred Tax	-	-	(11)
Tax (credit)/expense	164	-	47
Movement in Deffered Taxation			
Balance on Acquisition of Rotorua Regional Airport Ltd	-	-	41
Deffered Tax on Current years timing differences	-	-	11
Total Deffered Taxation provision	-	-	52
Imputation Taxation Credits			
Balance at beginning of year	-	-	-
Acquired as part of the Rotorua Regional Airport Ltd	-	-	284
Plus taxation paid during the year	-	-	218
RWT credits received	-	-	4
Less			
Imputation credits attached to dividends paid	-	-	(325)
Imputation credits lost from changes in shareholding	-	-	(2)
Balance at end of year	-	-	179

Notes to the Financial Statements (cont'd)

Note 5: Cash at Bank

	Council 2003 \$000's	Council 2002 \$000's	Group 2003 \$000's
Cash	15	32	16
Bank Current Accounts	1,299	873	1,612
	1,314	905	1,628

Note 6: Investments

	Council 2003 \$000's	Council 2002 \$000's	Group 2003 \$000's
(a) Current			
Term Deposits			
General Funds	10,500	11,500	10,500
Sinking Funds	1,348	1,968	1,348
Local Authority Stock Sinking Funds	2,000	3,672	2,000
Total current investments	13,848	17,140	13,848

(b) Non-current

Advances	145	209	145
Term Deposits			
Sinking Funds	793	682	793
Local Authority Stock			
Sinking Funds	-	1,991	-
Shares			
The New Zealand Counties Investment Company Ltd	-	-	-
Rotorua Regional Airport Limited	5,424	2,320	-
NZ Local Govt Insurance Corporation Ltd	88	88	88
Fonterra Co-operative Group Ltd	225	220	225
Total non-current investments	6,675	5,510	1,251
Total Current and Non-Current Investments	20,523	22,650	15,099

(c) Maturities (Current and Non-Current Investments)

Maturity Terms	Council 2003 \$000's	Council 2002 \$000's	Group 2003 \$000's
Within 12 Months	13,848	17,141	13,983
One to Two Years	833	2,075	833
Two to Three Years	26	714	26
Three to Four Years	25	22	25
Four to Five Years	16	21	16
Five Years and Over	38	50	38
	14,786	20,023	14,921
Shares Held	5,737	2,627	313
	20,523	22,650	15,234

Notes to the Financial Statements (cont'd)

(d) Interest Rates on Investments

The weighted average effective interest rates on investments (current and non-current excluding shares held) are:

	Council 2003 %	Council 2002 %	Group 2003 %
Within 12 Months	5.48	6.09	5.48
One to Two Years	14.62	6.35	14.62
Two to Three Years	1.04	14.63	1.04
Three to Four Years	1.25	1.24	1.25
Four to Five Years	2.13	1.49	2.13
Five Years and Over	0.00	0.68	0.00
	<u>5.96</u>	<u>6.40</u>	<u>5.96</u>

(e) Rotorua Regional Airport Ltd

A further 50% of Rotorua Regional Airport Ltd was purchased in 31 July 2002 bringing total ownership to 100%.

Purchase price for the 50% shareholding was 3,370,000 plus related legal/valuation costs of 38,000.

As a result we have purchased a 50% share in the following airport assets and liabilities

Airport Buildings	1,075
Runway, Taxiway and apron	2,040
Land	3,100
Other Assets	535
Current assets	400
Current liabilities	(200)
Term Loan	(1,250)
	<u>5,700</u>

Note 7: Goodwill on Acquisition

	Council 2003 \$000's	Council 2002 \$000's	Group 2003 \$000's
Opening balance	-	-	-
Goodwill on acquisition	-	-	681
Less goodwill amortised	-	-	(34)
Closing Balance of goodwill	-	-	<u>647</u>

Notes to the Financial Statements (cont'd)

Note 8: Inventories

	Council 2003 \$000's	Council 2002 \$000's	Group 2003 \$000's
Inventories for Own Use	909	857	909
Inventories for Resale	344	239	344
Total Inventories	1,253	1,096	1,253

Note 9: Receivables

	Council 2003 \$000's	Council 2002 \$000's	Group 2003 \$000's
Rates Debtors	2,030	1,935	2,030
General Debtors	5,720	6,007	5,566
Current Portion - Other Advances	1,062	1,057	1,062
Subsidiary Advance Rotorua Regional Airport Ltd	3,429	-	-
GST Receivable	729	640	729
	12,970	9,639	9,387
Less: Provision for Doubtful Debts	(623)	(633)	(623)
Total Sundry Debtors	12,347	9,006	8,764

Notes to the Financial Statements (cont'd)

Note 10: Fixed Assets

Classification	Depreciation		Cost/Val 2003 \$000's	Depn 2003 \$000's	NBV 2003 \$000's	Depreciation		NBV 2002 \$000's
	2003 \$000's	2002 \$000's				2002 \$000's	2002 \$000's	
Art Collections	3	3	5,787	6	5,781	5,784	3	5,781
Bridges	230	277	13,597	230	13,367	17,141	831	16,310
Buildings	1,925	1,144	58,216	1,925	56,291	62,684	3,349	59,335
City Focus	19	19	491	110	381	491	91	400
Computer Equipment	757	590	5,152	3,829	1,323	4,281	3,072	1,209
Computer Software	308	273	3,347	2,602	745	2,657	2,294	363
Database	47	40	491	114	377	365	67	298
Environmental	-	-	2	-	2	2	-	2
Footpaths	265	247	17,072	265	16,807	18,446	729	17,717
Furniture & Fittings	257	251	4,842	3,777	1,065	4,775	3,555	1,220
General Works Assets	32	32	382	32	350	526	36	490
Land	-	-	20,324	-	20,324	9,909	-	9,909
Land Restricted	-	-	71,595	-	71,595	30,283	-	30,283
Landfill	357	487	3,056	357	2,699	5,488	3,079	2,409
Library Collection	551	290	3,167	551	2,616	2,734	850	1,884
Motor Vehicles	817	696	6,435	3,011	3,424	6,703	3,220	3,483
Office Equipment	200	176	1,826	1,502	324	1,666	1,312	354
Parking Infrastructural Assets	57	117	969	57	912	1,216	341	875
Parks, Roads, Paths, Playgrounds, Utilities	681	522	13,964	681	13,283	12,822	1,456	11,366
Plant & Machinery	352	330	6,049	3,639	2,410	5,556	3,302	2,254
Roading assets excluding Land	2,874	2,063	139,029	-	139,029	134,228	6,434	127,794
Roads & Road Reserves Land	-	-	19,097	2,874	16,223	19,288	-	19,288
Stormwater Drainage	1,074	1,067	57,593	1,074	56,519	55,686	3,161	52,525
Street Lighting, Signs, Signals	273	277	4,480	273	4,207	4,635	747	3,888
Waste Management (Bin Sites)	23	4	700	23	677	377	10	367
Wastewater Reticulation	1,909	1,389	56,074	1,909	54,165	55,671	4,177	51,494
Wastewater Treatment Plant	829	731	34,396	829	33,567	34,926	2,004	32,922
Waterworks Pipes, Meters	1,231	1,046	45,473	1,231	44,242	35,217	3,104	32,113
Less Projects Under Construction	-	-	(6,551)	-	(6,551)	-	-	-
	15,071	12,071	587,055	30,901	556,154	533,557	47,224	486,333
Less Properties intended for Sale (Term)					1,173			1,173
Total Council Fixed Assets (As per Statement of Financial Position)			587,055	30,901	554,981	533,557	47,224	485,160
Plus Airport Assets								
Land	-	-	2,797	-	2,797	-	-	-
Runway, Taxiway, Apron	142	-	5,399	533	4,866	-	-	-
Runway Seal	110	-	1,091	364	727	-	-	-
Buildings	30	-	1,253	300	953	-	-	-
Buildings Chattels	-	-	10	1	9	-	-	-
Furniture and Fittings	1	-	43	28	15	-	-	-
Plant and Equipment	14	-	179	43	136	-	-	-
Carpark	4	-	200	48	152	-	-	-
Roading	7	-	386	65	321	-	-	-
Security Fencing	2	-	81	15	66	-	-	-
Computer Equipment	5	-	18	8	10	-	-	-
Total Airport	315	-	11,457	1,405	10,052	-	-	-
Total Group Fixed Assets	15,386	12,071	598,512	32,306	565,033	533,557	47,224	485,160
(As per Statement of Financial Position)								

- i) Restricted Assets are assets that cannot be disposed of because of legal or other restrictions.
ii) Fair Value: Council considers the Fair Value of Land & Buildings to be the book value of these assets
iii) Capital Work under Construction by Category transferred to current assets include

	2003 \$000's	2002 \$000's
Buildings	140	2
Land	245	151
Landfill	46	44
Park	207	4
Plant	10	11
Roading Assets	1,016	684
Stormwater	1,111	146
Water	2,663	576
Waste Management	217	217
Wastewater Reticulation	798	424
Waste Water Treatment Plan	98	213
	6,551	2,472

Notes to the Financial Statements (cont'd)

Note 11: Accruals

The Accrued Expenses figure is made up of:

Employee Entitlements	2,061	1,991	2086
Accrued Interest	1,168	1,067	1168
Provision for Refund of Rates (Note 18)	350	1,692	350
Other Accrued Liabilities & Income in Advance	1,064	1,134	1262
Total Accrued Expenses	4,643	5,884	4,866

Council 2003 \$000's	Council 2002 \$000's	Group 2003 \$000's
2,061	1,991	2086
1,168	1,067	1168
350	1,692	350
1,064	1,134	1262
4,643	5,884	4,866

Note 12: Provisions

Landfill Post-closure Costs

Opening Balance	600	-	600
Adjustment for adoption of FRS-15	-	600	-
Additional provision made	-	-	-
Amount utilised	(20)	-	(20)
Effect of discounting	20	-	20
Closing Balance	600	600	600
Current Provision	20	20	20
Non-current provision	580	580	580

Council 2003 \$000's	Council 2002 \$000's	Group 2003 \$000's
600	-	600
-	600	-
-	-	-
(20)	-	(20)
20	-	20
600	600	600
20	20	20
580	580	580

Long Term Payroll Provisions	989	1,047	989
Imputation Taxation Provision (Note4)			179
Total Long Term Provisions	1,569	1,627	1,569

989	1,047	989
		179
1,569	1,627	1,569

Note 13: Public Debt

(a) Current

Secured loans and debentures	9,010	9,713	9,010
Unsecured liabilities	-	-	-
	9,010	9,713	9,010

Council 2003 \$000's	Council 2002 \$000's	Group 2003 \$000's
9,010	9,713	9,010
-	-	-
9,010	9,713	9,010

(b) Non-current

Secured loans and debentures	37,263	33,374	38,513
Unsecured liabilities	205	205	205
	37,468	33,579	38,718

37,263	33,374	38,513
205	205	205
37,468	33,579	38,718

Total Public Debt

46,478	43,292	47,728
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Notes to the Financial Statements (cont'd)

(c) Security

Public Debt is secured over future rating income by a floating charge through the operation of a Debenture Trust Deed. Rotorua Regional Airport loans are by floating charge over the assets of the Company to a value of \$20,000,000.

(d) Variations from/changes to the Borrowing Management Policy

Council operates a Treasury Management Policy that incorporates an Investment Management Policy and a Liability Management Policy.

The former Borrowing Management Policy was replaced by the Liability Management Policy on 24 June 2003 to commence 1 July 2003.

(e) Repayment Terms

	Council 2003 \$000's	Council 2002 \$000's	Group 2003 \$000's
Within One Year	9,010	9,713	9,010
One to Two Years	7,501	9,010	8,751
Two to Three Years	9,416	7,501	9,416
Three to Four Years	10,409	9,416	10,409
Four to Five Years	9,007	5,509	9,007
Five years and over	1,135	2,143	1,135
	46,478	43,292	47,728

(f) Interest Rates

The weighted average effective interest rates on borrowings are:

	Council 2003 %	Council 2002 %	Group 2003 %
Within One Year	6.49	7.94	6.49
One to Two Years	8.97	6.49	8.71
Two to Three Years	6.61	8.97	6.61
Three to Four Years	6.63	6.61	6.63
Four to Five Years	6.86	7.19	6.86
Five years and over	6.63	6.80	6.63
Overall weighted average	7.02	7.38	7.03

(g) Sinking Funds held by Rotorua District Council.

	Council 2003 \$000's	Council 2002 \$000's	Group 2003 \$000's
Opening Balance	8,433	9,171	8,433
Contributions	1,195	1,620	1,195
Interest Received	391	715	391
Withdrawals	(5,845)	(3,073)	(5,845)
Closing Balance	4,174	8,433	4,174

Note 14: Related Party Transactions

The following are the disclosure of transactions between the Rotorua District Council and the Rotorua Regional Airport Limited. Council holds a 100% shareholding in the Airport Company after acquiring a further 50% on 31 July 2002.

- i) Outstanding loans owing from Rotorua Regional Airport Ltd to the Council as at 30 June 2003 total \$3,428,915 (\$0 2001/2002). Interest rate 7% being a total of \$112,140 (\$0 2001/02).
- ii) Rates of \$24,830 (\$18,956 2001/02) and water charges of \$2,054(\$1,818 2001/02) have been received from the Rotorua Regional Airport.
- iii) Council received a net dividend from the Airport Company of \$330,000 (\$0 2001/02).

Notes to the Financial Statements (cont'd)

- iv) The council received \$35,140 (\$0 2001/2002) for engineering & project management services in relation to the runway extension.
- v) Other payments received from the airport include \$26,051 (\$0 2001/02) for development levy marketing, \$1,636 (\$0 2001/02) for maintenance services and 1,680 (\$0 2001/02) for airport master plan tender evaluation.
- vi) Reimbursement of costs paid by council on the airports behalf amounted to \$534,810, of which \$405,133 was a debtor as at 30 June 2003.
- vii) Councillors Oppatt & Martin are directors of the Rotorua Regional Airport.

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with the Council, (such as payment of rates, purchase of rubbish bags).

Except for items of a minor nature, no other Councillors or senior management have entered into related party transactions with the group.

Note 15: Equity

	Council 2003 \$000's	Council 2002 \$000's	Group 2003 \$000's
(a) Accumulated Funds			
Opening Balance	327,212	321,021	327,212
Net Surplus	17,434	6,662	17,412
Airport Revaluation on Purchase	-	-	-
less Landfill Post Closure Costs in for the first time	-	(600)	-
Change due to airport	(4)	-	(4)
	344,642	327,083	344,620
Transfers to:			
Council Created Reserves	9	1,325	9
Restricted Reserves	337	673	337
Self Funding Reserves	1,579	2,555	1,579
Airport Reserve	-	1	-
Payments to Sinking Fund	1,586	2,335	1,586
	3,511	6,889	3,511
Transfers from:			
Council Created Reserves	4	2,820	4
Restricted Reserves	527	635	527
Self Funding Reserves	1,540	237	1,540
Sinking Funds Uplifted	5,845	3,073	5,845
Revaluation Reserves		253	-
	7,916	7,018	7,916
Closing Balance	349,047	327,212	349,025

Notes to the Financial Statements (cont'd)

(b) Self Funding Reserve

Self Funding Reserves are reserves established at Council's will for activities undertaken by Council on the basis that the activities will generate enough revenue over time to cover the cost of their operation. The reserve balance represents accumulated balances to date of such activities.

	Opening Balance 01.07.02 \$000's	Invested During Year \$000's	Withdrawn During The Year \$000's	Interest Earned to 30.06.03 \$000's	Closing Balance 30.06.03 \$000's
Pensioner Housing	189	10	-	12	211
Wastewater	(3,025)	1,480	-	(148)	(1,693)
Mourea Wastewater	-	-	195	-	(195)
Landfill	(738)	-	209	(55)	(1,002)
Water	2,060	38	1,136	90	1,052
Refuse Collection	(23)	149	-	3	129
Total Self Funding Reserves	(1,537)	1,677	1,540	(98)	(1,498)

(c) Council Created Reserve

Council Created Reserves are established by Council Resolution for the purposes stated below. Transfers to and from these reserves is at the discretion of Council.

	Opening Balance 01.07.02 \$000's	Invested During Year \$000's	Withdrawn During The Year \$000's	Interest Earned to 30.06.03 \$000's	Closing Balance 30.06.03 \$000's
Reporoa Domain	10	5	4	1	12
Waikite Domain	24	2	-	1	27
Total Council Created Reserves	34	7	4	2	39

(d) Restricted Reserve

Restricted Reserves are subject of specific conditions set either by legislation, Trust or Bequests and the purpose may not be changed without reference to the Courts of a third party.

	Opening Balance 01.07.02 \$000's	Invested During Year \$000's	Withdrawn During The Year \$000's	Interest Earned to 30.06.03 \$000's	Closing Balance 30.06.03 \$000's
Reserves Development	465	180	447	19	217
Hillary Commission Reserve	1	7	1	-	7
Creative NZ Reserve	10	44	35	1	20
Library Bequest	300	-	17	17	300
Property Development	319	49	27	20	361
Total Restricted Reserves	1,095	280	527	57	905

Restrictions

Reserve Development: Section 108 of the Resource Management Act 1991 requires funds to be set aside for the Development of Reserves.

Hillary Commission Reserve: Hillary Commission Local Funding Scheme funds which are available for assisting programmes in sport, fitness and leisure.

Creative NZ Reserve: Creative Communities New Zealand Scheme funds available for promoting the arts.

Notes to the Financial Statements (cont'd)

Library Bequest: Section 31 of the Local Legislation Act 1937 states the fund is an endowment for the maintenance and benefit of a public library in the Borough of Rotorua.

Property Development: Sections 561,562,572 of the Local Government Act 1974 requires various sales of properties to be credited to a Housing and Property Account. Funds are used for Property Development.

	Council			Group		
	Opening Balance 01.07.02 \$000's	Revalued Property Sales w/o \$000's	Closing Balance 30.06.03 \$000's	Opening Balance 01.07.02 \$000's	Revalued Property Sales w/o \$000's	Closing Balance 30.06.03 \$000's
Consists of:						
Aiport Assets	-	-	-	-	700	700
Buildings	15,068	(788)	14,280	15,068	(788)	14,280
City Focus	4	-	4	4	-	4
Footpaths	8,406	(646)	7,760	8,406	(646)	7,760
General	135	(90)	45	135	(90)	45
Land	0	35,160	35,160	-	35,160	35,160
Library	0	326	326	-	326	326
Parking	70	86	156	70	86	156
Parks and Reserves Assets	1,278	2,119	3,397	1,278	2,119	3,397
Roading	61,018	4,324	65,342	61,018	4,324	65,342
Stormwater	23,454	3,473	26,927	23,454	3,473	26,927
Street Items	2,413	458	2,871	2,413	458	2,871
Waste Management	18	78	96	18	78	96
Waste Water Reticulation	3,753	4,378	8,131	3,753	4,378	8,131
Water Works	9,957	9,441	19,398	9,957	9,441	19,398
Total Asset Revaluation Reserve	125,574	58,319	183,893	125,574	59,019	184,593

(f) Share of Airport Reserve

This is Rotorua District Council's Share of Post-acquisition Reserves of our Associate Company, Rotorua Regional Airport Ltd

	Council 2003 \$000's	Council 2002 \$000's	Group 2003 \$000's
Opening Balance	4	3	4
Transfers to:	-	-	-
	-	-	-
	4	3	4
Transfers from:			
Retained Earnings	4	1	4
	4	1	4
Closing Balance	8	4	8

Note 16: Financial Instruments

Council is risk averse and seeks to minimise exposure from its treasury activities. Council provides risk management for interest rates and the concentration of credit risk. Council has established a Treasury Management Policy specifying what transactions can be entered into. The policy does not allow any transactions that are speculative in nature to be entered into.

Notes to the Financial Statements (cont'd)

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could particularly impact on the cost of borrowing or the return from an investment.

Note 6 provides information on investment interest rates and maturity profile.

Note 13 provides information on term loan interest rates and maturity profile.

Councils current policy enables it to hedge up to 100% of it's interest rate risk within the next one year period.

Council can hold up to 30% of total debt with a floating rate.

Council finances its public debt by fixed rate stock at interest rates between 2.5% and 16% (2001/2002 between 2.5% and 16%) with maximum due date of 2027.

As at 30 June 2003 Council does not have any interest rate risk management instruments in place.

Currency Risk

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

Council has no exposure to currency risk, all financial instruments are in New Zealand dollars.

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, accounts receivable, rates, all investments and sports club and other guarantees.

Council places its cash and short term deposits with high credit quality financial institutions and limits the amount of credit exposure to any one institution.

Accordingly the council does not require any collateral or security to support the financial instruments with organisations it deals with, except for the short term loan to the Rotorua Regional Airport Ltd (refer Notes 13 and 14).

Concentrations of credit risk with respect to rates and other receivables are limited, due to the relatively low value owed by any single debtor.

Fair Value

Fair Value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties, in an arm's length transaction.

Other than disclosed below, the fair value of financial instruments is approximately equivalent to the carrying amount disclosed in the Statement of Financial Position.

	Carrying Amount 2003 \$000's	Fair Value 2003 \$000's	Carrying Amount 2002 \$000's	Fair Value 2002 \$000's
Cash at Bank				
Rates and Other Receivables	1,314	1,314	905	905
Investments Short Term	12,347	12,347	9,006	9,000
Investments Long Term	13,848	13,848	17,140	17,247
Total financial assets	6,675	6,675	5,510	5,500
	34,184	34,184	32,561	32,652
Accounts Payable				
Public Debt	9,126	9,126	8,670	8,670
Total financial liabilities	46,478	47,850	43,292	43,640
	55,604	56,976	51,962	52,310
Guarantees				
Total of Statement of financial position items	175	175	163	163
	175	175	163	163

Notes to the Financial Statements (cont'd)

Group	Carrying	Fair	Carrying	Fair
	Amount	Value	Amount	Value
	2003	2003	2002	2002
	\$000's	\$000's	\$000's	\$000's
Cash at Bank	1,628	1,628	905	905
Rates and Other Receivables	8,764	8,764	9,006	9,000
Investments Short Term	13,848	13,848	17,140	17,247
Investments Long Term	1,251	1,251	5,510	5,500
Total financial assets	25,491	25,491	32,561	32,652
Accounts Payable	9,292	9,292	8,670	8,670
Public Debt	47,728	49,100	43,292	43,640
Total financial liabilities	57,020	58,392	51,962	52,310
Guarantees	175	175	163	163
Total off Statement of financial position items	175	175	163	163

The following methods and assumptions are used to estimate the fair value of each class of financial instrument for which it is practical to estimate that value.

Cash and Short Term Bank Deposits, Local Body Stock, Rates and Other Receivables, Creditors and Sundry Liabilities:

The fair value of these items is considered to be equivalent to their carrying amount because of their short maturity.

Investments:

Where it is not practical to estimate fair values as there are no quoted market prices for these or similar investments these have been shown at cost. Shares in associated companies are valued on equity accounting basis as at 30 June 2002.

Liabilities:

The fair value is estimated discounted cash flows at current market interest rates available to the Council for debt of similar maturities.

Guarantees:

The fair value is estimated at the liability remaining as at balance date under the guarantees .

Note 17: Chief Executive's Remuneration

The Chief Executive of the Council is appointed under section 119(1) (a) of the Local Government Act 1974. The total cost, including fringe benefit tax to the Council of the remuneration package received by the Chief Executive for the year ended 30 June 2003 was \$200,159 (2002 \$221,055).

During the 2001/2002 year there was a change in Chief Executive. The previous Chief Executive was employed until 5th April 2002. The new Chief Executive took up his position on 2nd April 2002.

	Council 2003	Council 2002	Group 2003
	\$	\$	\$
Salary Former Chief Executive	-	179,078	-
Salary Current Chief Executive	167,280	34,488	167,280
Vehicle Current Chief Executive	12,165	3,052	12,165
	179,445	216,618	179,445

Notes to the Financial Statements (cont'd)

In terms of his contract the Chief Executive also receives the following additional benefits:

	Council 2003 \$	Council 2002 \$	Group 2003 \$
Professional Association Fees Former Chief Executive	-	300	-
Professional Association Fees Current Chief Executive	300	-	300
Telephone and Sundries Former Chief Executive	-	200	-
Telephone and Sundries Current Chief Executive	200	-	200
Corporate Bonus Former Chief Executive	-	3,937	-
Superannuation	8364		8364
Total Remuneration	8,864	4,437	8,864

Note 18: Reconciliation of Net Surplus to Net Cash Inflow from Operating Activities

	Council 2003 \$000's	Council 2002 \$000's	Group 2003 \$000's
Net surplus/(deficit) for the year	17,434	6,662	17,412
Add/(deduct) non-cash items			
Decrease in Term Gratuities & Long Service Leave	58	95	58
Depreciation	15,071	12,071	15,386
Change in Revaluation Reserve	(12,193)	-	(12,193)
Provision for Doubtful Debts	(69)	(28)	(69)
Airport Income	266	(107)	-
Profit on Disposal	(33)	(106)	(46)
Loss on Disposal	98	598	100
Increase in shareholding	(2)	-	(2)
Writedown of UAGC Provision	(1,417)	-	(1,417)
Assets vested or recognised for the first time by Council	(1,800)	(1,463)	(1,800)
Total non-cash items	(21)	11,060	17
Add/(deduct) movement in working capital			
Increase in Accrued Payroll	70	106	70
Increase in Accrued Interest Payable	101	(30)	101
Increase in Inventories	(157)	10	(157)
Increase in Rates Debtors	(95)	242	(95)
Decrease in General Debtors	287	1,971	737
Taxation	-	-	(183)
Deferred Taxation	-	-	(10)
Increase in GST Receivable	(89)	(738)	(89)
Decrease in Prepayments	57	(30)	28
Increase in Creditors	456	(267)	456
Decrease in Other Accrued Liabilities	(200)	106	(235)
Total working capital movements	430	1,370	623
Add/(deduct) investing items included in working capital			
	(456)	914	(449)
Total investing activities	(456)	914	(449)
Net Cash inflow from operating activities	17,387	20,006	17,603

Notes to the Financial Statements (cont'd)

Note 19: Contingencies

	Council 2003 \$000's	Council 2002 \$000's	Group 2003 \$000's
Guarantees			
Guarantees to community and sporting groups	175	163	175
Contingent Liabilities			
Performance bond BNZ on behalf of Tourism Rotorua	163	195	163
Uniform annual general charges in respect to properties subject to rating apportionments. Reduced to zero during the year as the privy council agreed with council position and therefore the contingency is no longer required.	-	572	-
Council is currently facing nine legal claims. Council does not accept the validity of all these claims and is in the process of resolving them through normal legal channels. In the event of any liability being placed upon Council, Council's Indemnity Policy will cover the liability.	613	931	613
Total Contingent Liabilities	951	1,861	951

Note 20: Commitments

	Council 2003 \$000's	Council 2002 \$000's	Group 2003 \$000's
Non-cancellable operating lease commitments:			
Not later than one year	145	117	145
Later than one year and not later than two years	119	91	119
Later than two years and not later than five years	271	266	271
Later than five years	573	685	573
Total non-cancellable operating lease commitments	1,108	1,159	1,108
Council is committed to the following Capital Contracts.			
Recreation and Community Services	41	103	41
Works and Engineering Services	11,234	8,919	11,234
Support Services	-	76	-
Rotorua Regional Airport Ltd	-	-	69
	11,275	9,098	11,344
Total commitments	12,383	10,257	12,452

Note 21: Changes to the Annual Plan and Prior Period Comparatives

To align with our current significant activities the annual and prior period comparatives have been changed to reflect the following changes:-

Community Parks and Recreation has been renamed the Social and Cultural activity which now also includes the Central Business District Operations function.

Significant activities Rooding, Land Drainage and Engineering General, Wastewater, Waste Services and Water have been combined into the significant activity called Infrastructural.

Notes to the Financial Statements (cont'd)

Marketing and Economic Development significant activity has been renamed Economy and Support Services has been renamed Policy and Strategic Direction and no longer contains the Central Business District Operations Function.

Performance Targets from Council's Business Plan have been added into Rural Fire, Passenger Transport and Laboratory activities, so that each activities performance has been assessed.

Water, Sewerage and Refuse rates are now combined in the Infrastructural Revenue in the Statement of Service Performance. Note 1 discloses the details

Significant variances in actual transactions from the Annual Plan have been detailed in the Chief Executive's report.

Note 22: Agency Relationships

The following are agency relationships where Council is involved in administering expenditure and revenue on behalf of other organisations.

These agency transactions have not been included in Council's current year operating results. Council has, however, included in its Statement of Cashflow the net movement in agency debtors and creditors, and included within the Statement of Financial Position the Council's asset or liability in relation to the agencies.

Petrol Tax

The Bay of Plenty Local Authority Petrol Tax distribution for the year ended 30 June 2002:

	2003 \$000's	Percentage	2002 \$000's	Percentage
Kawerau District Council	65	2.6%	65	2.7%
Opotiki District Council	74	3.0%	74	3.0%
Rotorua District Council	658	26.3%	652	26.6%
Taupo District Council	328	13.1%	325	13.3%
Tauranga District Council	738	29.5%	704	28.7%
Western BOP District Council	375	15.0%	369	15.1%
Whakatane District Council	263	10.6%	261	10.6%
Total Tax Distributable to Councils	2,501	100.1%	2,450	100.0%

	2003 \$000's	2002 \$000's
State Highways Administration		
Expenditure on State Highways Roding Network (Reimbursed from Transit New Zealand & Whakatane District Council)	6,471	7,562

Regional Council Rates

Rates were collected on behalf of the following Regional Authorities.

Environment Waikato	464	344
Environment Bay Of Plenty	1,434	1,007
	1,898	1,351

Notes to the Financial Statements (cont'd)

Rotorua Safer Community	2003 \$000's	2002 \$000's
Operational Grants		
Opening Funds Available		
Grants Received	52	41
Less Expenditure	47	55
Closing Funds Available	<u>(20)</u>	<u>(44)</u>
	<u>79</u>	<u>52</u>
Discretionary Funding		
Opening Funds Available		
Grants Received	26	48
Less Expenditure	25	31
Closing Funds Available	<u>(22)</u>	<u>(53)</u>
	<u>29</u>	<u>26</u>
Total Funds Available	<u>108</u>	<u>78</u>

Note 23: Events After Balance Date

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



Statement of Financial Involvement in LATEs and Other Companies or Organisations

Rotorua has 100% shareholding in Rotorua Regional Airport Limited. Details of transactions in this entity are detailed in note 14.

Statement of Compliance and Responsibility

Compliance

1. The Council and management of the Rotorua District Council confirm that all the statutory requirements of Parts VIIA and VIIB of the Local Government Act 1974 regarding financial management and borrowing have been complied with.
4. In the opinion of the Council and management of the Rotorua District Council, the annual Financial Statements for the year ended 30 June 2002 fairly reflect the financial position and operations of the Rotorua District Council.

Responsibility

2. The Council and management of the Rotorua District Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.
3. The Council and management of the Rotorua District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

Mayor

Chief Executive