

ANNUAL REPORT

2023



ROTORUA
LAKES COUNCIL

PROGRESS AND HIGHLIGHTS 2022/23

Welcomed in our new mayor and council in October 2022

The Laboratory successfully adapted to increased water sampling and testing requirements set by Taumata Arowai.

Completion: 100% of Rotomā and about 65% of East Rotoiti properties installed and operating, with the WWTP in compliance with resource consent.

Heads of Agreement signed with Ngati Kea-Ngati Tuara to return Karamu Takina springs.

Grant of resource consent to take water by Ngati Rangiwewehi - commended at LGNZ Excellence Awards.

Completed the Sir Howard Morrison Centre refurbishment - official opening held in February 2023

Launch of new brand for the Sir Howard Morrison Centre - 2023 Best NZ Design Awards finalist

First election with a Māori ward - 3 new Māori ward Councillors

Launch of the Whakarewarewa forest app.

Targeted marketing campaigns led to a full stadium (20,000) for the NRL Indigenous Rugby League game. This event achieved a broadcast audience of more than 815,000 across 110 countries with 94% of game attendees based outside of Rotorua.

Increased voter turnout to 46.4% (from 41.2% in 2019) in local government elections with the (s)elect app and digital communications.

Te Ara Wa project returns taonga to marae for wananga.

Awarded almost \$85 million from central government to enable housing through stormwater works.

Construction of Stage 2 of the Aquatic Centre got underway in October 2022.

The Lakefront boardwalk was completed in August 2022 and was opened with a karakia.

Pukehangi stormwater management plan, well-received by mana whenua.



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HE MIHI WELCOME

Ka pō, ka pō, ka ao, ka ao
Tākiri mai te ata
Kōrihi ngā manu
Ka āo, ka āo, ka awatea.
'Tis dark, 'tis dark, 'tis light, 'tis light
The morning breaks
The birds are singing
'Tis light, 'tis light, daylight has arrived.
E ngā reo, e ngā, mana, e ngā iwi
Koiane te hau o mihi e rere kau ana ki a koutou.
Tangihia wō tātau aituā, kia tau ai te āhuetanga ki a rātau.
Tātau e ora nei, e whiri nei i ngā whakaaro ki ngā tau e tū mai nei,
Tēnā koutou katoa.
To the many voices, authorities, and people
We extend our greetings to you all.
Let us farewell those who have passed, may they find everlasting peace.
We, of this mortal coil, who can now weave our thoughts for a powerful
tomorrow,
We greet you.



TE NGAKO O TĒNEI PŪRONGO ABOUT THIS REPORT

This annual report covers the performance of Rotorua Lakes Council Group for the period 1 July 2022 to 30 June 2023.

Rotorua Lakes Council Group includes the council organisation and council-controlled organisations (CCOs).

The report reflects success and the challenges that Council has faced in delivering against the second year of the Long-term Plan 2021-31. It also includes a snapshot of our performance (both highlights and challenges), our progress and expenditure.

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

AUDIENCE FOR THIS REPORT

This report is intended to provide important information to a broad range of stakeholders including the Rotorua community, local businesses, non-government organisations, Council partners and other government departments and agencies. It also provides the staff of the Rotorua Lakes Council with information on how well we have performed over the year and how their efforts have contributed towards Council's priority work areas.



HE KUPU NĀ TE MANUKURA MAYOR'S MESSAGE

Tēnā koutou,

Our new Council was elected part way through this financial year and quickly got to work implementing the change that our community voted for. It was a priority for us to begin making meaningful progress in areas important to our community and this is reflected in this annual report.

Internally we turned around a significant multi-million dollar deficit and put a stop to unnecessary spending.

Investment in critical infrastructure remained a priority and throughout the year good progress was made on the Tarawera Sewerage Scheme, East Rotoiti/Rotomā Sewerage Scheme, and upgrades to the Waste Water Treatment Plant. These projects will contribute to protecting the health and wellbeing of both our people and our environment.

Addressing our housing crisis has been a key concern of our community and also a key focus for our Council. Through central government's Infrastructure Acceleration Fund, our council received almost \$85 million to enable housing development through stormwater works. This investment will be critical to enabling the construction of much needed homes in Rotorua and provided certainty for those working to increase housing supply and provide more housing options for our community.

To further support housing development in Rotorua, we also signed the Rotorua Housing Accord with Government and our iwi partners in response to the urgent need to end mixed-use emergency housing and deliver better housing solutions. Throughout the year we have seen a significant reduction in the number of emergency housing motels being used in Rotorua and have seen a significant increase in housing development.

In the past year we celebrated a number of exciting milestones with our community.

Stage two of the Aquatic Centre Revitalisation began in November 2022. Work is now well underway to deliver the better Aquatic Centre our community has asked for and needs, and we're looking forward to delivering our improved public facility in 2024.

In February 2023, we also reopened the Sir Howard Morrison Centre, a historically significant building for Rotorua. The building had been closed for five years while restoration work was underway and reopening this new facility was very meaningful to our community and next generation of performers.

During the year our Council also consulted with the community about the future of another one of our historic and iconic buildings – the Rotorua Bathhouse and Museum. There was significant support to progress with construction and re-open this much loved facility and our Council will progress this work over the coming year.

Rotorua Lakes Council has worked hard to deliver on these priority areas and ensure a better Rotorua for all. We're looking forward to the years ahead and have our sights set on delivering even more progress for Rotorua.

Ngā mihi



TANIA TAPSELL
Mayor



MANU MĀTĀRAE ELECTED MEMBERS - OUR COUNCIL



-  GENERAL WARD
-  MĀORI WARD
-  RURAL WARD



ROTORUA LAKES COUNCILLORS

From left to right: Tania Tapsell - Mayor of Rotorua, Deputy Mayor Sandra Kai Fong, Cr Greg Brown Cr Robert Lee, Cr Conan O'Brien, Cr Don Paterson, Cr Fisher Wang, Cr Lani Kereopa, Cr Trevor Maxwell MNZM Cultural Ambassador, Cr Rawiri Waru, Cr Karen Barker



ROTORUA LAKES COMMUNITY BOARD

From left to right: Phill Thomass (Chair), Nick Chater (Deputy Chair), Peter MacMillan



ROTORUA RURAL COMMUNITY BOARD

From left to right: Ben Hollier (Chair), Anker Hansen, Colin Guyton, Rachel Clarke



Te Tatau o Te Arawa
represents the collective
interests of Te Arawa with
Rotorua Lakes Council.





TE TATAU O TE ARAWA TE ARAWA PARTNERSHIP BOARD

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

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

The board of trustees comprises 14 members, representative of a cross section of Te Arawa stakeholders including koeke (elders), Ngāti Whakaue, Te Arawa iwi and hapū, land trusts and incorporations, pan-Te Arawa entities and rangatahi (youth). There were three vacancies on the board at time of reporting.



TE TATAU O TE ARAWA BOARD MEMBERS

TE ARAWA IWI AND HAPU (6 SEATS)

James Hamiora (Chair)
Te Taru White
Aroha Bray
Dr Kēpa Morgan
Mariana Vercoe
Vacancy 1

KOEKE (1 SEAT)

Kiri Potaka-Dewes

NGATI WHAKAUE (2 SEATS)

Rangitīaria Tibble

Vacancy 2

LAND TRUSTS & INCORPORATIONS (2 SEATS)

Andrew Te Amo

Vacancy 3

PAN TE ARAWA ENTITIES (1 SEAT)

Roku Mihinui

RANGATAHI (2 SEATS)

Kahutapeka Ututaonga

Te Waiarangi Collier-Merito



TE MANA KAUNIHERA HOW WE GOVERN

DELEGATING DECISION-MAKING

Councils make lots of decisions. Ensuring that decisions are made at the appropriate level is vital to ensure the efficient and effective operations of local government.

Councils have broad powers of delegation, as described in clause 32 of Schedule 7 of the Local Government Act 2002. Other Acts also contain powers of delegation, although these are specific to the particular powers in those Acts, such as the Building Act 2004.

Council introduced a Māori Ward and a Rural Ward for the 2022 election. Following the election the committee structure was developed. As at 30 June 2023 Te Tatau o Te Arawa and Council had established a working party to review the partnership agreement and make recommendations.

Certain decisions must be exercised by the full council and cannot be delegated.

These include:

- the power to make a rate
- the power to make a bylaw
- the power to borrow money, or purchase or dispose of assets, other than in accordance with the long-term plan
- the power to adopt a long-term plan, annual plan, or annual report
- the power to appoint a chief executive
- the power to adopt policies required to be adopted and consulted on under the LGA 2002 in association with the long-term plan, or developed for the purpose of the local governance statement; and
- the power to adopt a remuneration and employment policy
- the power to set and support strategies in measures related to emergency matters.

GOVERNANCE STRUCTURE

- all the powers, duties and discretions under the Civil Defence Act for the proper operation and administration of the approved Civil Defence Plan; such delegation to be executed solely within the defined policy guidelines as determined from time to time by the Council and subject to the Financial limits imposed by the approved Council estimates.

Twelve Council meetings, five Infrastructure and Environment Committee and five Community and District Development Committee meetings were held from 1 July 2022 to 30 June 2023.

Attendance at Council, Infrastructure and Environment Committee and Community and District Development Committee meetings are listed in the table below.

COUNCILLOR ATTENDANCE	Council meetings attended - 12		Committee meetings attended - 10	
	Number	%	Number	%
Hon Tania Tapsell - Mayor	12	100	8	80
Cr Sandra Kai Fong - Deputy Mayor	11	92	10	100
Cr Gregg Brown	11	92	10	100
Cr Robert Lee	12	100	10	100
Cr Conan O'Brien	12	100	10	100
Cr Don Paterson	12	100	9	90
Cr Fisher Wang	12	100	10	100
Cr Lani Kereopa	10	83	9	90
Cr Trevor Maxwell	9	75	10	100
Cr Rawiri Waru	12	100	9	90
Cr Karen Barker	12	100	10	100



2022/23 TE HANGANGA KŌMITI COMMITTEE SET-UP

COMMUNITY AND DISTRICT DEVELOPMENT COMMITTEE

Chairperson:	Cr Kai Fong
Deputy Chairperson:	Cr Brown, Cr Waru
Members:	The Mayor and all councillors

The purpose of the Community and District Development Committee is to oversee planning, monitoring, education and enforcement activities, and guide the economic and physical development and growth of the Rotorua District.

INFRASTRUCTURE AND ENVIRONMENT COMMITTEE

Chairperson:	Cr Barker
Deputy Chairperson:	Cr Wang
Members:	Mayor and all councillors

The purpose of the Infrastructure and Environment Committee is to develop, implement, monitor and review strategies, policies, plans and functions associated with Infrastructure and environment activities.

DISTRICT LICENCING COMMITTEE

Chairperson:	Karen Hunt
Council representative:	Phill Thomass
Members:	Trevor Owen, Alastair Gibson, Jane Eynon-Richards

The purpose of the District Licensing Committee is:

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

RURAL COMMUNITY BOARD

Chairperson: Ben Hollier
Members: Colin Guyton, Rachel Clark, Anker Hansen

The purpose of the Community Board is to:

- represent and act as an advocate for the interest of its community;
- consider and report on all matters referred to it by the territorial authority, or any matter of interest or concern to the community board;
- maintain an overview of services provided by the territorial authority within the community;
- prepare an annual submission to the territorial authority for expenditure within the community;
- communicate with community organisations and special interest groups within the community; and,
- undertake any other responsibilities that are delegated to it by the territorial authority.

LAKES COMMUNITY BOARD

Chairperson: Phil Thomass
Members: Peter MacMillan, Nick Chater, vacancy

The purpose of the Community Board is to:

- represent and act as an advocate for the interest of its community;
- consider and report on all matters referred to it by the territorial authority, or any matter of interest or concern to the community board;
- maintain an overview of services provided by the territorial authority within the community;
- prepare an annual submission to the territorial authority for expenditure within the community;
- communicate with community organisations and special interest groups within the community; and,
- undertake any other responsibilities that are delegated to it by the territorial authority.

AUDIT AND RISK COMMITTEE

Chairperson:	Mr Mike Garrett (Independent)
Deputy Chairperson:	Deputy Chair (Independent)
Members:	Mayor Tapsell Deputy Mayor Kai Fong Cr Barker, Cr Wang Cr Brown, Cr Waru

The purpose of the Audit and Risk Committee is to monitor and report to the Council on:

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

CEO PERFORMANCE COMMITTEE

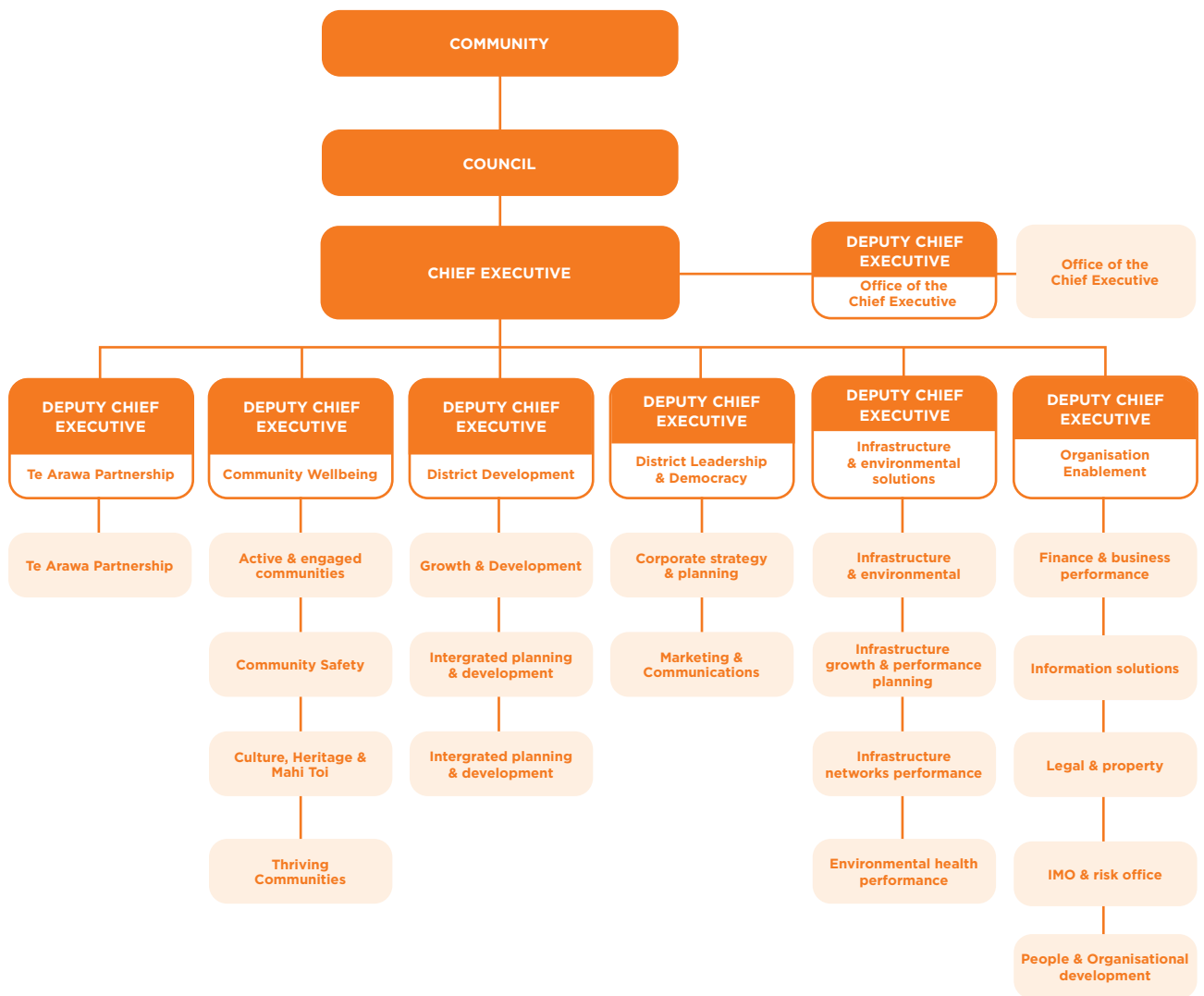
Chairperson:	Mayor Tapsell
Deputy Chairperson:	Deputy Mayor Kai Fong
Members:	All Council members

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

The Committee makes recommendations to the Council, who then decide upon final performance and remuneration outcomes.



TE OHU MANAHAUTŪ ORGANISATIONAL LEADERSHIP





TE OHU MANAHAUTŪ

ORGANISATIONAL LEADERSHIP

The Rotorua Lakes Council Executive Team is led by the Chief Executive and comprises six outcome areas:

- District Leadership and Democracy
- Te Arawa Partnership
- Community Wellbeing
- Chief Executive's Group
- Organisational Enablement
- District Development
- Infrastructure and Environmental Solutions

Our organisation has many skilled and professional people who are passionate about our District, its future and delivering better value services. Within the seven outcome areas, 20 Business Units deliver services and projects made up of 366 FTE (full time equivalent) employees.

EXECUTIVE TEAM

Chief Executive

Geoff Williams

Deputy Chief Executive – District Leadership and Democracy

Oonagh Hopkins

Deputy Chief Executive – Te Arawa Partnership

Gina Rangī

Deputy Chief Executive – Community Wellbeing

Anaru Pewhairangi

Chief Financial Officer/ Deputy Chief Executive – Organisational Enablement

Thomas Collé

Deputy Chief Executive – District Development

Jean-Paul Gaston

Deputy Chief Executive – Infrastructure and Environmental Solutions

Stavros Michael

Deputy Chief Executive – Office of the Chief Executive

Vacant



HE ARONGA POTO: TE WHAKAHAERE PŪTEA AT A GLANCE: FINANCIAL PERFORMANCE

	Actual	Budget
Operating surplus	(2,502)	24,940
Revenue	167,190	186,936
Expenditure	169,652	161,996
Revenue – from rates	118,185	118,250
Revenue – from other sources	49,005	68,686
Capital expenditure	\$94m	\$144m
Net debt	\$343m	\$355m
Credit Rating - Fitch International - March 2022	AA-	
Outlook	Stable	

The financial year 2022/2023 was marked by a mix of challenges and opportunities, both locally and globally. More specific to Council has been the high costs associated with Emergency Housing, Plan Change 9 and severe weather events including Cyclone Gabrielle. In addition, the consumer price inflation peaked at 7.3% which has had a significant cost increase on supplies and labour, this has led to a sharp increase in interest rates which adds to the cost of living burden on the wider community.

Council's end of year financial position is an operating deficit of \$2.5m compared to a budgeted surplus of \$30.0m, this variance is primarily driven by lower revenue from capital subsidies (\$31m) which is linked to delays in meeting delivery milestones on key capital projects underway. Council undertook a series of cost saving initiatives including deferral of recruitment for vacant roles and delaying or cancelling planned expenditure with contractors in a bid to reduce the forecast operational deficit. These measures have proven effective in stabilising Council's financial position despite the ongoing economic decline.

Some of the issues faced by Council this year were:

NEW ISSUES

1. Rising inflation affecting the cost of goods and services
2. Capital grants and subsidy income was lower due to delays in meeting capital delivery milestones
3. Shortage of supplies and labour causing delays to capital projects
4. Increased consultant spend to meet demand in building and consenting as well as the build back better initiative and housing strategy
5. Severe weather events including Cyclone Gabrielle

ONGOING ISSUES

1. Loss of event-driven fees and lower visitor numbers with moving covid alert levels and downturn in economy
2. Staff recruitment and retention remains challenging in the current market
3. The need to fund additional inner-city security
4. Impact of depreciation costs from the revaluation of infrastructure assets



TE WHAKAHAERE PŪTEA MANAGING THE MONEY

Rotorua Lakes Council spent \$169.7 million this year to provide direct services to the community, internal services to support and run Council, and additional services that provide benefit to the community. Additionally, \$94 million was spent on capital works to renew assets or create new facilities and amenities for our Rotorua of the future.

We manage \$1.7 billion worth of assets including roads, bridges, parks and playgrounds, halls, land, recreation and leisure facilities, drains, water and wastewater infrastructure and libraries and parks.

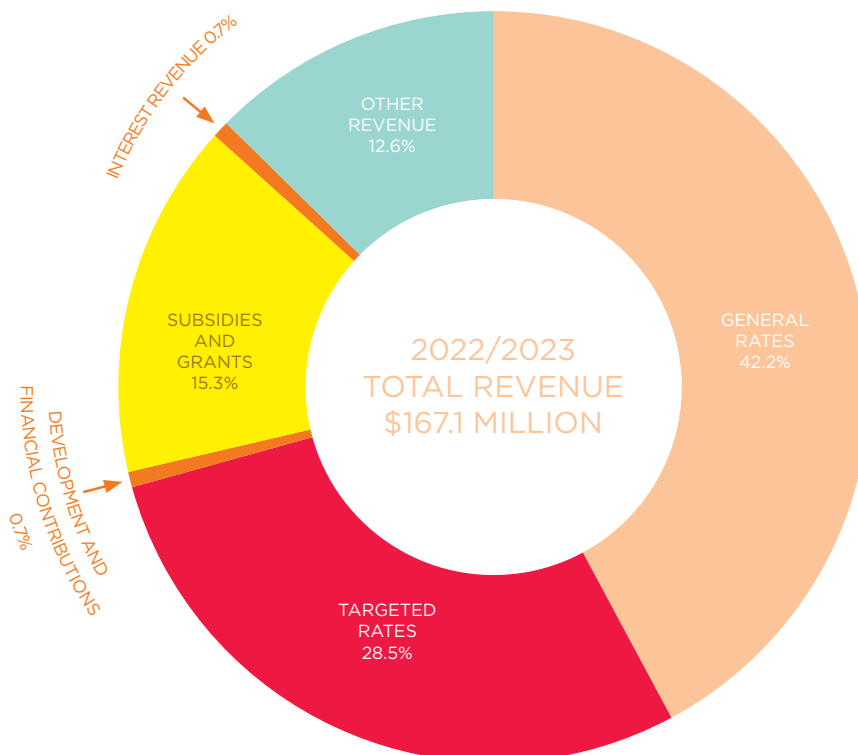
Principal sources of revenue are property rates (general and targeted), government grants and subsidies, user charges and fees.

Principal expense categories include contractors, maintenance, personnel costs, depreciation, grants to community groups and many other community services. Services provided include roading and footpaths, drinking water, waste water, storm water, library, Aquatic Centre, emergency management, and planning and regulatory programs.

Full details of the Council's Financial Statements are available from page 71.

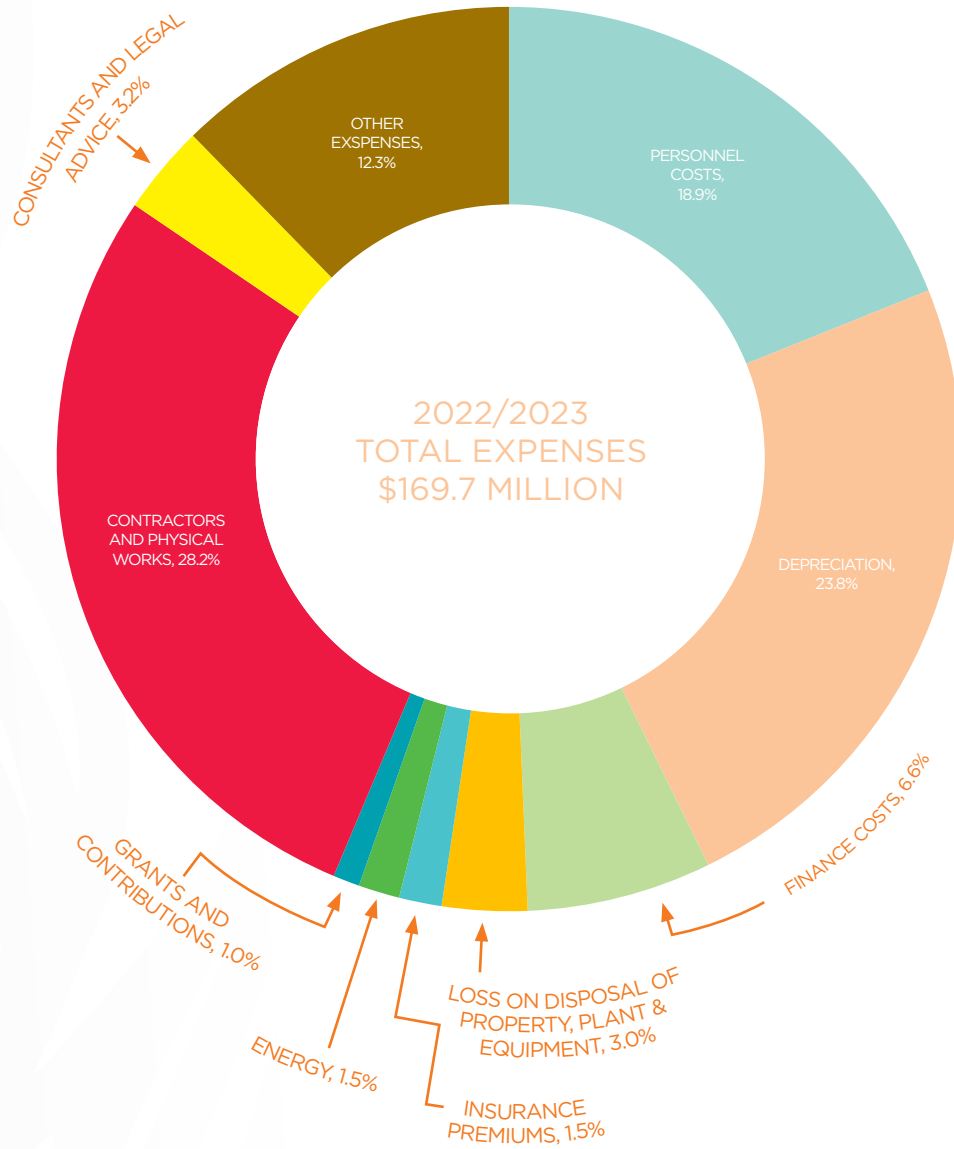
WHERE DID COUNCIL'S REVENUE COME FROM?

This year income from rates (general and targeted) contributed \$118 million or 71% of total operating revenues (2021/22 \$110 million; 65%). In addition to this, revenue was received from subsidies and grants of \$26 million; 15%, (2021/22 \$30 million; 18%).



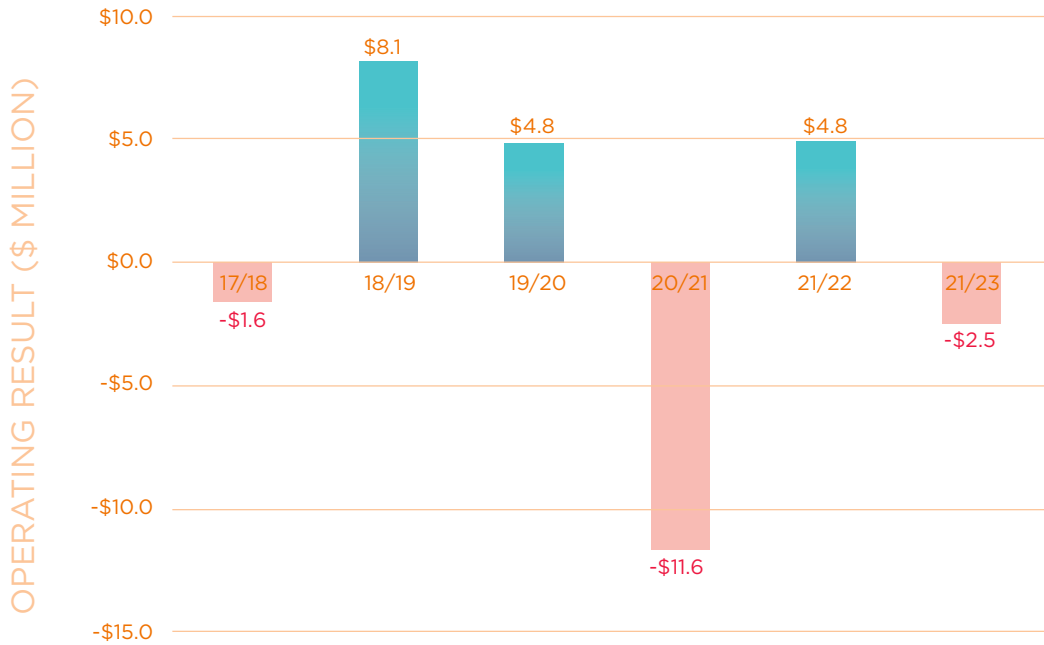
WHAT WERE COUNCIL FUNDS USED FOR?

Total operating expenditure for 2022/2023 was \$169.7m.



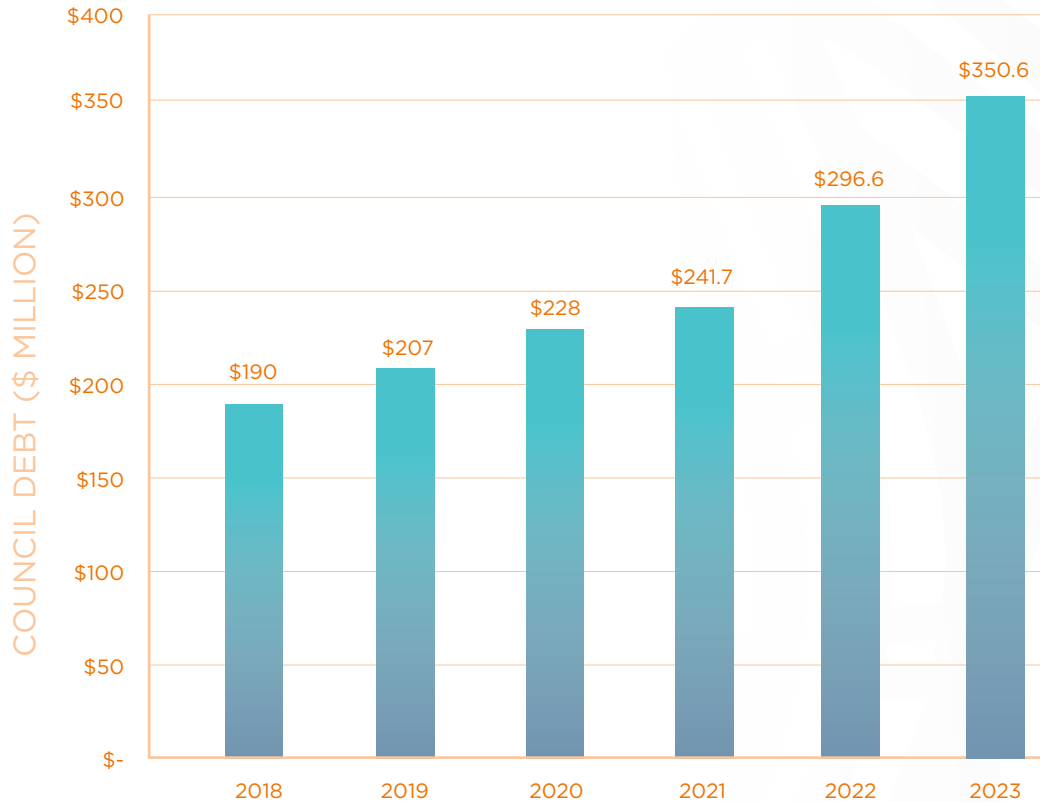
HOW DOES OUR PERFORMANCE COMPARE WITH PREVIOUS YEARS?

We have incurred a net deficit of \$2.5m in 2022/23. The surplus is the reported revenue (\$167.1m) less reported expenses (\$169.7m), which includes depreciation on property, plant, and equipment.



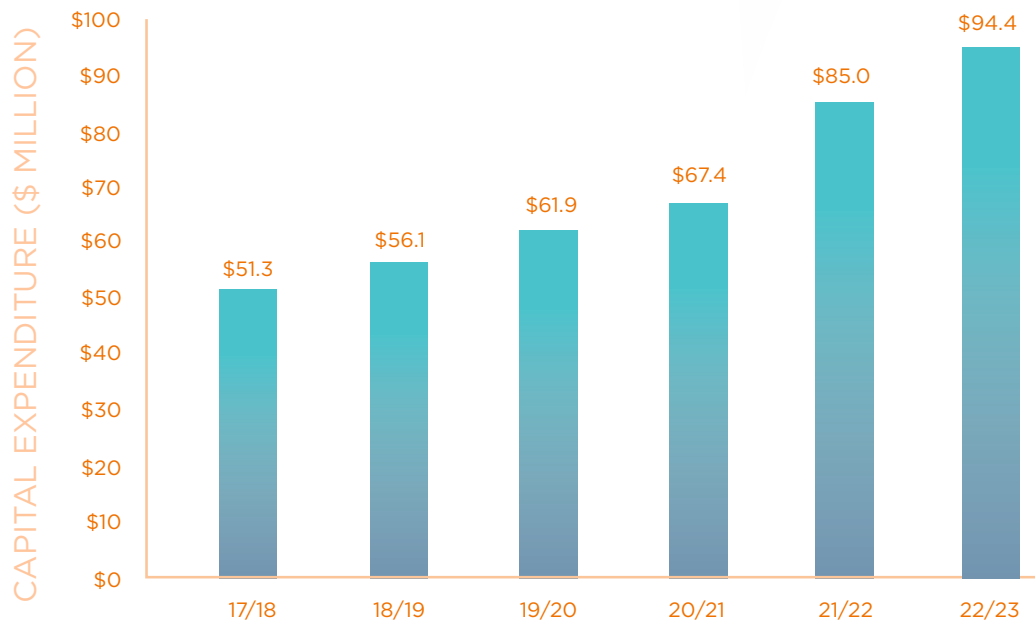
COUNCIL DEBT

Debt increased by \$54 million from last year to \$350.6 million. Council borrows funds so that the cost of new facilities, infrastructure, and associated improvements is spread over the generations who will benefit and use the assets as opposed to loading all the costs to one generation. For 2021/22 the increase in debt was driven by investment in major capital projects.



CAPITAL EXPENDITURE

Overall Council spent \$94 million on projects that either renewed assets (\$32m) or enhanced their level of service (\$53m) and growth (9m). This was \$49 million lower than our planned budget of \$144 million and is primarily due to the timing of the commencement of key projects such as the Aquatic Centre, Museum, Tarawera Sewerage Scheme and other projects. These delays were largely due to the global impact on supply chain costs and construction resources. In addition a few key projects were deferred as further investigation works and planning were carried out. Further commentary is provided in the capital pressures table below.





CAPITAL PRESSURES

Council is committed to collaborative partnerships with the community, suppliers and stakeholders. Given the need to ensure projects are fit for purpose, as circumstances and requirements change, the timing of these projects do not necessarily fit into a financial year.

PROJECT	SPEND 22/23	COMMENT
Wastewater treatment and disposal upgrade	\$9.2m	Over budget by \$1.3m this is a multi-year project, construction contract awarded, and pre-loading is underway with design implementation in progress. On-going work with mana whenua to identify discharge point for reduced forest footprint.
SHMC Enhancements	\$8.6m	Over budget by \$0.8m the official opening of this Centre was celebrated in Feb 2023 and is now fully operational.
Transport (subsidised) renewal program	\$8m	Over budget by \$0.8m this works programme supports renewal of roading across the district and has funded works relating to damage caused by Cyclone Gabrielle.
Rotoiti / Rotomā sewage system	\$7m	Over budget by \$0.5m this project is primarily underway to connect properties to the scheme 100% complete of Rotoma and 60% complete of East Rotoiti. Intend to set a Capital rate in the upcoming Long Term Plan to begin recovery of associated costs.
Stormwater CIP funded project	\$6.8m	Over budget by \$0.8m relates to detention dams constructed along Morey St and Linton Park these are progressing well with expected construction to be finished in Feb 2024.
Sewage renewal program	\$6.2m	Over budget by \$0.8m this year Trility worked on the gravity mains renewal programme which focused on Amohau and Eruera streets within the CBD.
Lakefront Revitalisation	\$5.4m	Under budget by \$2.3m final stages underway with construction of the Wharewaka and installation and lighting of culturally significant sculptures and art work.
Aquatic Centre	\$4.4m	Under budget by \$9.2m stage 2 works underway and front of house roof is nearing completion, main pool hall structural steel is now installed and beams are currently being put into place.





NGĀ KAUPAPA WHAKA-AHUA TAKIWĀ NGĀ KŌRERO O TE WĀ PLACE - SHAPING PROJECTS PROGRESS

A number of key projects and focus areas were identified through the Long-term Plan 2021-2031 process. These projects bring about significant change through place shaping in the short to medium term.

SIR HOWARD MORRISON CENTRE

At the close of 2022, Council proudly unveiled the revamped Sir Howard Morrison Performing Arts Centre. This has been a transformation of a community gem into a stunning innovative hub of activity that can now showcase the vibrant performing arts sector for our district. Our local people and visitors will be able to be immersed in experiences of dance, performance and song that reflects our people, culture and our place.

Featured within the centre is:

- A 950+ seat theatre capable of attracting national and international shows. Theatre services, acoustics and the heating, ventilatin, and air conditioning (HVAC) have been upgraded to the level expected of a contemporary theatre. A small-scale orchestra pit has been designed to accommodate showbands and small orchestras to accompany stage performances. The pit can be raised to floor level to provide additional seating when an orchestra is not needed, or can be raised up to stage level to create a thrust.
- A flexible black box theatre that contains new infrastructure, a comprehensive package of theatre services and new acoustic treatments ensures it can be set up in a range of formats, from the traditional stage-end for up to 300 people, to smaller more intimate in-the-round, short traverse and thrust stage shows. Theatre grade, retractable seating and mobile seating blocks ensures the space is able to accommodate a wide range of music, theatre and dance performances in a range of seating layouts.
- A foyer that can hold up to 400 guests suitable for pre-show mingling, exhibitions, banquets, fashion shows, cocktail events and formal openings
- The Banquet Room that is ideal for a wide variety of business and corporate events. With its unique architectural design it provides an elegant setting and plenty of space for a banquet dinner.
- Rehearsal studios that can double as production rooms.

The grand opening of the Sir Howard Morrison Performing Arts Centre took place in February 2023. We extend our gratitude to the community, artists, and collaborators who have shaped this transformative project. Together, we embarked on a journey that unites tradition and innovation, resonating with the hearts and minds of all who seek inspiration through the performing arts.



AQUATIC CENTRE

Stage two of the Rotorua Aquatic Centre Revitalisation project that will modernize and enhance the facility for the community's enjoyment and well-being, is well underway. The main pool hall is undergoing recladding, complete with a transparent roof offering UV protection. This innovation not only brightens the interior but also ensures a welcoming and comfortable atmosphere. Alongside this, the leisure pool is being relined and equipped with convenient poolside showers. The reception area and indoor changing rooms are being refurbished, creating contemporary and accessible spaces with a family-friendly touch.

In collaboration with Central Government, Rotorua Lakes Council is investing \$23.45 million into Stage Two of the Aquatic Centre Revitalisation project. This significant partnership is aimed at providing state-of-the-art facilities that cater to the community's diverse needs. In October 2022, construction commenced, marked by securing a substantial \$8.05 million in Government funding. The indoor facilities temporarily closed on 20 November 2022 to pave the way for construction. However, the 50m outdoor heated pool and outdoor reception remain accessible to the public throughout this phase.

This financial year (2022/23) has seen the start of the Stage Two project with much of the preparation work done and the old indoor pool roof removed. Work is also underway on the refreshed reception area and changing rooms, with the underground services such as electric cables and water pipelines installed, and the concrete foundation being laid.

TARAWERA SEWERAGE SCHEME

The Tarawera Sewerage Scheme shares a common goal with other sewerage reticulation projects: to halt the discharge of untreated sewerage into our lakes. This initiative focuses on connecting approximately 450 properties to a centralised Treatment Plant located at Rotorua Central (Sulphur Point). By integrating on-property systems into this network, Council ensures that untreated sewerage from these properties no longer poses a threat to the lake ecosystem. Upon completion of the project, an estimated 300,000 litres of untreated sewerage will be prevented from entering the Tarawera Lake each year.

As of the conclusion of the 2022/23 fiscal year, the project has achieved significant milestones:

- Stage 1 Construction: The construction of Stage 1 is progressing, with work well underway. This stage represents the construction of the network linking Tarawera sewage catchment to the existing public sewerage network.
- Stage 2 Tenders: We are currently in the process of evaluating tenders for Stage 2 works. This stage represents connection of properties to the network.

Council aims to bring the Tarawera Sewerage Scheme to completion by the 2025/26 timeframe.





LAKEFRONT REDEVELOPMENT

The Lakefront Redevelopment project emerged from a shared vision to honour the deep connection of Ngāti Whakāue and Te Arawa to the Rotorua Lakefront. In 2018, a significant milestone was achieved with a Government investment of \$19.9 million from Kānoa – Regional Economic Development & Investment Unit (RDU). Alongside this, Rotorua Lakes Council committed \$20.1 million, setting the foundation for the project's transformative journey. Recognising the importance of cultural identity, an additional investment of \$1 million from Kānoa - RDU was announced in July 2020. This investment facilitated the progress of the cultural design foundation for the lakefront.

August 2022 marked a significant milestone in our journey. The final stage of the Rotorua Lakefront boardwalk has been successfully completed and is now open for the public to enjoy. A poignant karakia blessed the new space, accompanied by a break in the weather, symbolizing rangi mokopuna. This ceremony united the eastern end of the boardwalk, symbolising te rāwhiti – the rising sun, with the western end, representing te rātō – the setting sun. This seamless connection now forms a cohesive pathway, inviting people to find solace and reflection in this rejuvenated space.

With the final section of the boardwalk now complete, all major construction on the lakefront boardwalk has reached its culmination. The last major works for the Lakefront Development Project, construction of a new Whare Waka, will enable our community and visitors to view and connect with the Te Arawa taonga and is due to commence in the new financial year (2023/24).

WASTE WATER TREATMENT PLANT

The central Waste Water Treatment Plant plays a pivotal role in managing our city's sewerage system. However, its current capacity and treatment capabilities are approaching their limits. This upgrade is underway to enhance the plant's efficiency and capacity, with an anticipated completion date in 2026.

To ensure uninterrupted service during the upgrade process, Council have successfully obtained bridging consent. This consent allows Council to continue utilising the existing systems for the next five years while the comprehensive upgrade of the Waste Water Treatment Plant is ongoing.

The contract for the upgrade has been awarded and construction and necessary preloading is underway with design implementation in progress. In the meantime work continues with mana whenua to identify the final discharge point for a significantly reduced forest footprint. A new discharge system design will then be finalised and consented.





TE WHARE TAONGA O TE ARAWA ROTORUA MUSEUM

The historic Bath House building, home to the Rotorua Museum, holds immense significance for our community and country. The unfortunate damage caused by the Kaikōura earthquake in 2016 prompted its closure, igniting a journey to reinforce and enhance the Museum's integrity.

Initially projected to cost \$53.5 million based on early estimates, the path to restoration has been marked by complex ground investigations, detailed designs, and the inevitable escalation of construction costs. The anticipated cost to repair and fully restore the Museum has risen to \$81.4 million. The intricate nature and age of the building introduce complexities that warrant our utmost attention.

In response to the evolving scope and costs, Council reached out to the community in May 2023.

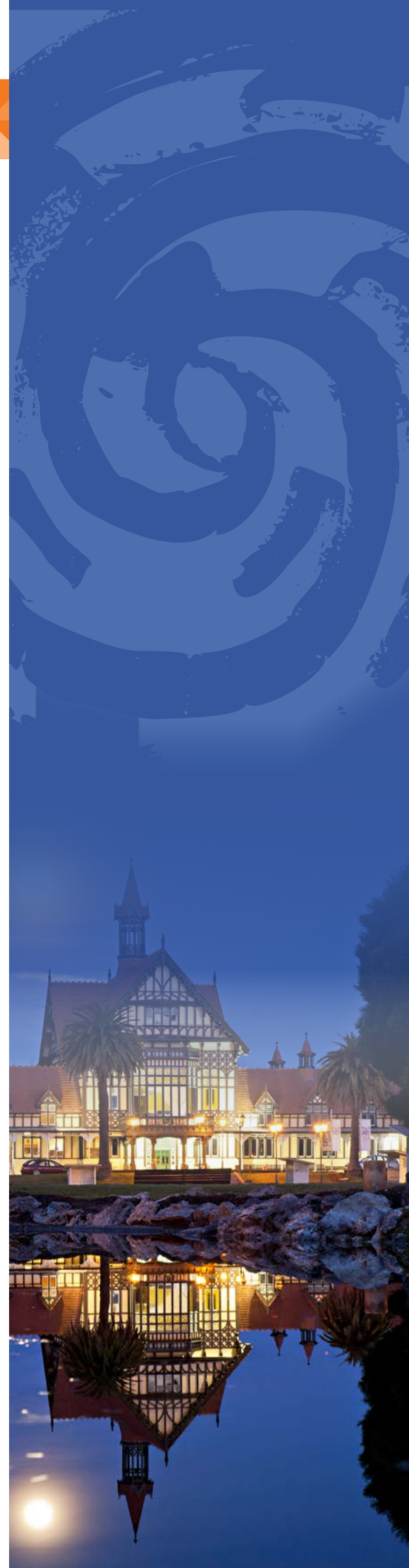
This consultation aimed to understand the community's preferences and aspirations for the project's progression. Council wanted to understand if the comprehensive strengthening, restoration, and reopening of the Museum within the Bath House building was still the community's preferred choice. There was support from the community to progress this project with construction due to commence in the next financial year (2023/24).

EAST ROTOITI/ROTOMĀ SEWERAGE SCHEME

The primary objective of the East Rotoiti/Rotomā Sewerage Scheme is to eliminate the discharge of untreated sewerage into the lakes. To achieve this, the scheme involves connecting approximately 770 properties to a central Treatment Plant located at East Rotoiti.

Through this network, on-property pre-treatment systems are seamlessly integrated, ensuring that untreated sewerage from these properties no longer finds its way into the lakes.

Once the project is complete, a substantial volume of about 600,000 litres of untreated sewerage will be prevented from entering the lakes annually.





As of the conclusion of the 2022/23 fiscal year, the following milestones have been achieved:

- 100% of properties in Rotomā and approximately 65% of properties in East Rotoiti have been successfully installed and are now fully operational within the sewerage scheme.
- The central Waste Water Treatment Plant (WWTP) has been successfully completed and is fully operational. It is essential to note that the WWTP is operating in strict compliance with all resource consent conditions.

One of the notable challenges to have been encountered relates to higher-than-usual water levels in the lakes. This situation has necessitated a de-watering process at most installation sites. This project not only safeguards the ecological integrity of our lakes but also contributes to the well-being of our local communities.

As we move forward, our focus remains on completing the remaining property connections in East Rotoiti, optimising the operational efficiency of the Treatment Plant, and addressing any challenges that may arise.

FOREST RECREATION

Mountain biking, trail walking and running in the Tokorangi and Whakarewarewa forests are part of the DNA of Rotorua. The trails attract an estimated 230,000 people for mountain biking and up to 800,000 other visitors each year. Ongoing developments have been about enhancing and creating areas that are sustainable for future generations, as well as making the forest more accessible for a variety of users to enjoy.

In 2022 the forest loop was named as a part of the great rides network and is the first to be added to this network in over a decade. The 2023 financial year saw the start of works on sections of the old boardwalk and bridges on the Motutara Point / Sanatorium track.

This project is co-funded by Council and Kānoa - Regional Economic Development & Investment Unit, as part of the Whakarewarewa Forest Development - lakefront to forest upgrade.

The upgrade focusses on achieving better connection between these popular destinations and aims to meet the contemporary needs of both the community and visitors.







HE ARONGA POTO: TE ĀHUA O NGĀ RATONGA AT A GLANCE: SERVICE PERFORMANCE

The 2021-31 Long-term Plan arranges Council's services into eight activities, setting 55 key performance indicators (KPIs). For this financial year, 50 KPIs have been reported on.

58% are achieved and 33% are not achieved with 9% not measured. In comparison in 2021-2022, 65% KPIs were achieved, 27% not achieved and 7% not measured.

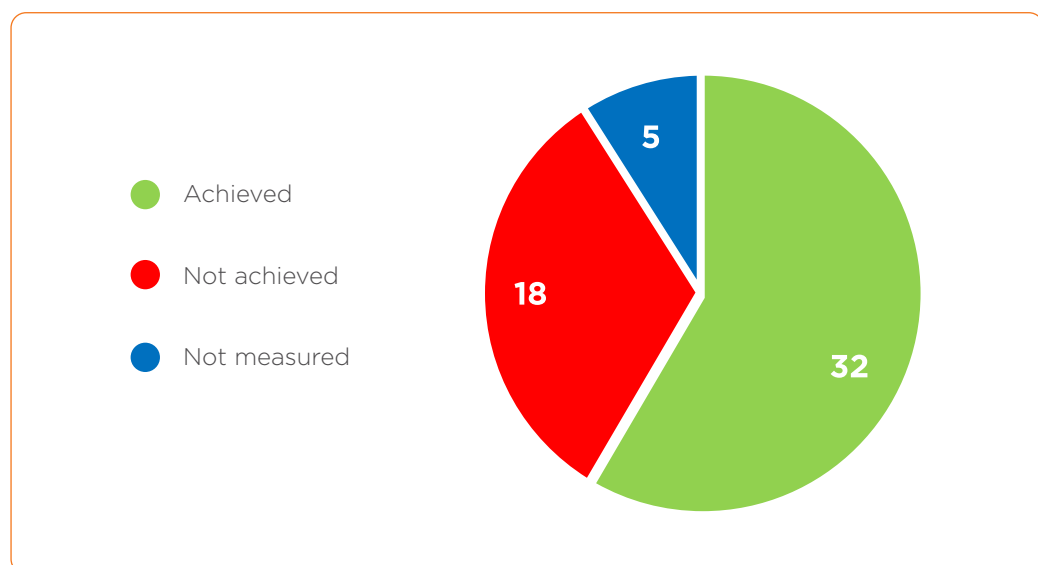
Of the measures achieved (58%), Stormwater, Sewerage and Sewage and Water supplies have performed well this year, combined they have achieved 80% of their targets.

There has been an increase in the number of people participating in community programmes with the tailoring of these programmes to match community needs with post covid demand increasing. These programmes have also been delivered in Te Reo which offers our community an alternative to English.

This year has also seen user satisfaction with Council's open space network as indicated by the summer surveys conducted and arts and culture offerings across concerts such as Six60 and events such as Children's Day 2023.

There has been a notable increase in tonnes of recycled material and green waste recovered from the Landfill in comparison to 2022. These measures have exceeded targets for the 2022/23 year.

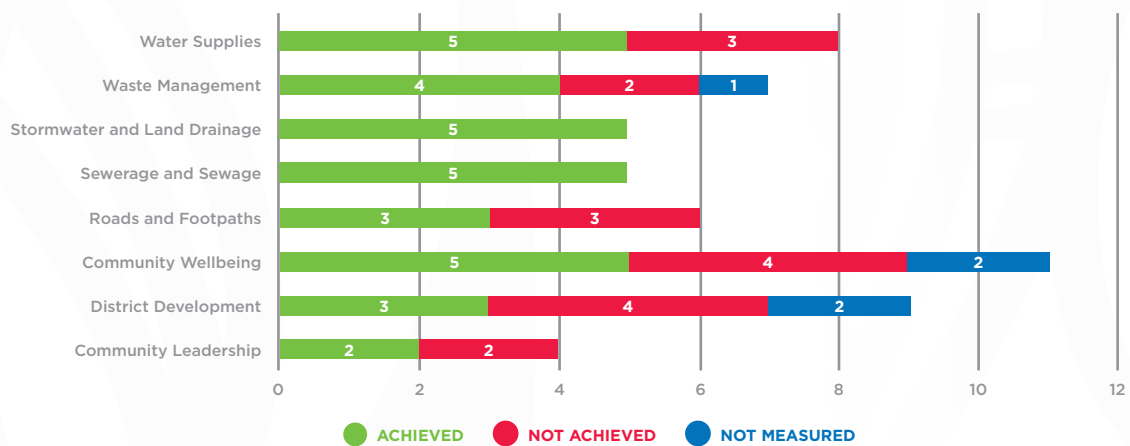
PERFORMANCE TARGETS SUMMARY



LOCAL GOVERNANCE FOR COMMUNITY WELLBEING

In May 2019, the Local Government Act 2002 was amended to reintroduce the ‘four well-beings’ into the purpose of Local Government. We, and all other councils across the country, are required to play a broad role in promoting the social, economic, environmental and cultural wellbeing of communities in the present and for the future. In this part of the Annual Report, we present the identified effects of our activities on the four dimensions of wellbeing. Some of our activities affect all four dimensions, while others may only touch on one. Effects can be positive or negative and are described in more detail within each activity.

KEY PERFORMANCE TARGETS BY ACTIVITY GROUP



PREPARATION OF SERVICE PERFORMANCE MEASURES

The Council's Statement of Service Performance information on pages 39 to 70 has been prepared in accordance with the latest Public Benefit Entity Financial Reporting Standards (PBE RFS 48) and with generally accepted accounting practice (GAAP).

For PBE FRS 48 it states that in reporting about the entity's objectives and how it intends to achieve them, the information should be drawn from the founding documents, governance documents and accountability documents.

As such, Council has drawn this information from the 2021-2031 Long-Term Plan (LTP), which sets the direction for the next 10 years.

Also, PBE FRS 48 states judgement is required in deciding how much information to provide about the current reporting period as well as comparatives for all performance measure and survey results. Please refer to the individual Statements of Service Performance for each activity.

SERVICE PERFORMANCE JUDGEMENTS AND ASSUMPTIONS

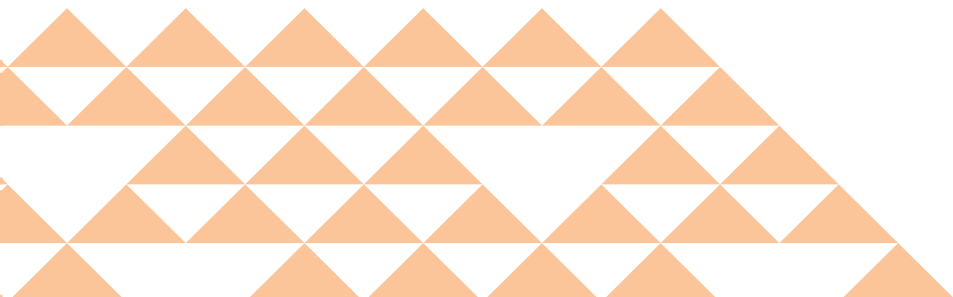
When Council prepared the forecast Statement of Service Performance in the 2021-2031 Long-Term Plan, Council made the following judgements in the selection of service performance measures detailed under each Group of Activities sections:

- Council reflected on the extent to which the levels of service Council plans to provide to the community were best captured by performance measures.
- Council have ensured that the performance measures adequately inform Rotorua residents and ratepayers of progress towards delivering Council's outcomes.

Relevant measurement judgements have been included within each group of activity section to which the judgement relates. This information applies to the Statement of Service Performance reporting from pages 39 to 70 of this report.

Under the Local Government Act 2002 Councils are mandated to provide standard performance measures so that the public may compare the level of service provided in relation to the following group of activities: water supply, sewerage and the treatment and disposal of sewage, stormwater drainage and the provision of roads and footpaths.

Department of Internal Affairs (DIA) guidance has been followed in measuring performance against all mandatory performance measures. Further to the above judgements being made in the selection of performance measures, Council also applies judgements in the measurement, aggregations, and presentation of service performance information.



EXTERNAL IMPLICATIONS FOR SERVICE PERFORMANCE STATEMENTS

There are conditions that affect the service performance results and may result in a variation from the targeted results. These are ones which are outside the control of the Council. Examples of this are, but not limited to, changes in government policy in New Zealand, changes in international travel restrictions, global and domestic economic conditions and international policy that may impact areas such as staff recruitment.

SURVEYS

Council conducts a number of satisfaction surveys that measure the community's satisfaction with a number of interactions with Council. The surveys are designed by in-house staff and external research experts, based on best practices in survey design. They are designed to measure changes in perceptions of service delivery over time. For example, questions are written so they are clearly understood by participants and neutral in tone; and response options are designed so they are balanced, do not lead participants to respond in a certain way and cover all possible responses a participant may wish to provide. Where neutrality is important these surveys are independently run.




Puarenga


Waiowhoro



KĀHUI HĀPORI ŌRANGA COMMUNITY WELLBEING COMMUNITY OUTCOMES

Council facilities and open spaces such as our public parks and reserves and sports facilities, Rotorua Library, the Aquatic Centre, redeveloped Lakefront Reserve and Government Gardens provide spaces for community interaction and activities that contribute to the social and cultural wellbeing of Rotorua.

Our visitor attractions and events, and public spaces like Kuirau Park, Government Gardens and Whakarewarewa Forest help to attract tourists to our city and contribute to our economy.

We protect, restore and enhance Rotorua's green spaces and enhance these through the provision of gardens, plantings and artworks. We provide attractions, spaces and educational programmes that contribute to the protection of the city's heritage and culture, and foster opportunities to showcase our unique history and diverse culture.



Papa whakatipu
Outstanding places to play



Waahi pūmanawa
Vibrant city heart



Whakawhanake pākihi
Business innovation and prosperity



Kāinga noho, kāinga haumarū
Homes that match needs



He hāpori pūmanawa
A resilient community



He huarahi hou
Employment choices



Tiakina to taiao
Enhanced environment

WHY WE DO IT

- To create connected thriving, communities that promote wellbeing and social cohesion.
- To have a range of activities, events and experiences that connect and engage our community.
- To support the development of communities to be to become more vibrant, resilient and sustainable.
- To support the development of community identity creation so people are proud of where they live.
- To ensure that people feel safe in public spaces and places.

WHAT WE DO

Council's Community Wellbeing activity contributes to the four well-beings of social, economic, environmental and cultural through:

- Create a sense of place – building identity and pride
- Connect communities – bringing people together to build social cohesion, contribute to and experience their place
- Strengthen neighbourhoods – building community capability and resilience
- Support wellbeing – shaping strong and healthy communities

WE WILL DELIVER THIS THROUGH PROVIDING SERVICES IN











- District Library
- Rotorua Museum
- Sir Howard Morrison Centre
- Energy Events Centre
- Markets Events and Festivals Sports
- Recreation and Environment
 - Gardens, reserves and sports grounds
 - Aquatic Centre

KEY IMPACT ON COMMUNITY WELLBEING














MEASURING OUR PERFORMANCE

Council has measured its achievements towards the objectives set in the Long-term Plan 2021-2031 through the performance measures below.

Activity	Level of service	How will it be measured? (Measures)	2022/23 Target	2022/23 Result	Year-end comment as at 30 June 2023	2021/22 Result
Community Wellbeing	Creation of safe public spaces and places	Percentage decrease across the Closed Circuit Television (CCTV) district network in criminal/ antisocial/ suspicious activity	10%	 Not measured	The collected data may not cover all areas of the CCTV district network, leading to gaps in monitoring specific locations where criminal activities may occur. This incomplete coverage results in an inaccurate representation of overall changes in criminal activity. Moving forward, when we are able to combine our data with a feedback loop we will be in a position to confirm the outcome of any reported issue. We have been able to confirm the trends occurring in this space and our data capturing methods for this measure will be more robust moving forward.	 Not measured
		Number of Crime Prevention Through Environmental Design (CPTED)/ public safety assessments completed annually including key priority locations.	Percentage completion of assessments driven from priority plan	 Not measured	The subjective nature of measuring the impact CPTED has on crime, largely based on complaints and various variables, complicates assessment accuracy. Practical interventions have shown positive effects, but quantifying these impacts remains challenging. Moving forward this KPI will consist of two different elements - firstly, formal CPTED reports (undertaken by a CPTED trained professional) and secondly, CPTED based actions or advice that is recorded by a staff member and subsequently implemented.	 Not measured
		Number of lesson in Learn to Swim School programmes per term ¹	≥18,000	 9892	The Aquatic Centre offers learn to swim lessons all year round in the indoor heated pool facilities. However, in November 2022 the main pool hall was closed for upgrades and lessons were only available in the outdoor pool. During the summer months this did not have a significant impact on attendance; however, over the winter months participation dropped and remained at a reduced number for the rest of the year. The not achieved results during the early part of the financial year was due to some residual concerns about Covid in indoor facilities.	 13,993
	Creation of vibrant, energised experiences with loads of activity	Percentage of customers very/ fairly satisfied with Arts and Culture Offerings ²	90%	 90%	This achieved result is gathered from a range of Arts and Culture offerings over the 2022/23 financial year. These include six60 concerts, children library event, Children's Day 2023, Sir Howard Morrison event.	 91%
		Percentage of customers very/ fairly satisfied with quality of Markets, Events and Festivals ²	90%	 87%	This measure is not achieved for 2022/23 financial year. These results are gathered from a range of event offerings such as the NRL all-star game, and night markets. Reasons for non- achievement have been cited as long queues and lack of policing of seating areas at the NRL game. While the NRL game produced a satisfaction level of 83%, it also drew the largest emotive response compared with other previous surveys. This showed a high level of enjoyment. The reasons for non-achievement at the night market relate to food stalls having lower stocks as the evenings progressed as well as pricing of certain products.	 84%

 Not Measured  Achieved  Not Achieved

Activity	Level of service	How will it be measured? (Measures)	2022/23 Target	2022/23 Result	Year-end comment as at 30 June 2023	2021/22 Result
Community Wellbeing	Facilitate social outcomes by working with other organisations, and coordinate approaches to enable community-led initiatives and community capacity building.	Number of projects funded via the Neighbourhood Matching Fund each year.	25	 18	The funding allocation was delayed in order to align the application criteria to the new Council's priorities.	 18
		Number of community plans supported	Two community plans	 One community plan	The funding allocation was delayed while the new Council identified their priorities	New measure
		Number of people participating in community programmes for skills development and lifelong learning ³	plus 5%	 62% (38926)	As people return to pre-Covid activity with lockdown restrictions lifted, participation in community programmes and skills training has increased. Delivery of programmes have also been tailored to community needs with a range of programmes being delivered in Te Reo and English.	 24,081
	Provide for and develop a sustainable open space network	Percent of residents located in urban areas are able to walk 10-15 minutes (or 500 metres) to a neighbourhood park or equivalent function	90%	 99.6%	As development increases on urban fringes, there is a possibility of this result decreasing slightly.	 99.6%
		Percentage of users very/fairly satisfied with Council's open space network ⁴	90%	 94%	Summer park user surveys carried out from December to February across city parks.	 96.4%
		The visitor experience satisfaction rating for security in open space locations ⁴	85%	 92%	Summer park user surveys carried out from December to February across city parks.	 90.9%

 Not Measured  Achieved  Not Achieved

¹ This measure is collected by CLM (Aquatic Centre contractor) based on the number of enrolments over the year.

² The customer satisfaction surveys are developed by Council staff at different events and venues. Night market surveys are conducted through the "Happyornot" machine at the markets. Satisfaction measures for other events are conducted online and through emails to ticket purchasers and/or shared online through social media. These surveys are conducted through an opt-in sample. Responses were collected over a number of different platforms which leads to varied response rates per survey for example response rate to email invitation to take part was 17%.

³ This is compiled from the community programme register for the number of registered attendees to offered programmes.

⁴ This survey is compiled by Yardstick Parks Benchmarking and is carried out over the summer period targeting park users. A total of 210 surveys were undertaken in various Rotorua Lakes District Council parks and reserves in the summer of 2022 and 2023. Surveying was carried out between 21 November 2022 and 7 February 2023 and included responses from 17 different park locations. The methodology recommended for the surveys is to gather a minimum of 30 surveys per park type and/or major park (i.e. 30 per destination park and a total of 30 for other park types). This is undertaken to provide a level of confidence of 95% for the entire survey as a representative sample of users of the parks that were surveyed.

ROTORUA LAKES COUNCIL:

Funding Impact Statement for the year ended 30 June 2023 for Community Wellbeing

Long-term Plan	Long-term Plan	Actual
2021/22 (\$000)	2022/23 (\$000)	2022/23 (\$000)

Sources of operating funding			
General rates, uniform annual general charges, rates penalties	30,757	32,909	31,556
Targeted rates	-	-	-
Subsidies and grants for operating purposes	226	236	581
Fees and charges	3,490	4,411	3,573
Internal charges and overheads recovered	22	22	(1)
Local authorities fuel tax, fines, infringement fees, and other receipts	429	429	1,203
Total operating funding (A)	34,925	38,007	36,912

Applications of operating funding			
Payments to staff and suppliers	22,160	22,754	26,182
Finance costs	3,005	3,786	4,297
Internal charges and overheads applied	5,335	5,574	5,960
Other operating funding applications	-	-	-
Total applications of operating funding (B)	30,500	32,114	36,439
Surplus (deficit) of operating funding (A - B)	4,425	5,893	473

Sources of capital funding			
Subsidies and grants for capital expenditure	17,555	27,774	10,099
Development and financial contributions	-	-	1,030
Increase (decrease) in debt	40,886	26,537	20,703
Gross proceeds from sale of assets	-	-	9
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	58,441	54,311	31,841

Applications of capital funding			
Capital expenditure—			
• to meet additional demand	-	-	-
• to improve the level of service	45,695	46,689	19,922
• to replace existing assets	17,171	13,515	6,068
Increase (decrease) in reserves	-	-	6,323
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	62,866	60,204	32,314
Surplus (deficit) of capital funding (C - D)	(4,425)	(5,893)	(473)
Funding balance ((A - B) + (C - D))	-	-	-

TE HAUTŪTANGA A TE HAPORI COMMUNITY LEADERSHIP COMMUNITY OUTCOMES

The Community Leadership activity impacts mainly the social and cultural wellbeings as this activity provides leadership and partnerships for the communities of Rotorua, enables informed and inclusive decision-making and ensures that iwi are engaged and consulted and provided a forum that enables participation in Council decision-making.



Papa whakatipu
Outstanding places to play



Waahi pūmanawa
Vibrant city heart



Whakawhanake pākihi
Business innovation and prosperity



Kāinga noho, kāinga haumaruru
Homes that match needs



He hāpori pūmanawa
A resilient community



He huarahi hou
Employment choices



Tiakina to taiao
Enhanced environment

WHY WE DO IT

- To support the Council's role in setting the future direction and priorities for the District
- To lead, partner and advocate for the communities of Rotorua
- To enable informed and inclusive decision making
- To partner effectively with Te Arawa to achieve enhanced outcomes for iwi and the Rotorua District

WHAT WE DO

Council's Community Leadership activity contributes to two of the four well-beings being social and cultural through:

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

WE WILL DELIVER THIS THROUGH PROVIDING SERVICES IN









- | | |
|------------------------|---|
| • Governance | • Kaitiaki Māori |
| • Customer Centre | • Organisation Development and Capability |
| • Finance | • Property and Legal |
| • Information services | • CE Office |
| • Communications | |




KEY IMPACT ON COMMUNITY WELLBEING



MEASURING OUR PERFORMANCE

Council has measured its achievements towards the objectives set in the Long-term Plan 2021-2031 through the performance measures below.

Activity	Level of service	How will it be measured? (Measures)	2022/23 Target	2022/23 Result	Year-end comment as at 30 June 2023	2021/22 Result
Community Leadership	Provide opportunities for the community and individuals to participate	Percentage of residents who are satisfied with the Let's Talk platform - quality, reliability and value ¹	77%	 74%	Since the 2021-2022 Annual Report we have changed the way we have surveyed direct users of the platform in order to be more transparent. This explains the slightly lower result that we have recorded this year. As we have not achieved the measure on this occasion, moving forward we need to look into how we can improve the user experience on the platform for our customers. ¹	 85%
		Increase the "reach" attained through engagement campaigns ²	Increase by 10%	 20% increase	Engagement campaign reach has been achieved for this financial year. Large engagement projects such as the Annual Plan 2023/24 contributed to this achieved measure.	 Not measured
	Create a sense of trust and confidence within our community around Council's decision making	No decision is overturned by judicial review	Achieved	 Achieved	No decisions of the governing body have been overturned by Judicial Review.	 Achieved
	Demonstrate principles of partnership in working on shared outcomes	Percentage of Maori groups satisfied/highly satisfied with Council's performance as a good partner ³	75%	 66%	While this measure was not met this financial year, areas of improvement from previous years were cited as greater Council engagement with mana whenua at an early stage, mana ki te mana approach, increasing staff capability to engage with iwi and mutual trust. Areas for improvement are timeliness of responses and a need for more consistent and proactive engagement.	 71%

 Not Measured  Achieved  Not Achieved

¹The survey has been compiled by staff annually and offered on our Let's talk/korero mai platform. Questions are designed to capture feedback on satisfaction, reliability and value of the platform. The Percentage of Residence Satisfied with the Let's Talk platform previously utilised a scale where any response other than '1. not satisfied' was recorded as satisfactory. In the interest of refining accuracy, the methodology has been updated to a balanced scale, recording only '4. satisfied' and '5. very satisfied' responses towards achieving the measure.

²Engagement campaign reach has been calculated by new users of the Let's Talk/Kōrero mai platform in the current financial year against total number of users of the platform

³The survey is conducted annually to seek feedback from partners on protocol meeting logistics, meeting processes to support relationships and project partnerships

ROTORUA LAKES COUNCIL:
Funding Impact Statement for the year
ended 30 June 2023 for Community Leadership

Long-term Plan	Long-term Plan	Actual
2021/22 (\$000)	2022/23 (\$000)	2022/23 (\$000)

Sources of operating funding			
General rates, uniform annual general charges, rates penalties	11,314	11,972	11,608
Targeted rates	-	-	1
Subsidies and grants for operating purposes	-	-	174
Fees and charges	2,202	2,302	1,330
Internal charges and overheads recovered	17,705	18,435	18,394
Local authorities fuel tax, fines, infringement fees, and other receipts	556	556	1,104
Total operating funding (A)	31,777	33,265	32,610
Applications of operating funding			
Payments to staff and suppliers	24,403	25,245	22,890
Finance costs	1,159	1,578	2,004
Internal charges and overheads applied	1,475	1,540	1,323
Other operating funding applications	-	-	-
Total applications of operating funding (B)	27,037	28,363	26,216
Surplus (deficit) of operating funding (A – B)	4,740	4,902	6,393
Sources of capital funding			
Subsidies and grants for capital expenditure	227	303	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	33,425	3,009	9,656
Gross proceeds from sale of assets	-	-	9
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	33,652	3,312	9,665
Applications of capital funding			
Capital expenditure—			
• to meet additional demand	-	-	-
• to improve the level of service	23,066	493	195
• to replace existing assets	6,544	4,383	8,664
Increase (decrease) in reserves	-	-	7,200
Increase (decrease) of investments	8,782	3,338	-
Total applications of capital funding (D)	38,392	8,214	16,059
Surplus (deficit) of capital funding (C – D)	(4,740)	(4,902)	(6,393)
Funding balance ((A - B) + (C - D))	-	-	-



TE WHAKAMAHERE ME TE WHAKATURE DISTRICT DEVELOPMENT AND REGULATORY: COMMUNITY OUTCOMES

District Development activities are responsible for encouraging and facilitating economic growth in the district, ensuring the community grows in a planned and sustainable way while regulatory services contribute to community safety. Economic wellbeing is contributed to by ensuring that the right policies and plans are in place to make doing business in Rotorua easy while regulating, monitoring and acting to protect public health and safety and to improve standards (both cultural and environmental) in the home, commercial and public environment.



Papa whakatipu
Outstanding places to play



Waahi pūmanawa
Vibrant city heart



Whakawhanake pākihi
Business innovation and prosperity



Kāinga noho, kāinga haumarū
Homes that match needs



He hāpori pūmanawa
A resilient community



He huarahi hou
Employment choices



Tiakina to taiao
Enhanced environment

WHY WE DO IT

- To create community wealth and a sustainable economy
- To grow business and investor confidence
- To enable land to be developed to support residential, industrial and business growth opportunities
- To promote and lead Rotorua's unique destination as a great place to live, work, play, visit and invest

WHAT WE DO

Council's District Development and Regulatory activity contributes to the four well-beings of social, economic, environmental and cultural through:

- Rotorua is a confident and strong District, with growing business and investor confidence. The land is being developed to support residential, industrial and business growth opportunities.
- Enable residential land development through partnerships with landowners to provide for the delivery of housing across all sizes and typologies (social, affordable and market) to meet community needs.
- Enable development ready land to support the business sector to support business expansion, relocation or new investment.
- Destination Marketing and development with a continued energy into strengthening our quality and value in tourism, strengthening our position nationally and improving sector resilience. Enabling new projects and investment that will build on our cultural strengths and the environment.

WE WILL DELIVER THIS THROUGH PROVIDING SERVICES IN

- Animal control
- Inspection and compliance
- Parking enforcement

ENABLE INNER-CITY TRANSFORMATION THROUGH:

Significant residential projects to bring new vibrancy and activity across the inner city.

FOCUS ON:

Wood processing and technology-focused investment to create an opportunity to see the District recognised as a centre of excellence for forestry and biotechnology.

WE WILL DELIVER THIS THROUGH PROVIDING SERVICES IN:









Strategy, Planning, Policy and Consenting; Destination Marketing; Economic Development

KEY IMPACT ON COMMUNITY WELLBEING



MEASURING OUR PERFORMANCE

Council has measured its achievements towards the objectives set in the Long-term Plan 2021-2031 through the performance measures below.










Activity	Level of service	How will it be measured? (Measures)	2022/23 Target	2022/23 Result	Year-end comment as at 30 June 2023	2021/22 Result
DISTRICT DEVELOPMENT	Support and enable growth by unlocking development opportunities	Provide sufficient development capacity for residential housing as per the requirements of the NPS-UD ¹	Achieved	 Not measured	The result for this year is 'Not measured' due to not being able to quantify the current development capacity. While the inclusion of Rotorua into the Medium Density Residential Standards (MDRS), allowing increased development density, will certainly have increased the development capacity of Rotorua, the amount of capacity has yet to be quantified.	 Not achieved
		Provide sufficient development capacity for businesses as per the requirements of the NPS-UD ¹	Achieved	 Achieved	The result for this year is 'achieved'. The assessment (HBA 2021) showed that Rotorua has enough short-term development capacity for businesses but there is likely insufficient medium term capacity. This is addressed through a number of industrial developments underway as well as the development of the Future Development Strategy that outlines future growth areas.	 Not achieved
		Cumulative number of dwellings constructed from 1/7/2021	>=1,200	 636 Target not achieved	Results for this year is 'not achieved'. However, completing the construction of 636 dwelling is a very positive result, considering the national and international headwinds in the housing sector. With the inclusion of Medium Density Residential Standards and Plan Change 9, there is an expectation that cumulative dwellings constructed will accelerate in coming years.	 229
		Cumulative gross floor area (sqm) of buildings for business use constructed since 1/7/2021	>=38,000	 Not measured	This measure is yet to be developed. Current reporting does not facilitate the accurate measure for this performance measure. Work is underway to develop an accurate baseline to report against.	 Not measured

 Not Measured  Achieved  Not Achieved

¹This measure is based on the Housing and Business Assessment 2021. This assessment is conducted every three years.

²The Jobseeker report is extracted from the Ministry of Social Development and is compiled monthly and aggregated over the year.

³The Telfer young report is compiled once a year in December with vacant office space in the CBD being extracted from this report.

Activity	Level of service	How will it be measured? (Measures)	2022/23 Target	2022/23 Result	Year-end comment as at 30 June 2023	2021/22 Result
DISTRICT DEVELOPMENT	Support and enable businesses to grow job creation opportunities	Number of recipients of the Job Seeker Support - Work Ready benefit as a proportion of the working age population ²	<7.0%	 6.8% Target achieved	Of the working age population, 7.2% were receiving Job Support Scheme payments (JSS-WR) as at 30 June 2023. Job seeker numbers have been on a decreasing trend throughout the year. We expect for them to continue to decrease. We are currently experiencing a skills mis match with employers struggling to fill roles in the current talent market, we can see this through online job listings which are up significantly compared to the same time last year and have been for the last two quarters.	 7.2%
		Number of CBD retail and office spaces not tenanted ³	<140	 125 Target achieved	Telfer Young December 2021 survey found 140 vacant tenancies in the CBD, 74 Retail, and 66 Office. 140 premises are untenanted as at 30 June 2022. These are due to the lingering effects of the Covid 19 pandemic and slow business activity during that period.	140
	Support and enable development by processing Resource and Building consents	Percentage of non-notified resource consents processed within 20 working days (Land Use)	100%	 61.6% Target not achieved	Demand has outstripped capacity as the building activity continues unabated. Council has struggled with resourcing (staff) issues to process consents. Staff vacancies have remained unfilled due to a lack of suitable applicants. In addition, staff absenteeism through illness has been a theme.	 64.3%
		Percentage of non-notified resource consents processed within 20 working days (Subdivision)	100%	 50.9% Target not achieved	Demand has outstripped capacity as the building activity continues unabated. Council has struggled with resourcing (staff) issues to process consents. Staff vacancies have remained unfilled due to a lack of suitable applicants. In addition, staff absenteeism through illness has been a theme.	 53.3%
		Percentage of consents processed within 20 working days (Building Consents)	100%	 94.5% Target not achieved	This measure has not been achieved for this financial year although there has been a trending improvement from prior years. An increase in complex building consents have been observed over the year and have put pressure on available resources.	 93.0%

 Not Measured  Achieved  Not Achieved

ROTORUA LAKES COUNCIL:

Funding Impact Statement for the year ended 30 June 2023 for District Development & Regulatory

Long-term Plan	Long-term Plan	Actual
2021/22 (\$000)	2022/23 (\$000)	2022/23 (\$000)

Sources of operating funding

General rates, uniform annual general charges, rates penalties	7,785	7,674	7,918
Targeted rates	6,525	6,472	7,035
Subsidies and grants for operating purposes	-	10	-
Fees and charges	6,219	6,419	4,873
Internal charges and overheads recovered	60	60	-
Local authorities fuel tax, fines, infringement fees, and other receipts	3,684	3,604	4,307
Total operating funding (A)	24,272	24,239	24,134

Applications of operating funding

Payments to staff and suppliers	20,694	20,581	20,184
Finance costs	539	490	637
Internal charges and overheads applied	2,940	3,058	3,106
Other operating funding applications	-	-	-
Total applications of operating funding (B)	24,173	24,129	23,928
Surplus (deficit) of operating funding (A - B)	99	110	206

Sources of capital funding

Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	81	(1,984)	3,069
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	81	(1,984)	3,069

Applications of capital funding

Capital expenditure—			
• to meet additional demand	-	-	-
• to improve the level of service	30	30	93
• to replace existing assets	150	95	7
Increase (decrease) in reserves	-	-	3,175
Increase (decrease) of investments	-	(2,000)	-
Total applications of capital funding (D)	180	(1,874)	3,275
Surplus (deficit) of capital funding (C - D)	(99)	(110)	(206)
Funding balance ((A - B) + (C - D))	-	-	-

NGĀ HUARAHI ME NGĀ ARA ROADS AND FOOTPATHS COMMUNITY OUTCOMES

Roading and footpaths activity provides and maintains our roading network to ensure public safety, facilitate economic activity and help people to maintain their social networks. This activity also supports sustainable growth of the district and contributes to economic growth through linking the community and customers to suppliers. We consider cultural importance, climate change adaptation and emissions reduction when planning, designing, and building transport infrastructure.



He hāpori pūmanawa
A resilient community



Waahi pūmanawa
Vibrant city heart

WHY WE DO IT

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

WHAT WE DO

Council's Roads and Footpaths activity contributes to the four well-beings of social, economic, environmental and cultural. This is done through the below actions.

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

KEY IMPACT ON COMMUNITY WELLBEING



SOCIAL



ECONOMIC











ENVIRONMENTAL







CULTURAL

MEASURING OUR PERFORMANCE

Council has measured its achievements towards the objectives set in the Long-term Plan 2021-2031 through the performance measures below.

Activity	Level of service	How will it be measured? (Measures)	2022/23 Target	2022/23 Result	Year-end comment as at 30 June 2023	2021/22 Result
ROADS AND FOOTPATHS	Safety	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number. (DIA measure) ¹	≤ -1	 -1	<p>Previous year data from crash database indicates:</p> <p>2020/21 - 14 crashes (Fatal 2 Serious Injuries 15) 2021/22 - 14 crashes (Fatal 0 Serious Injuries 15) 2022/23 - 13 crashes (Fatal 2 Serious Injuries 11)</p> <p>Fatal accidents have increased (by two) and serious injuries have decreased (by four) compared to 2021/22.</p>	 0
	Condition	The average quality of ride on a sealed local road network, measured by smooth travel exposure. (DIA measure) ²	≥75%	 90%	Considerable effort is made each year to optimise resurfacing treatments for Rotorua's extensive roading network. The effort made each year to optimise pre-seal preparation and detailed design for each treatment length to ensure maximum waterproofness as risk reduction measures, and achieves better results for riding condition.	 88%
	Maintenance	The percentage of the sealed local road network that is resurfaced. (DIA measure)	≥7-9%	 5.2%	The total reseal programme for 2022-23 was reduced from previous years due to significant cost fluctuations.	 6.4%
	Condition	The percentage of footpaths within the Rotorua district that fall within the condition four (4) or better, set out in the council's asset management plan. (DIA measure)	≥98%	 99.6%	The annual network representative audit conducted in February 2023 of a 10% sample of footpaths identified that four of those were at condition 5 (requiring replacement) so 332 out of 336 are in condition 4 or better. On a total network basis, >99% have a condition rating of four (4) or better.	 100%

 Not Measured  Achieved  Not Achieved

Activity	Level of service	How will it be measured? (Measures)	2022/23 Target	2022/23 Result	Year-end comment as at 30 June 2023	2021/22 Result
ROADS AND FOOTPATHS	Response time	The percentage of customer service requests relating to roads and footpaths which are responded to within five (5) working days. (DIA measure)	≥90%	 86%	All of the 1092 'public' maintenance requests (dispatches) received an immediate response through logging directly to the Asset Management System, and of the 551 'Transport' complaints and/or new service requests, 321 were responded to within five working days. Therefore 86% of the total 1643 enquires were responded to within five working days.	 84%
	Utilisation	Number of Cyways users (Average Daily use)	279	 236	This result is down compared to the previous year due to adverse weather over the summer season reducing numbers of cyclists.	 280

 Not Measured  Achieved  Not Achieved

¹ DSI numbers may differ for the same time period due to dependency on Waka Kotahi's Crash Analysis System which is updated continuously.

² Smooth Travel Exposure (STE) is a customer outcome measure indicating 'ride quality'. It is an indication of the percentage of vehicle kilometres travelled on a road network with roughness below a defined upper threshold level. The threshold varies depending on the traffic volume band and urban/rural environment of the road.

³ Condition 4 means that the condition of the footpath is in poor condition with condition 5 being very poor and condition 1 being excellent.

ROTORUA LAKES COUNCIL:

Funding Impact Statement for the year ended 30 June 2023 for Roothing and Footpaths

Long-term Plan	Long-term Plan	Actual
2021/22 (\$000)	2022/23 (\$000)	2022/23 (\$000)

Sources of operating funding			
General rates, uniform annual general charges, rates penalties	11,983	12,392	12,294
Targeted rates	-	-	-
Subsidies and grants for operating purposes	4,094	4,260	5,678
Fees and charges	141	141	81
Internal charges and overheads recovered	27	27	-
Local authorities fuel tax, fines, infringement fees, and other receipts	665	665	753
Total operating funding (A)	16,909	17,485	18,806

Applications of operating funding			
Payments to staff and suppliers	9,619	9,921	12,295
Finance costs	1,427	1,440	1,752
Internal charges and overheads applied	2,023	2,133	2,345
Other operating funding applications	-	-	-
Total applications of operating funding (B)	13,068	13,494	16,392
Surplus (deficit) of operating funding (A - B)	3,841	3,991	2,414

Sources of capital funding			
Subsidies and grants for capital expenditure	9,580	5,433	5,246
Development and financial contributions	-	-	-
Increase (decrease) in debt	2,442	2,334	8,441
Gross proceeds from sale of assets	-	-	2
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	12,022	7,767	13,689

Applications of capital funding			
Capital expenditure—			
• to meet additional demand	500	500	80
• to improve the level of service	7,906	3,800	3,051
• to replace existing assets	7,457	7,457	8,285
Increase (decrease) in reserves	-	-	4,687
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	15,863	11,758	16,103
Surplus (deficit) of capital funding (C - D)	(3,841)	(3,991)	(2,414)
Funding balance ((A - B) + (C - D))	-	-	-

PARAKAINGAKI ME TE WAI-PARA SEWERAGE AND SEWAGE COMMUNITY OUTCOMES

Wastewater services protect the health and people and the environment. A reliable and sustainable wastewater service is also essential for existing businesses and encouraging new businesses to the city. We manage potential effects of the wastewater network such as odour, noise and discharges into waterways, and upgrade and renew infrastructure as necessary to protect the environment and in particular, protect our lakes and waterways. We consider Maori values in relation to the discharge of water in all our wastewater activities and consult with local iwi as part of resource consent processes.



Whakawhanake pākihi
Business innovation and prosperity



Kāinga noho, kāinga haumarū
Homes that match needs



He hāpori pūmanawa
A resilient community

WHY WE DO IT

- To protect and promote public health and minimise the impact of communities on the environment.

WHAT WE DO

Council's Sewerage and Sewage activity contributes to the four well-beings of social, economic, environmental and cultural through:

- Provide reliable wastewater (sewage and trade wastes) collection and treatment infrastructure service to specific areas of the District. This activity comprises the collection, treatment and disposal of sewage from toilets and drains, from the three urban areas of Rotorua (Ngongotahā, city and eastern suburbs) as well as identified rural lakeside communities. This is provided by effective strategic planning, asset development and management, service provision and liaison with stakeholders and the community in general.

KEY IMPACT ON COMMUNITY WELLBEING



SOCIAL



ECONOMIC









ENVIRONMENTAL







CULTURAL

MEASURING OUR PERFORMANCE

Council has measured its achievements towards the objectives set in the Long-term Plan 2021-2031 through the performance measures below.

Activity	Level of service	How will it be measured? (Measures)	2022/23 Target	2022/23 Result	Year-end comment as at 30 June 2023	2021/22 Result
SEWERAGE AND SEWAGE	Systems and adequacy	The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system. (DIA measure) ¹²	≤ 5 / 1000 connections	 2.15/ 1000 connections	Total of 110 overflows reported of which 55 related to dry weather from 25,603 properties rated for sewer.	 2.79/ 1000 connections
	Discharge compliance	Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders d) convictions received by the territorial authority in relation to those resource consents. (DIA measure)	0	 No abatement or infringement notices, enforcement orders or convictions were received during the period.	No abatement or infringement notices, enforcement orders or convictions were received during the period.	 1
	Fault response times	Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the median attendance time from the time that the territorial authority receives notification to the time that service personnel reach the site. (DIA measure)	≤60 minutes	 32 minutes	The target of 60 minutes is a maximum tolerable response time to assess a fault in order to minimise health effects. Our contracts and notifications systems are designed to achieve constant performance improvements inside the 60 minute response assessment envelope and provide a safe buffer zone to the community.	 30 minutes

 Not Measured  Achieved  Not Achieved

Activity	Level of service	How will it be measured? (Measures)	2022/23 Target	2022/23 Result	Year-end comment as at 30 June 2023	2021/22 Result
SEWERAGE AND SEWAGE	Fault response times	Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the median resolution time from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.	≤ 180 minutes	 100 minutes	The target of 180 minutes is a maximum tolerable response time to correct a fault in order to minimise health effects. Our contracts and notifications systems are designed to achieve constant performance improvements inside the 180 minute repair envelope and provide a safe buffer zone to the community.	 92 minutes
	Customer satisfaction	"The total number of complaints received by the territorial authority about any of the following: <ul style="list-style-type: none"> • sewage odour • sewerage system faults • sewerage system blockages, and • the territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system" 	≤ 25 / 1000 connections	 15 odour 573 faults 39 blockages 8 response complaints Total number (635) Total 24.80 / 1000 connections	635 complaints and service faults received from 25,603 properties rated for sewer. Important to note, that of the total faults recorded, 455 or 74% are related to Low Pressure Grinder Pump (LPGP) faults. These pumps were not originally included in setting the LTP KPI target and have adversely affected the full result. This anomaly will be rectified during the next LTP.	 30 odour 529 faults 90 blockages 1 response complaints Total 25.9 / 1000 connections

 Not Measured  Achieved  Not Achieved

¹ Sewage overflow means sewage that escapes Council's sewerage system and enters the environment.

² Dry weather sewerage overflow means sewage that escapes a territorial authority's sewerages system and enters the environment during periods of dry weather. Dry weather overflows generally indicate a specific network fault.

ROTORUA LAKES COUNCIL:

Funding Impact Statement for the year ended 30 June 2023 for Sewerage and Sewage

Long-term Plan	Long-term Plan	Actual
2021/22 (\$000)	2022/23 (\$000)	2022/23 (\$000)

Sources of operating funding

General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	20,292	21,249	21,669
Subsidies and grants for operating purposes	-	-	-
Fees and charges	560	560	950
Internal charges and overheads recovered	417	417	-
Local authorities fuel tax, fines, infringement fees, and other receipts	9	9	31
Total operating funding (A)	21,279	22,235	22,651

Applications of operating funding

Payments to staff and suppliers	10,928	11,215	12,029
Finance costs	1,101	1,458	1,377
Internal charges and overheads applied	3,027	3,116	2,868
Other operating funding applications	-	-	-
Total applications of operating funding (B)	15,057	15,789	16,274
Surplus (deficit) of operating funding (A - B)	6,222	6,446	6,376

Sources of capital funding

Subsidies and grants for capital expenditure	10,030	8,951	714
Development and financial contributions	-	440	-
Increase (decrease) in debt	3,097	27,096	6,635
Gross proceeds from sale of assets	-	-	135
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	13,127	36,487	7,485

Applications of capital funding

Capital expenditure—			
• to meet additional demand	-	-	-
• to improve the level of service	13,600	37,530	18,199
• to replace existing assets	5,749	5,403	6,174
Increase (decrease) in reserves	-	-	(10,511)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	19,349	42,933	13,861
Surplus (deficit) of capital funding (C - D)	(6,222)	(6,446)	(6,376)
Funding balance ((A - B) + (C - D))	-	-	-

WAI ĀWHĀ STORMWATER AND LAND DRAINAGE COMMUNITY OUTCOMES

We manage the piped stormwater network and stormwater overflow paths to minimise the impact of storm events on people and property. A reliable and sustainable stormwater network is essential for businesses and for supporting growth. We consider Maori values in all our water-related activities and consult with local iwi as part of resource consent processes.



Whakawhanake pākihi
Business innovation and prosperity



Kāinga noho, kāinga haumaruru
Homes that match needs



He hāpori pūmanawa
A resilient community



Tiakina to taiao
Enhanced environment

WHY WE DO IT

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

WHAT WE DO

Council's Stormwater and Land Drainage activity contributes to the four well-beings of social, economic, environmental and cultural through:











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

KEY IMPACT ON COMMUNITY WELLBEING



MEASURING OUR PERFORMANCE

Council has measured its achievements towards the objectives set in the Long-term Plan 2021-2031 through the performance measures below.

Activity	Level of service	How will it be measured? (Measures)	2022/23 Target	2022/23 Result	Year-end comment as at 30 June 2023	2021/22 Result
Stormwater And Land Drainage	System adequacy	The number of flooding events that occur in a territorial authority district. (DIA measure)	≤ 2	 0	No flooding events reported	 1
	System adequacy	For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system). (DIA measure)	≤ 0.5 / 1000 rated properties	 0/1000 rated properties	No habitable buildings flooded	 0.18/1000 rated properties
	System adequacy	Council's stormwater compliance with resource consents for discharge from its stormwater system measured by the number of: a. abatement notices; b. infringement notices; c. enforcement orders; d. convictions received in relation to those resource consents. (DIA measure)	0	 0	No abatement or infringement notices, enforcement orders or convictions we received during the period	 0
	System adequacy	The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site. (DIA measure)	≤ 60 minutes	 0	No flooding events (no calls to attend where habitable floors were flooded)	 50
	System adequacy	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system. (DIA measure)	≤ 20 / 1000 rated properties	 3.6 /1000 rated properties	102 service requests / complaints received from 28,378 rated properties	 2.8 /1000 rated properties

 Not Measured  Achieved  Not Achieved

ROTORUA LAKES COUNCIL:

Funding Impact Statement for the year ended
30 June 2023 for Stormwater and Land Drainage

Long-term Plan	Long-term Plan	Actual
2021/22 (\$000)	2022/23 (\$000)	2022/23 (\$000)

Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,819	4,352	3,918
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	67
Fees and charges	32	32	0
Internal charges and overheads recovered	-	-	1,277
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	12
Total operating funding (A)	3,851	4,384	5,276

Applications of operating funding			
Payments to staff and suppliers	1,552	1,629	2,682
Finance costs	337	412	447
Internal charges and overheads applied	912	946	1,353
Other operating funding applications	-	-	-
Total applications of operating funding (B)	2,801	2,987	4,483
Surplus (deficit) of operating funding (A - B)	1,050	1,397	793

Sources of capital funding			
Subsidies and grants for capital expenditure	10,393	6,000	2,116
Development and financial contributions	-	1,384	84
Increase (decrease) in debt	2,450	4,220	2,155
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	12,843	11,604	4,356

Applications of capital funding			
Capital expenditure—			
• to meet additional demand	10,393	9,500	7,001
• to improve the level of service	500	500	6,911
• to replace existing assets	3,000	3,000	333
Increase (decrease) in reserves	-	-	(9,097)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	13,893	13,000	5,149
Surplus (deficit) of capital funding (C - D)	(1,050)	(1,397)	(793)
Funding balance ((A - B) + (C - D))	-	-	-



TE WHAKAHAERE PARA WASTE MANAGEMENT COMMUNITY OUTCOMES

We provide rubbish collection services to protect people's health and the environment. A reliable and sustainable rubbish and recycling service is also essential for businesses and we monitor gas and leachate at our closed landfill site and manage these within the requirements of our resource consent. Education provided by council maintains awareness and understanding of the need to dispose of waste responsibly, for the good of the community overall.



Tiakina to taiao
Enhanced environment

WHY WE DO IT

- To provide for the collection, reduction, reuse, recycling, and disposal of waste sustainably.

WHAT WE DO

Council's Waste Management activity contributes to the four well-beings of social, economic, environmental and cultural through:

- The activities provide a weekly refuse collection service for residential properties, manages and provides recycling and re-use services and plans, provides and manages waste disposal facilities.

KEY IMPACT ON COMMUNITY WELLBEING



SOCIAL



ECONOMIC

















ENVIRONMENTAL



CULTURAL

MEASURING OUR PERFORMANCE

Council has measured its achievements towards the objectives set in the Long-term Plan 2021-2031 through the performance measures below.

Activity	Level of service	How will it be measured? (Measures)	2022/23 Target	2022/23 Result	Year-end comment as at 30 June 2023	2021/22 Result
WASTE MANAGEMENT	Sustainability	Number of tonnes per annum of green + wood waste recovered at landfill.	≥5,000 tonnes	 6054	Green and wood waste is lower than the previous year due to less lockdown periods where people were working from home and doing more domestic garden cleanup	 5616
	Sustainability	Number of tonnes per annum of concrete waste recovered.	≥1,000 tonnes	 1349	This result is dependant on projects and redevelopments occurring during any given year	 1455
	Sustainability	Number of tonnes per annum of recycled material recovered.	≥5,000 tonnes	 9213	The higher tonnes collected in 2021/22 versus the previous year is due to less Covid lockdowns and the reopening of recycling centres post covid, whereas during covid lockdowns, recycling was sent to landfill.	 5156
	Sustainability	Reduce the amount of rubbish/waste that is collected from kerbside collection per capita.	≤ 210 kg / capita Per Year	 211.2	The average yearly waste collection was above the target minimum. The increase is driven by high waste collections during the summer months.	 220
	Compliance	Compliance with resource consent conditions at the landfill	100%	 100%	No incidents reported	 100%
	Sustainability	Reducing the percentage of contaminants in kerbside recycling collection across the Rotorua District.	<20%	 23%	The average yearly contamination was 22.5%, not meeting the target for less than 20%. However, there are opportunities to improve the recycling quality further with upcoming changes in regulations.	 21%
	Sustainability	Number of tonnes per annum of food and green waste diverted from kerbside FOGO collections	-	 Not measured	The food and organic waste collection service has not yet been introduced (Year three of the LTP).	 Not measured

 Not Measured  Achieved  Not Achieved

ROTORUA LAKES COUNCIL:

Funding Impact Statement for the year ended 30 June 2023 for Waste Management

Long-term Plan	Long-term Plan	Actual
2021/22 (\$000)	2022/23 (\$000)	2022/23 (\$000)

Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,248	2,453	2,307
Targeted rates	7,145	7,801	7,262
Subsidies and grants for operating purposes	277	277	910
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	717	615	784
Total operating funding (A)	10,388	11,147	11,263

Applications of operating funding			
Payments to staff and suppliers	9,072	9,801	10,486
Finance costs	10	-	5
Internal charges and overheads applied	901	912	864
Other operating funding applications	-	-	-
Total applications of operating funding (B)	9,983	10,712	11,354
Surplus (deficit) of operating funding (A - B)	405	435	(91)

Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(405)	(435)	23
Gross proceeds from sale of assets	-	-	(1)
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(405)	(435)	22

Applications of capital funding			
Capital expenditure—			
• to meet additional demand	-	-	-
• to improve the level of service	-	-	-
• to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	(69)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	-	-	(69)
Surplus (deficit) of capital funding (C - D)	(405)	(435)	91
Funding balance ((A - B) + (C - D))	-	-	-



TE TUKU WAI WATER SUPPLIES COMMUNITY OUTCOMES

We provide the Rotorua community with a high-quality, reliable, and sustainable water supply, essential for a healthy community. This is also essential for businesses. We consider Maori values in relation to the take and discharge of water in all our water management practices, consult with local iwi as part of resource consent processes and where water supply is obtained from Maori-owned land, partner with mana whenua to maintain access to water supply for the benefit of the wider community.



Whakawhanake pākihi
Business innovation and prosperity



Kāinga noho, kāinga haumaruru
Homes that match needs



He hāpori pūmanawa
A resilient community



Tiakina to taiao
Enhanced environment

WHY WE DO IT

- To protect and promote public health, ensure fire-fighting water supplies are available in specific areas and enable businesses to operate and grow.

WHAT WE DO

Council's Water Supply activity contributes to the four well-beings of social, economic, environmental and cultural through:

- Provide a cost-effective, constant, adequate, sustainable and high-quality supply of water to three urban supply areas, five residential supply areas and two farming supply areas. Assess and where appropriate, plan for water supply provision to other areas of the District.

KEY IMPACT ON COMMUNITY WELLBEING



SOCIAL



ECONOMIC









ENVIRONMENTAL



CULTURAL

MEASURING OUR PERFORMANCE

Council has measured its achievements towards the objectives set in the Long-term Plan 2021-2031 through the performance measures below.

Activity	Level of service	How will it be measured? (Measures)	2022/23 Target	2022/23 Result	Year-end comment as at 30 June 2023	2021/22 Result
WATER SUPPLIES	Safety of drinking water	The extent to which Council's drinking water supplies comply with: a. Part 4 of the Drinking Water Standards (bacteria compliance criteria) and b. Part 5 of the Drinking Water Standards (protozoal compliance criteria) New Standard equivalent to the extent to which the Council's drinking water supply complies with: c. Part 4 of the Drinking Water Standards (bacteria compliance criteria) and d. Part 5 of the Drinking Water Standards (protozoal compliance criteria) (DIA measure) ¹	Achieved for all supplies	 a & c: Bacterial Compliance All ten treatment plants and distribution zones = Yes b & d: Protozoal Compliance All ten treatment plants = Yes (Note -no protozoa compliance criteria for distribution zones)	All actual water supplied is fully compliant with the Drinking Water Standards for NZ. The 10 treatment plants are: Deep Creek, Hamurana, Mamaku, Matipo, Reporoa, Rotoiti, Rotoma, Taniwha Springs, Utuhina, Whakarewarewa Forest Springs.	 Bacterial Compliance All ten treatment plants and distribution zones = Yes Protozoal Compliance nine of ten treatment plants = Yes (Note -no protozoa compliance criteria for distribution zones)
	Maintenance of the reticulation network	The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this). (DIA measure) ²	≤ 25%	 33%	Water NZ water loss benchmarking methodology - Current Annual Real Losses. This measure combines all 10 water supplies (Urban and Rural)	 30%
	Fault response times	In response to a fault or unplanned interruption to its networked reticulation system, the median response times measured: attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site. (DIA measure) ³	≤ 60 minutes	 34 minutes	Our contract management model encourages constant improvement through collaboration, and overall this enables the performance and results to be kept consistently high. The objective is to maintain service interruptions below the tolerable limit of 60-minutes.	 30 minutes











 Not Measured  Achieved  Not Achieved

1 There was a change in rules of measurement from 1 January 2023. The information about the old rules (DWSNZ) can be found at: [https://www.moh.govt.nz/notebook/nbbooks.nsf/0/B9917ABBB22BE387CC2583B2007928FE/\\$file/dwsnz-2005-revised-mar2019.pdf](https://www.moh.govt.nz/notebook/nbbooks.nsf/0/B9917ABBB22BE387CC2583B2007928FE/$file/dwsnz-2005-revised-mar2019.pdf) Further details about the new standards (DWQAR) can be found at: <https://www.taumataarowai.govt.nz/for-water-suppliers/newcompliance-rules-and-standards/>

2 This measure tracks unexplained water losses as a percentage of total water produced. These losses are calculated by deducting water sales volumes and estimated unbilled water usage from the total volume of water produced. Taumata Arowai introduced new Drinking Water Quality Assurance Rules (DWQAR) from 14 November 2022. The reporting against it started from 1 January 2023

3 An urgent call-out is one that leads to a complete loss of supply of drinking water or risk of damage to persons and/or property. A non-urgent call-out is one where there is still a supply of drinking water and low risk of damage to persons and/or property.

4 A Department of Internal Affairs (DIA) mandatory measure to provide information on whether the water supply system is being managed to ensure demand does not outstrip capacity. Careful management of the demand for water is an important component of integrated water resources management to ensure that demand does not exceed capacity, that water is allocated efficiently, and that productivity is maximised.

Activity	Level of service	How will it be measured? (Measures)	2022/23 Target	2022/23 Result	Year-end comment as at 30 June 2023	2021/22 Result
WATER SUPPLIES	Fault response times	In response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption. (DIA measure) ³	≤ 210 minutes	 95 minutes	Our contract management model encourages constant improvement through collaboration, and overall this enables the performance and results to be kept consistently high. The objective is to repair service interruptions below the tolerable limit of 210-minutes.	 76 minutes
	Fault response times	In response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site. (DIA measure) ³	≤ 1 day	 45 hours 40 minutes	Our contract management model encourages constant improvement through collaboration, and overall this enables the performance and results to be kept consistently high. The objective is to remedy the identified fault to minimise the effects on the public within the tolerable limit of 1 days.	 18 hours 31 minutes
	Fault response times	In response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption. (DIA measure) ³	≤ 3 days	 74 hrs 50 minutes	Our contract management model encourages constant improvement through collaboration, and overall this enables the performance and results to be kept consistently high. The objective is to remedy the identified fault to minimise the effects on the public within the tolerable limit of 3-days.	 23 hours 8 minutes
	Customer satisfaction	"The total number of complaints received by the local authority about any of the following: • drinking water clarity • drinking water taste • drinking water odour • drinking water pressure or flow • continuity of supply, and • the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system."	≤ 10 / 1000 connections	 187 complaints 9 clarity 10 taste 0 odour 73 pressure or flow 95 continuity of supply 18 service complaints Total =7.80 / 1000 connections	187 complaints from 26,267 connected properties. Our water quality and pressure is kept consistently high so complaints about these will be generally low. However with an ageing system such as ours, the need to undertake repairs is increasing and that impacts on the continuity of service. Continuity refers to the number of repairs needed where water loss is experienced. On an 800km network that is ageing like all others in the world, these will generally be the most common problems experienced.	 19 clarity 30 taste 1 odour 41 pressure or flow 44 continuity complaints 7 service complaints Total =5.30 / 1000 connections"
	Demand management	The average consumption of drinking water per day per resident within the territorial authority based on water leaving the water treatment plants in litres per capita per day (annual consumption and based on population of 25,641 connections supplied with water)	≤ 320 litres per person per day	 234 litres per person per day	Figures based on domestic residential consumption using a sample of residential water meters which have been installed.	 265 litres per person per day

 Not Measured  Achieved  Not Achieved

ROTORUA LAKES COUNCIL:

Funding Impact Statement for the year ended 30 June 2023 for Water Supplies

Long-term Plan	Long-term Plan	Actual
2021/22 (\$000)	2022/23 (\$000)	2022/23 (\$000)

Sources of operating funding

General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	10,404	11,080	12,617
Subsidies and grants for operating purposes	-	-	-
Fees and charges	13	13	18
Internal charges and overheads recovered	245	245	322
Local authorities fuel tax, fines, infringement fees, and other receipts	228	228	320
Total operating funding (A)	10,890	11,565	13,276

Applications of operating funding

Payments to staff and suppliers	5,987	6,358	5,482
Finance costs	559	629	700
Internal charges and overheads applied	1,760	1,824	2,195
Other operating funding applications	-	-	-
Total applications of operating funding (B)	8,306	8,811	8,377
Surplus (deficit) of operating funding (A - B)	2,585	2,754	4,899

Sources of capital funding

Subsidies and grants for capital expenditure	-	-	6
Development and financial contributions	-	539	-
Increase (decrease) in debt	1,615	5,431	3,371
Gross proceeds from sale of assets	-	-	16
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	1,615	5,970	3,393

Applications of capital funding

Capital expenditure—			
• to meet additional demand	-	30	2,914
• to improve the level of service	850	5,645	4,317
• to replace existing assets	3,350	3,050	2,212
Increase (decrease) in reserves	-	-	(1,151)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	4,200	8,725	8,293
Surplus (deficit) of capital funding (C - D)	(2,585)	(2,755)	(4,899)
Funding balance ((A - B) + (C - D))	-	-	-



**ROTORUA
LAKES COUNCIL**

**NGĀ TAUĀKI
PŪTEA**

**FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED
30 JUNE 2023



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RĪPOATA
KAIAROTAKE
**AUDITOR'S
REPORT**

TO THE CUSTOMERS OF
ROTORUA LAKES COUNCIL

INDEPENDENT AUDITOR'S REPORT

To the readers of Rotorua Lakes Council's annual report for the year ended 30 June 2023

The Auditor-General is the auditor of Rotorua Lakes Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 8 May 2024. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 84 to 165:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2023; and
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 167, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;

- the service performance information on pages 33 to 70:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2023, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand;
- the statement about capital expenditure for each group of activities on pages 42 to 70, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 42 to 70, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 195 to 199, which represent a complete list of required disclosures and accurately reflects the information drawn from the the District Council and Group's audited information and, where applicable, the District Council's long-term plan and annual plans.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the *Professional and Ethical Standards and the International Standards on Auditing (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

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

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

Responsibilities of the Council for the audited information

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

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

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

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

Responsibilities of the auditor for the audited information

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

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

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

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. Our responsibilities arise from the Public Audit Act 2001.

Other information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 2 to 32, pages 71 to 75, pages 81 to 82, page 166, pages 168 to 194 and page 200, but does not include the audited information and the disclosure requirements, and our auditor's report thereon. Our opinion on the audited information and our report on the disclosure requirements do not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

Independence

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

In addition to our audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the District Council's Debenture Trust Deed. Other than these engagements, we have no relationship with, or interests in, the District Council or its subsidiaries and controlled entities.

David Walker
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand



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STATEMENT OF COMPLIANCE AND RESPONSIBILITY

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

RESPONSIBILITY

The governing body and management of Rotorua Lakes Council accept responsibility for the preparation and completion of the financial statements and the related judgements. The governing body and management adopted the financial statements as presented here on 8th May 2024.

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

In the opinion of Rotorua Lakes Council, the Group annual report, for the year ended 30 June 2023 fairly presents the financial performance, financial position, cash flows and service performance of the Rotorua Lakes Council Group and Rotorua Lakes Council.

A. Moraes
Chief Executive

Date: 08/05/2024

T. Tapsell
Her Worship the Mayor

Date: 08/05/2024

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2023

	Note	Council			Group	
		Actual 2023 \$'000	Budget 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Revenue						
Rates	2a	118,185	118,250	109,676	118,082	109,569
Subsidies and grants	2b	25,592	46,260	30,727	26,144	31,847
Development and financial contributions	2c	1,114	2,363	1,071	1,114	1,071
Finance income	3	1,207	550	687	754	236
Other revenue	2d	21,053	19,513	26,598	28,450	32,893
Total revenue		167,151	186,936	168,759	174,545	175,616
Expenses						
Personnel costs	4	32,119	34,586	29,046	45,994	41,281
Depreciation and amortisation expense	15	40,427	42,030	41,945	42,657	44,049
Finance costs	3	11,220	9,829	8,279	11,261	8,351
Other expenses	5	86,528	75,551	84,633	76,813	75,704
Total expenses		170,294	161,996	163,903	176,725	169,383
Surplus/(deficit) before tax		(3,143)	24,940	4,856	(2,180)	6,233
Income tax expense	6	-	-	-	374	241
Surplus/(deficit) after tax		(3,143)	24,940	4,856	(2,554)	5,992
Other comprehensive revenue and expense						
<i>Items that could be reclassified to surplus/(deficit)</i>						
Net change in fair value of investment	20	5,974	-	1,402	(16)	1,402
<i>Items that will not be reclassified to surplus/(deficit)</i>						
Revaluation on property, plant and equipment	20	112,537	45,290	245,232	121,779	245,232
Revaluation on intangibles	20	(10)	-	-	(10)	-
Prior Year Equity Correction		184	-	959	184	388
Income tax related to gain on Revaluation of Airport Assets		-	-	-	(3,321)	-
Total other comprehensive income		118,685	45,290	247,593	118,616	247,022
Total comprehensive income		115,542	70,230	252,449	116,062	253,014

Explanations of major variances against budget are provided in note 27.
The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2023

	Note	Council			Group	
		Actual 2023 \$'000	Budget 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
ASSETS						
Current Assets						
Cash and cash equivalents	7	7,725	1,266	16,011	9,146	17,728
Receivables	8	21,053	16,945	19,456	22,025	19,441
Other financial assets	10	2,000	-	2,000	2,231	2,226
Inventories	11	83	-	96	938	821
Current tax receivables		57	-	61	88	83
Non-current assets held for sale	12	1,228	-	1,460	1,228	1,460
Total current assets		32,146	18,211	39,084	35,656	41,759
Non-current assets						
Shares in associates	9	90	-	76	90	76
Other financial assets:						
- Investment in CCO's and other similar entities	10	68,699	62,311	62,708	-	-
- Investment in other entities	10	7,714	6,490	4,924	7,714	4,924
Trade and other receivables	8	13,499	14,363	14,530	39	72
Property, plant and equipment	13	1,738,663	1,602,173	1,580,614	1,826,345	1,660,924
Work in progress	13	114,425	-	121,579	114,425	121,579
Intangible assets	14	15,450	3,591	1,941	15,496	2,000
Total non-current assets		1,958,540	1,688,928	1,786,372	1,964,109	1,789,575
Total assets		1,990,686	1,707,139	1,825,456	1,999,765	1,831,336
LIABILITIES						
Current liabilities						
Borrowings	17	23,629	16,700	79,832	23,629	78,833
Employee entitlements	18	2,957	3,886	2,766	3,991	3,736
Provisions	19	18	21	18	50	18
Payables and deferred revenue	16	43,317	30,490	47,883	42,672	48,926
Total current liabilities		69,921	51,097	130,499	70,342	131,513
Non-current liabilities						
Borrowings	17	327,000	339,395	216,742	328,400	218,571
Employee entitlements	18	123	946	121	123	121
Provisions	19	1,882	1,959	1,877	1,882	1,877
Deferred tax liabilities	6	-	-	-	5,273	1,578
Total non-current liabilities		329,005	342,300	218,740	335,678	222,147
Total liabilities		398,926	393,397	349,239	406,021	353,660
Net assets		1,591,760	1,313,742	1,476,217	1,593,743	1,477,674
EQUITY						
Accumulated funds	20	712,990	791,403	717,044	715,221	718,702
Reserves	20	878,770	522,340	759,173	878,522	758,972
Total equity attributable to the Entity		1,591,760	1,313,743	1,476,217	1,593,743	1,477,674
Total equity		1,591,760	1,313,743	1,476,217	1,593,743	1,477,674

Explanations of major variances against budget are provided in note 27.
The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Note	Council			Group	
		Actual 2023 \$'000	Budget 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Balance as at 1 July		1,476,217	1,243,513	1,223,768	1,477,674	1,219,457
Surplus/(deficit) after tax		(3,143)	24,940	4,856	(2,554)	5,992
Other comprehensive revenue and expense		118,685	45,290	247,593	118,616	247,022
Balance as at 30 June	20	1,591,760	1,313,743	1,476,217	1,593,743	1,477,674

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	Council		Group		
		Actual 2023 \$'000	Budget 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Cash flows from operating activities						
Receipts from rates revenue		118,082	117,853	108,422	117,979	108,090
Receipts from other revenue		17,769	19,408	8,374	24,555	42,607
Subsidies and grants received		20,599	35,427	27,900	20,480	-
Development and financial contributions received		1,114	2,363	-	1,114	-
Interest received		1,207	550	687	754	237
Dividends received		-	-	2	-	2
Payments to suppliers*		(80,956)	(85,261)	(65,397)	(72,293)	(57,866)
Payments to employees		(31,926)	(34,353)	(30,148)	(45,737)	(42,362)
Interest paid		(10,083)	(9,829)	(7,062)	(10,124)	(8,092)
Income tax paid		3	-	(4)	(1)	(678)
Goods and Services Tax (net)		(612)	-	(1,106)	(612)	(729)
Net cash flow from operating activities		35,197	46,158	41,668	36,115	41,209
Cash flows from investing activities						
Receipts from sale of property, plant, and equipment		1,778	-	192	2,918	374
Receipts from sale of intangible assets		588	2,000	152	-	270
Loan advances repaid		-	-	1,770	(588)	20
Receipts from sale or maturity of investments		-	-	(41)	-	-
Purchase of property, plant and equipment		(83,116)	(143,774)	(91,644)	(83,813)	(86,630)
Purchase of intangible assets		(14,009)	-	5,430	(14,030)	(7)
Payments to suppliers - capital expenditure		-	-	-	-	-
Loan advances made		-	-	-	-	-
Purchase of financial assets		(2,779)	(1,034)	(2,668)	(2,809)	(535)
Net cash flow from investing activities		(97,538)	(142,808)	(86,809)	(98,322)	(86,508)
Cash flows from financing activities						
Proceeds from borrowings		83,158	119,222	84,000	83,158	84,000
Repayment of borrowings		(29,103)	(27,000)	(29,103)	(29,362)	(29,927)
Payments of finance leases		-	-	-	(171)	(171)
Net cash flow from financing activities		54,055	92,222	54,897	53,625	53,902
Net increase / (decrease) in cash and cash equivalents		(8,286)	(4,428)	9,756	(8,582)	8,603
Cash and cash equivalents at the beginning of the year		16,011	5,695	6,256	17,728	9,125
Cash, cash equivalents and bank overdrafts at the end of the year	7	7,725	1,267	16,012	9,146	17,728

* This includes amounts received and paid on behalf of and from Bay of Plenty Regional Council, New Zealand Transport Agency and petrol tax. Refer to Note 25 for further detail.

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

RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2023

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Surplus/(deficit) after tax	(3,143)	4,856	(2,554)	5,992
Add/(less) non-cash items				
Depreciation	39,938	41,507	42,162	43,452
Amortisation	488	360	495	473
Impairment of property, plant and equipment and intangible assets	39	418	1,049	418
Impairment of accounts receivable	(1,290)	293	353	299
Vested assets and assets recognised for the first time	(2,703)	(10,936)	(2,709)	(10,936)
Decrease in landfill aftercare provision	-	15	5	15
Decrease in weathertightness provision	-	-	-	-
Share of associate's surplus	25	(54)	25	(54)
(Gains)/losses in fair value on investments through surplus and deficit	-	-	-	-
Total non-cash items	36,497	31,603	41,380	33,667
Add/(less) items classified as investing or financing activities				
(Gains)/losses on disposal of property, plant, and equipment	4,999	9,134	4,999	9,135
Total items classified as investing or financing activities	4,999	9,134	4,999	9,135
Add/(less) movements in working capital items				
Receivables	1,537	(4,761)	(2,855)	(5,978)
Prepayments	(344)	1,229	(375)	1,242
Inventories	13	(7)	(117)	30
Payables and deferred revenue	(4,563)	(1,737)	(4,604)	(1,810)
Provision for taxation	3	(1)	(1)	8
Provisions	5	15	(15)	4
Employee benefits	193	(1,102)	257	(1,081)
Net movement in working capital items	(3,156)	(6,364)	(7,710)	(7,585)
Net cash inflow/(outflow) from operating activities	35,197	35,197	36,115	36,005





1.1 Reporting entity

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

The Rotorua Lakes Council group (Group) consists of the ultimate parent, Rotorua Lakes Council (Council) and its subsidiaries Rotorua Regional Airport Limited (100% owned), Rotorua Economic Development Limited (100% owned), InfraCore Limited (100% owned), and Kauae Cemetery Trust Board by special relationship. The Council's subsidiaries are incorporated and domiciled in New Zealand.

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

The Council has designated itself and the Group as public benefit entities (PBEs) to comply with generally accepted accounting practices and applies New Zealand Tier 1 Public Benefit Entity accounting standards (PBE standards).

The financial statements of the Council and Group are for the year ended 30 June 2023. The financial statements were authorised for issue by Council on 8th May 2024.

1.2 Basis of preparation

The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain assets and liabilities as identified in the significant accounting policies. The accrual basis of accounting has been used unless otherwise stated.

The financial statements have been prepared on a going concern basis.

Statement of compliance

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

The financial statements have been prepared in accordance with and comply with Tier 1 PBE Standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000), other than the remuneration payment disclosure in Note 24 and related party disclosures in Note 23, which are rounded to the nearest dollar.

Some rounding variances may occur in the financial statements due to the use of decimal places in the underlying financial data.

Changes in accounting policies

Financial instruments:

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

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

Council has elected to apply PBE IPSAS 41 prospectively from the date of application (in accordance with the transitional provisions of the standard), with no restatement of comparative information.

The Council has adopted PBE IPSAS 41 for the first time this year. There has been no material effect on the 30 June 2023 annual report as a result of adopting the new standard.

Service Performance Reporting:

PBE FRS 48 Service Performance Reporting is mandatory for annual periods beginning on or after 1 January 2022. This Standard establishes new requirements for public benefit entities to select and present service performance information.

The Council has adopted PBE FRS 48 for the first time this year.

Property Plant & Equipment - Artworks:

During 2023, Rotorua Lakes Council changed its accounting policy for Public Artworks from a revaluation model to a cost model.

In prior years, the entity has not been able to establish a readily available “active” market for valuation purposes, in order to determine an accurate fair value for Public Artworks. These artworks have been procured due to their cultural significance and beautification of the Rotorua District.

The change in policy provides a more practical and faithfully representative way of accounting for these artworks.

We have split the Artworks asset class into two separate categories Artworks and Public Artworks for the 2023 financial year. There is no adjustment to the value of the Public Artworks, as these assets have been historically recorded at cost less accumulated depreciation and impairment due to their low value.

Standards issued and not yet effective and not early adopted

There are currently no issued Standards which meet this criteria.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

1.3 Basis of consolidation

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

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

1.4 Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into functional currency (NZD) using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the surplus or deficit in the period they arise.

1.5 Goods and Services Tax

All items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are stated on a GST inclusive basis. GST not recoverable as input tax is recognised as part of the related asset or expense. Net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position. Net GST paid to, or received from, the IRD, including GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

1.6 Budget figures

The budget figures are approved by the Council in the Long Term Plan 2021 2031 and the 2022/23 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing the financial statements.

1.7 Cost allocation

Rotorua Lakes Council has derived the cost of service for each significant activity of Council using the cost allocation system outlined below.

Direct costs:

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs which cannot be identified in an economically feasible manner, with a specific significant activity. Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

Indirect costs:

Indirect costs relate to the overall costs of running the organisation and include staff time, office space and information technology costs. Indirect costs are allocated as overheads across all activities utilising an appropriate driver.

There have been no changes to the cost allocation methodology during the year.

1.8 Critical accounting estimates and judgements

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are:

- Note 13 provides information about the estimates and assumptions applied in determining the fair value of land, buildings, infrastructural assets and art collections.
- Note 19 provides information about the estimates and assumptions surrounding the landfill aftercare provision.

PBE FRS 48 Service Performance Reporting is mandatory for annual periods beginning on or after 1 January 2022. This Standard establishes new requirements for public benefit entities to select and present service performance information.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying Rotorua Lakes Council's accounting policies for the period ended 30 June 2023:

- Note 2 provides information about the judgements applied in accounting for donated or vested land and buildings with use or return conditions.
- Note 13 provides information about the judgements applied in determining the classification of property held.
- Note 22 provides information about the judgements applied in accounting for the suspensory loan from Housing New Zealand.
- Note 8 provides information about the judgements applied in determining impairment of debtors.

Accounting Policy

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

Critical accounting estimates and judgement

Accounting for donated or vested land and buildings with use or return conditions

The Council has received land and buildings from non exchange transactions that contain use or return conditions. If revenue is not recognised immediately for such assets when received, there is the possibility that a liability would be recognised in perpetuity and no revenue would ever be recognised for the asset received. The Council considers an acceptable and more appropriate accounting treatment under PBE IPSAS 23 is to recognise revenue immediately for such transfers and a liability is not recognised until such time as it is expected that the condition will be breached.

2a Rates

Accounting Policy

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

The following policies for rates have been applied:

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

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
General rates	70,490	66,022	70,387	65,915
Targeted rates attributable to activities:				
Water, excluding water supply rates	6,899	6,081	6,899	6,081
Targeted water supply rates	5,789	4,644	5,789	4,644
Sewerage	20,400	18,991	20,400	18,991
Refuse and sanitation	7,263	6,904	7,263	6,904
Lakes enhancement rate	531	509	531	509
Eastern sewerage capital rates	649	661	649	661
Business development targeted rates	6,982	6,840	6,982	6,840
Urban sewerage development rates	71	68	71	68
Rates penalties	1,705	1,405	1,705	1,405
Less rates charges to Council properties	(2,594)	(2,449)	(2,594)	(2,449)
Total rates, excluding targeted water supply rates	118,185	109,676	118,082	109,569

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates revenue. That Deed defines annual rates revenue as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other Local Authorities rate. The annual rates revenue of the Council for the year ended 30 June 2023 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown above.

Rates remissions

Rates revenue is shown net of rates remissions. The Council's rates remission policy allows rates to be remitted on condition of a ratepayer's extreme financial hardship, land used for sport, and land protected for historical or cultural purposes.

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Total gross rates	118,815	110,336	118,712	110,229
Rates remissions:				
- General rates remissions	305	180	305	180
- Targeted rates remissions	324	480	324	480
Total remissions	630	660	630	660
Rates (net of remissions)	118,185	109,676	118,082	109,569

Non-rateable land

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

Rating base information

The number of rating units within the district or region of Rotorua Lakes Council at 30 June 2023 was 29,158 (2022: 29,959).

The total capital value of rating units within the district or region of Rotorua Lakes Council at 30 June 2023 was \$22,540,609,300 (2022: \$22,697,797,500).

The total land value of rating units within the district or region of Rotorua Lakes Council at 30 June 2023 was \$11,240,110,200 (2022: \$11,489,865,700).

2b Subsidies and grants

Accounting Policy

Waka Kotahi / NZ Transport Agency (NZTA) roading subsidies

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

Other grants received

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

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Waka Kotahi roading subsidies	11,312	8,294	11,312	8,294
Capital grants and subsidies	12,479	20,729	12,479	21,847
Other operating grants, subsidies and donations	1,801	1,704	2,353	1,706
Total subsidies and grants	25,592	30,727	26,144	31,847

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2022 : \$Nil).

During the financial year ending 30 June 2023 Council has recognised grant revenue of \$Nil (2022: \$6,051,000) from the Department of Internal Affairs under the Three Waters Stimulus Programme, which is a three year programme to reform local government three waters service delivery arrangements.

2c Development and financial contributions

Accounting Policy

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

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Financial contributions	1,114	1,071	1,114	1,071
Total development and financial contributions	1,114	1,071	1,114	1,071

2d Other revenue

Infringement fees and fines

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

Provision of commercially based services

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

Vested or donated physical assets

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

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

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

Donated and bequeathed financial assets

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

Dividend income

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

Building and resource consent revenue

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

Entrance fees

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

Sales of goods

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

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Traffic and parking infringements	1,085	1,055	1,085	1,055
Rendering of services (other trading revenue)	5,253	3,486	12,383	8,501
Petrol tax	621	581	621	581
Vested assets	2,703	7,130	2,703	8,030
Dividend income	-	2	-	2
Fees and charges	7,368	7,107	7,368	7,107
Lease and rental revenue	3,457	3,316	3,694	3,696
Other revenue	348	-	348	-
Gain on disposal of property, plant and equipment	170	26	199	26
Gain/(loss) on fair value of investments	42	89	42	89
Found assets	6	3,806	6	3,806
Total other revenue	21,053	26,598	28,450	32,893



Accounting Policy

Interest income

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

Interest expense

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

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Finance income				
Interest income:				
- term and call deposits	1,207	687	754	236
Total finance income	1,207	687	754	236
Finance costs				
Interest expense:				
- interest on bank borrowings	11,220	8,279	11,261	8,351
Total finance costs	11,220	8,279	11,261	8,351
Net finance costs	10,013	7,592	10,507	8,115



Accounting Policy

Superannuation Schemes

Defined contribution schemes

Employer contributions to KiwiSaver, the Government Superannuation Scheme are expensed in the surplus or deficit as incurred.

Defined benefit schemes

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

Insufficient information is available to use defined benefit plan accounting as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme. Further information on this scheme is disclosed in Note 22.

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Salaries and wages	30,997	29,219	44,219	41,351
Defined contribution plan employer contributions	929	927	1,274	1,268
Increase/(decrease) in employee entitlements	193	(1,100)	500	(1,100)
Total personnel costs	32,119	29,046	45,994	41,519

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

During the year, Council made no severance payments (2022 : \$78,025). The group made two severance payments of \$25,000.

Operating leases

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

Lease payments under an operating lease are recognised as an expense on a straight line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Grant expenditure

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

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

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

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Fees to auditors				
- fees to Audit New Zealand for audit of the financial statements	277	180	277	180
- fees to Audit New Zealand for audit of the Council's debenture trust deed	12	7	12	7
- fees to Audit New Zealand for audit of the Council's subsidiaries' financial statements	-	-	0	99
- fees to Audit New Zealand for under provision of prior year audit fees	0	34	0	34
- fees to other providers for Councils Subsidiaries Audits			125	
Grant and contributions	1,614	2,647	1,614	2,647
Contractors and physical works	47,800	43,081	26,756	24,222
Insurance premiums	2,586	2,248	2,653	2,311
Consultants and legal advice	5,420	6,471	5,574	7,543
Marketing and promotion	367	180	1,418	2,292
Energy	2,508	2,456	2,733	2,682
ACC	66	60	188	185
Bad debts written off	1	39	1	41
Elected member remuneration (incl. hearing fees)	1,027	1,030	1,027	1,030
Impairment of receivables	1,285	1,398	1,295	1,398
Loss on disposal of property, plant and equipment	5,169	9,160	5,177	9,161
Operating lease expense	-	276	703	752
Increase/(decrease) in landfill provision	-	15	-	15
Other expenditure	17,231	14,933	26,093	20,689
Impairment of property, plant and equipment	1,165	418	1,165	418
Total other expenses	86,528	84,633	76,813	75,704

Accounting Policy

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

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

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

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

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

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

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Components of tax expense				
Current tax expense	-	-	-	(241)
Adjustments to current tax in prior years	-	-	-	-
Deferred tax expense	-	-	374	-
Tax expense	-	-	374	(241)
Relationship between tax expense and accounting profit				
Surplus/(deficit) before tax	(3,143)	4,856	(2,180)	6,233
Tax at 28%	(880)	1,360	(610)	1,745
Plus/(less) tax effect of:				
Non taxable revenue	-	(1,507)	(27)	(2,445)
Non deductible expenditure	966	-	999	171
Loss to carry forward	-	30	81	104
Tax loss not recognised	-	-	-	(101)
Group loss offset	(86)	117	(145)	-
Deferred tax on temporary differences	-	-	51	7
Deferred tax adjustment	-	-	26	278
Deferred tax not recognised	-	-	-	-
Tax expense	-	-	374	(241)

	Property, plant and equipment \$'000	Employee entitlements \$'000	Other provisions \$'000	Tax losses \$'000
Group Deferred tax assets/(liabilities)				
Balance at 30 June 2021	(2255)	23	33	175
Charged to surplus or deficit	250	(4)	(5)	-
Charged to other comprehensive revenue and expense	254	-	-	-
Balance at 30 June 2022	(1751)	19	28	175
Charged to surplus or deficit	(374)	3	16	(29)
Charged to other comprehensive revenue and expense	(3361)	-	-	-
30 June 2023	(5486)	21	45	146

A deferred tax asset has not been recognised in relation to the unused tax losses of Council of \$20,947,679 (2022: \$21,155,756), Group \$21,471,082 (2022: \$22,287,410).

The Group has unrecognised temporary tax differences of \$110,617 (2022: \$24,874).

7 CASH AND CASH EQUIVALENTS

Accounting Policy

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

Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Cash at bank and on hand	7,725	16,011	9,146	17,728
Total cash and cash equivalents	7,725	16,011	9,146	17,728

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

Cash, cash equivalents and bank overdrafts include the above for the purpose of the Statement of Cash Flows.

8 RECEIVABLES

Accounting Policy

Receivables are held for collection of contractual cash flows and classified as financial asset measured at amortised cost.

Short term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL). This allowance is calculated based on lifetime ECL.

Loans to subsidiaries and associates, and community loans (loans and receivables)

Loans made at nil or below market interest rates are initially recognised at the present value of their expected future cash flow, discounted at the current market rate of return for a similar financial instrument. For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense.

After initial recognition, loans to subsidiaries and associates, and community loans are measured at amortised cost using the effective interest rate method, less any expected credit losses (ECL).

These assets are assessed for indicators of impairment. Impairment is established when there is evidence that the council and group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired.

If assets are impaired, the amount not expected to be collected is recognised in the surplus or deficit.

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Current receivables				
Rates receivables	10,673	9,501	10,673	9,501
Other receivables	10,596	8,837	11,265	9,541
GST receivable	2,620	2,008	2,620	1,956
Loans to subsidiaries (refer Note 10)	-	1,000	-	1,000
Finance lease receivables	31	31	31	31
Prepayments	2,223	1,879	2,547	2,172
Current gross receivables	26,143	23,256	27,136	24,201
Allowance for credit losses	(5,090)	(3,800)	(5,113)	(4,760)
Total current portion	21,053	19,456	22,025	19,441
Non-current portion receivables				
Loans to subsidiaries (refer Note 10)	13,460	14,460	-	-
Finance lease receivables	39	70	39	70
Total non-current portion	13,499	14,530	39	70
Total receivables	34,552	33,986	22,064	19,513
Total receivables comprise:				
Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	14,561	14,087	13,945	14,202
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	19,991	19,899	8,119	5,309
	34,552	33,986	22,064	19,511

Allowance for credit losses

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

The impairment provision is calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment provision is based on an analysis of past collective history and debt write offs.

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

Rates are “written off”:

- when remitted in accordance with the Council's rates remission policy; and
- in accordance with the write off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Maori freehold land) of the Local Government (Rating) Act 2002.

The Chief Executive approved the write off of rates receivable during the year under the LG(R)A 2002 as follows:

- Section 90A: \$Nil (2022: \$Nil)
- Section 90B: \$Nil (2022: \$Nil)

Other Receivables

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

The status of receivables as at 30 June 2023 and 2022 are detailed below:

	2023			2022		
	Gross \$'000	Impairment \$'000	Net \$'000	Gross \$'000	Impairment \$'000	Net \$'000
Council						
Not past due	28,309	(183)	28,126	26,518	-	26,518
Past due 1-60 days	1,921	(147)	1,774	2,076	(143)	1,933
Past due 61-120 days	168	(73)	95	302	(41)	261
Past due > 121 days	9,244	(4,687)	4,557	8,890	(3,616)	5,274
Total	39,642	(5,090)	34,552	37,786	(3,800)	33,986

Group						
Not past due	15,505	(183)	15,322	13,871	-	13,871
Past due 1-60 days	2,138	(147)	1,991	1,781	(143)	1,638
Past due 61-120 days	228	(96)	132	7,024	(537)	6,487
Past due > 121 days	9,306	(4,687)	4,619	635	(3,120)	(2,485)
Total	27,177	(5,113)	22,064	23,311	(3,800)	19,511

All receivables greater than 30 days in age are considered to be past due.

The impairment provision has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment provision is based on an analysis of past collection history and debt write offs.

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Individual impairment	999	565	999	565
Collective impairment	4,091	3,235	4,114	3,235
Total provision for impairment	5,090	3,800	5,113	3,800

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors is as follows:

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Not past due	-	-	(183)	-
Past due 1-60 days	39	24	39	24
Past due 61-120 days	11	-	11	-
Past due > 121 days	949	542	949	542
Total individual impairment	999	566	816	566

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

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
As at 1 July	3,800	3,507	3,801	3,514
Additional provisions made during the year	1,290	284	1,313	284
Provisions reversed during the year	(2)	(195)	(2)	(195)
Receivables written-off during the period	1	205	1	198
At 30 June	5,090	3,800	5,113	3,800

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



Accounting Policy

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

Investments in associates are measured using the equity method in the Council and Group financial statements.

Equity method of accounting in Group financial statements

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

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

Associates of the Council and Group:

- Mountain Bike Events Limited
- Pukaki Trust
- Rotorua Museum Centennial Trust

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Mountain Bike Events Limited	90	76	90	76
Pukaki Trust	-	-	-	-
Rotorua Museum Centennial Trust	-	-	-	-
Total associates	90	76	90	76

Mountain Bike Events Limited

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

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

For the 30 June 2022 - 2027 financial years the Council approved sponsorship funding of \$250,000 per year. There is no binding arrangement in place with Mountain Bike Events Limited which would give rise to significant restrictions of any kind.

Pukaki Trust

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

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

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

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

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

Rotorua Museum Centennial Trust

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

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

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

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



Accounting Policy

Shares in subsidiaries

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

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

The investment in subsidiaries is measured at fair value through other comprehensive revenue and expenditure. The fair value for the investment in each subsidiary has been determined based on Council's proportion of ownership of the subsidiary's net assets. Net assets is considered to provide an appropriate estimate of the subsidiary's fair value, this is because subsidiary's fair value derives mainly from the underlying fair value of its assets net of liabilities

Investments in subsidiaries are assessed at each year end for impairment. A significant or prolonged decline in the fair value of the investment below its costs is considered to be objective evidence of impairment. If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is transferred to the surplus or deficit. Impairment losses on shares recognised in the surplus or deficit are not reversed through the surplus or deficit.

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

Borrower notes

Borrower notes are subordinated convertible debt instruments that the Council is required to subscribe for when borrowing from LGFA being an amount equal to 2.5% of the amount borrowed (2022: 2.5%). LGFA will redeem borrower notes or convert to equity under specific circumstances when the Council's related borrowings are repaid or no longer owed to LGFA.

The fair value of borrower notes is calculated using the discounted cashflow method. The significant input used in the fair value measurement of borrower notes is the forward interest rate yield curve.

Shares in other entities

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

Shares (other than shares in subsidiaries) and listed bonds (other than those designated as held to maturity) are initially recognised at fair value plus transaction costs and are designated at fair value through other comprehensive revenue and expense.

After initial recognition, the shares and listed bonds are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

For shares, a significant or prolonged decline in the fair value of the shares below its costs is considered to be objective evidence of impairment. For listed bonds, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments is considered to be objective evidence of impairment.

If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

Impairment losses on shares recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of the listed bonds increases and the increase can be objectively related to an event after the impairment loss was recognised the impairment loss is reversed in the surplus or deficit.

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Current portion				
Term deposits	2,000	2,000	2,231	2,226
Total current portion	2,000	2,000	2,231	2,226
Investment in CCO's and other similar entities:				
Unlisted shares Rotorua Regional Airport Limited	65,836	59,031	-	-
Unlisted shares Rotorua Economic Development Limited	227	187	-	-
Unlisted shares InfraCore Limited	2,636	3,490	-	-
Total investment in CCO's and other similar entities	68,699	62,708	-	-
Investment in other entities:				
Unlisted shares Waikato Local Authority Shared Services Limited	153	122	153	122
Unlisted shares BOP Local Authority Shared Services Limited	5	8	5	8
Unlisted shares Civic Financial Services Limited	159	175	159	175
Borrower notes	7,397	4,619	7,397	4,619
	7,714	4,924	7,714	4,924
Total non-current portion	76,413	67,632	7,714	4,924
Total other financial assets	78,413	69,632	9,945	7,150

	Rotorua Regional Airport Limited	Rotorua Economic Development Limited	Infracore Limited
Number of shares	28,645,000	100	2,366,081
Cost Price	22,322,821	232,493	2,366,000
Book value as at 1 July 2021	58,544,407	431,380	2,336,281
Revaluation gain/(loss) through other comprehensive revenue and expense	486,476	(243,904)	1,153,532
Acquisition/(disposal) of shares	-	-	-
Book value as at 30 June 2022	59,030,883	187,476	3,489,813
Book value as at 1 July 2022	59,030,883	187,476	3,489,813
Revaluation gain/(loss) through other comprehensive revenue and expense	6,805,373	39,124	(854,018)
Acquisition/(disposal) of shares	-	-	-
Revaluation gain/(loss) through Surplus/(Deficit)	-	-	-
Book value as at 30 June 2023	65,836,256	226,600	2,635,795

	Waikato LASS Limited	BOP LASS Limited	Civic Financial Services Limited
Other financial assets			
Number of shares	134,220	5	175,906
Cost Price	181,511	15,968	167,911
Book value as at 1 July 2021	88,380	7,391	169,221
Revaluation gain/(loss) through other comprehensive revenue and expense	-	-	-
Acquisition/(disposal) of shares	-	-	-
Revaluation gain/(loss) through Surplus/(Deficit)	33,849	1,007	5,638
Book value as at 30 June 2022	122,229	8,398	174,859

Book value as at 1 July 2022	122,229	8,398	174,859
Revaluation gain/(loss) through other comprehensive revenue and expense	-	-	(16,003)
Acquisition/(disposal) of shares	-	-	-
Revaluation gain/(loss) through Surplus/(Deficit)	31,009	(3,706)	-
Book value as at 30 June 2023	153,238	4,692	158,856

Unlisted shares

Rotorua Regional Airport Limited

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

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

Rotorua Lakes Council and Rotorua Regional Airport Limited are subject to a Service Funding Agreement dated 18 February 2016. In the agreement, Council is committed to providing funding to the airport for a 20 year term due to the company purchasing the airport assets and maintaining acceptable levels of stewardship. Currently, the funding sits at \$193,476.16 excl GST per month. Rotorua Regional Airport Limited also has a loan from Council for the sum of \$12,550,000 which it is repaying on an interest only basis in the short term.

Rotorua Economic Development Limited

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

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

Council provides quarterly funding of \$351,666 (excl GST) to Rotorua Economic Development Limited as part of the Statement of Intent when the functions performed by the company were separated from within Council.

InfraCore Limited

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

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

Council has no binding arrangements in place with InfraCore Limited which would give rise to significant restrictions of any kind. Council have however loaned InfraCore Limited amounts totalling \$910,000 pursuant to the loan agreement dated 22 June 2016.

Kauae Cemetery Trust Board

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

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

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

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

Other financial assets

Civic Financial Services Limited

The cost price of the share investment in Civic Financial Services Limited amounts to \$167,911. The recoverable amount is approximated by using the net asset backing method and amounts to \$158,856 (2022: \$174,859). The shares in this entity are fair valued through Other Comprehensive Revenue and Expense. The net change in fair value for this year is a decrease of \$16,003 (2022: \$5,638). The Council holds 175,906 ordinary shares.

Council has no binding arrangements in place with Civic Financial Services Limited which would give rise to significant restrictions of any kind. The loss of \$16,003 was recognised through Other Comprehensive Revenue & Expense this year (2022: gain of \$5,638 recognised through Surplus/(Deficit)).

Waikato Local Authority Shared Services Limited

The cost price of the share investment in Waikato Local Authority Shared Services Ltd amounts to \$181,511. The recoverable amount is approximated by using the net asset backing method and amounts to \$153,238 (2022: \$122,229). The shares in this entity are fair valued through Other Comprehensive Revenue and Expense. The net change in fair value for this year is an increase of \$31,009 (2022: \$33,849). The Council holds 134,220 shares.

The Waikato LASS share investment comprises:

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

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

Council makes an annual contribution to the operating costs of Waikato Local Authority Shared Services Limited. The gain of \$31,009 was recognised through surplus/deficit this year (2022: \$33,849).

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

BOP LASS Limited

The cost price of the share investment in BOP LASS Limited amounts to \$15,968. The recoverable amount is approximated by using the net asset backing method and amounts to \$4,692 (2022: \$8,398). The shares in this entity are fair valued through Other Comprehensive Revenue and Expense. The net change in fair value for this year is a decrease of \$3,706 (2022: \$1,007 increase). The Council holds 5 ordinary shares.

Council makes an annual contribution to the operating costs of BOP LASS Ltd. The loss of \$3,706 (2022: \$1,007 gain) was recognised through surplus/deficit this year.

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

Impairment

A total impairment write back of \$66,426 (2022: \$34,856) has been recognised in the surplus/deficit of the Statement of Comprehensive Revenue and Expense. This related to investment in subsidiaries and other entities.





Accounting Policy

Inventories are held for distribution or for use in the provision of goods and services. The measurement of inventories depends on whether the inventories are held for commercial or non commercial (distribution at no charge or for a nominal charge) distribution or use. Inventories are measured as follows:

- Commercial: measured at the lower of cost and net realisable value.
- Non commercial: measured at cost, adjusted for any loss of service potential.

Cost is allocated using the first in first out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first.

Inventories acquired through non exchange transactions are measured at fair value at the date of acquisition. Any write down from cost to net realisable value or for the loss of service potential is recognised in the surplus or deficit in the year of the write down.

When land held for development and future resale is transferred from investment property/property, plant, and equipment to inventory, the fair value of land at the date of the transfer is its deemed cost.

Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant and equipment.

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Non-commercial inventory:				
Water and sewerage reticulation spare parts	36	44	368	341
Other	13	14	13	14
Total non-commercial inventory	49	58	381	355
Commercial inventory:				
Nursery store	1	9	322	340
Museum retail stock	24	29	24	29
Other	9	-	211	97
Total commercial inventory	34	38	557	466
Total inventories	83	96	938	821

No inventories are pledged as security for liabilities (2022: \$Nil). However, some inventories are subject to retention of title clauses.

Non-commercial inventory

The carrying amount of inventory held for distribution that is measured at current replacement cost as at 30 June 2023 amounted to \$49,000 (2022: \$58,000).

The write down of inventory held for distribution because of a loss in service potential amounted to \$Nil (2022: \$Nil). There have been no reversals of previous write downs (2022: \$Nil).

The loss in service potential of inventory held for distribution is determined on the basis of obsolescence.

Commercial inventory

The write down of commercial inventory to net realisable value during the year amounted to \$Nil (2022: \$Nil). There have been no reversals of write downs (2022: \$Nil).

Accounting Policy

Non current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write downs of non current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell), are recognised up to the level of any impairment losses that have been previously recognised.

Non current assets are not depreciated or amortised while they are classified as held for sale (including those that are part of a disposal group).

As at 30 June 2023, Council had a number of properties surplus to requirements and held available for sale. The sale of these assets are expected to be concluded within twelve months from balance date.

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Non-current assets held for sale are:				
Land	1,160	1,460	1,160	1,460
Buildings	68	-	68	-
Total non-current assets held for sale	1,228	1,460	1,228	1,460

Accounting Policy

Property, plant and equipment of the Council and Group are classified into three categories:

- *Operational assets*

These include property, plant and equipment used to provide core council services, either as a community service, for administration or as a business activity. These operational assets include land, buildings, library books, motor vehicles, art collections, public artworks, plant and equipment, and landfill post closure.

- *Infrastructure assets*

These include land under roads and systems and networks integral to the city's infrastructure. These assets are intended to be maintained indefinitely, even if individual assets or components are replaced or upgraded. These infrastructure assets include land, parks and reserves, recreational forests, roading and footpaths, sewerage assets and water assets. Each class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

- *Restricted assets*

Restricted assets include property and improvements where the use or transfer of title outside the Group or the Council is subject to restrictions. This includes restriction imposed by legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land or buildings acquired under a bequest or donation that restricts the purpose for which the asset can be used). These restricted assets include airport infrastructure, land and landfill pre closure.

Additions:

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

Initial recognition:

Property, plant and equipment is measured at initial costs directly attributable to acquisition of the items or valuation, less accumulated depreciation and impairment losses.

Where an asset is acquired in a non exchange transaction for nil or nominal consideration the asset is initially measured at fair value as at the date of acquisition.

Subsequent costs:

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council or Group and the cost of the item can be measured reliably.

The costs of day to day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Disposals:

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset or when no further economic benefits or service potential are expected. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Revaluations:

Land (operational, infrastructural and restricted), buildings (operational and restricted), art collections, infrastructural assets (including landfill pre closure) and airport are revalued at fair value with sufficient regularity to ensure that their carrying amount does not differ materially from fair value, and at least every three years (except for airport assets which are at least every 5 years). The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off cycle asset classes are revalued.

The value of recreational forests is at deemed cost. All other assets are carried at depreciated historical cost.

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

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

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

Depreciation:

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

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

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

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.

The expected lives of major classes of assets are:

Buildings	
Structure	10-101 years
Services	20-50 years
Fit-out	5-40 years
Site specific	2-20 years
Plant and equipment	3-96 years
Parks and reserves	3-100 years
Airport Assets	
Runway, Taxiways, Aprons	5-42 years
Other paved areas	10-42 years
Surround security fences	10 years
Landfill improvements	2-100 years
Roads and footpaths	
Seals - first coat and base	80 years
Seal - second coat	20 years
Footpaths	10-100 years
Streetlights (Poles, Brackets and Lamps)	30 years
Bridges	70-100 years
Water	
Treatment plants and facilities	5-100 years
Water and reticulation (other assets)	10-130 years
Sewage System	
Treatment plants and facilities	3-100 years
Wastewater and reticulation (other assets)	10-100 years
Stormwater drainage	2-100 years

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Impairment of property, plant, and equipment

Property, plant and equipment assets subsequently measured at cost that have a finite useful life are reviewed for impairment at each balance date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

Value in use for non cash generating assets

Non cash generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash generating assets

Cash generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash generating assets and cash generating units is the present value of expected future cash flows.

Recreation forestry assets

Standing forestry assets are held for the prime purpose of recreation at deemed cost.

Council may from time to time harvest minor portions of a forest. At the time of sale a proportion of deemed cost of area of forest evidenced within a felling plan is offset against proceeds and felling costs at the time. The net value is recognised in the surplus or deficit.

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

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

Investment property

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

Investment property is measured initially at its cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that the cost is incurred, and excludes costs of day to day maintenance.

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

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

Critical accounting estimates and judgement

Classification of property

The Council owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market based rental from these properties is incidental to holding them. These properties are held for service delivery objectives as part of the Council's social housing policy. These properties are held as property, plant and equipment rather than as investment property.

Council 2023	Cost / revaluation 1 Jul 2022 \$'000	Accumulated depreciation and impairment charges 1 Jul 2022 \$'000	Carrying amount 1 Jul 2022 \$'000	Current year additions \$'000	Transfers from capital work in progress \$'000	Assets transferred (to)/ from held for sale \$'000
Operational assets						
Land	62,499	-	62,499	-	-	301
Building	183,208	-	183,208	-	3,104	(68)
Library books	5,871	(2,729)	3,142	-	-	-
Motor vehicles	3,199	(1,399)	1,800	-	324	-
Art collections	24,655	-	24,655	-	-	-
Public Artwork	2,033	(143)	1,890	-	12	-
Plant and equipment	30,147	(22,991)	7,156	-	33,164	-
Total operational assets	311,612	(27,263)	284,350	-	36,604	233
Infrastructural assets						
Land	862	-	862	-	-	-
Parks and reserves	65,109	-	65,109	-	18,053	-
Recreational forests	1,895	-	1,895	-	-	-
Roading and footpaths	455,236	(5,722)	449,514	-	7,485	-
Sewerage - treatment plant and facilities	64,184	(4,501)	59,683	-	6,037	-
Sewerage - other	192,513	-	192,513	-	4,537	-
Water - treatment plant and facilities	40,694	(2,405)	38,289	-	796	-
Water - other	119,284	-	119,284	-	14,201	-
Stormwater	147,434	(800)	146,634	-	5,444	-
Land under roads	46,723	-	46,723	-	-	-
Total infrastructural assets	1,133,935	(13,428)	1,120,507	-	56,553	-
Restricted assets						
Airport	771	(507)	264	-	-	-
Land	170,333	-	170,333	-	-	-
Landfill	5,204	(43)	5,161	-	-	-
Total restricted assets	176,308	(550)	175,758	-	-	-
Total Council	1,621,855	(41,241)	1,580,614	-	93,157	233



Other transfers \$'000	Current year disposals \$'000	Current year impairment charges \$'000	Current year depreciation \$'000	Revaluation surplus/ depreciation write back \$'000	Other cost & depreciation movements \$'000	Cost/ revaluation 30 Jun 2023 \$'000	Accumulated depreciation and impairment charges 30 Jun 2023 \$'000	Carrying amount 30 Jun 2023 \$'000
-	-	-	-	-	-	62,800	-	62,800
25	-	(1,259)	(8,396)	-	-	186,269	(9,655)	176,614
-	-	-	-	-	-	5,871	(2,729)	3,142
-	(42)	-	(443)	-	-	3,482	(1,842)	1,639
-	-	-	-	(4,653)	-	20,002	-	20,002
-	-	-	-	-	-	2,045	(143)	1,902
35	-	-	(3,022)	-	-	63,347	(26,013)	37,334
60	(42)	(1,259)	(11,861)	(4,653)	-	343,816	(40,382)	303,434

-	-	-	-	-	-	862	-	862
(807)	(124)	(297)	(4,936)	-	-	82,231	(5,233)	76,998
-	-	-	-	-	-	1,895	-	1,895
-	-	(20)	(8,269)	57,436	-	506,146	-	506,146
-	-	-	(334)	-	-	70,221	(4,835)	65,386
807	(3,839)	-	(6,649)	39,356	-	226,725	-	226,725
-	-	-	(782)	6,038	-	44,341	-	44,341
(141)	(3,424)	-	(2,509)	15,911	-	143,322	-	143,321
8	(488)	-	(4,474)	-	-	152,397	(5,273)	147,124
-	-	-	-	-	-	46,723	-	46,723
(133)	(7,875)	(317)	(27,953)	118,741	-	1,274,863	(15,341)	1,259,522

-	-	-	-	-	-	771	(507)	264
-	-	-	-	-	-	170,333	-	170,333
73	-	-	(124)	-	-	5,276	(167)	5,109
73	-	-	(124)	-	-	176,381	(678)	175,707

-	(7,917)	(1,576)	(39,938)	114,088	-	1,795,060	(56,398)	1,738,663
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Council 2022	Cost / revaluation 1 Jul 2021 \$'000	Accumulated depreciation and impairment charges 1 Jul 2021 \$'000	Carrying amount 1 Jul 2021 \$'000	Current year additions \$'000	Transfers from capital work in progress \$'000	Assets transferred (to)/ from held for sale \$'000
Operational assets						
Land	72,151	-	72,151	-	-	-
Building	169,606	(19,821)	149,785	-	4,482	-
Library books	5,871	(2,729)	3,142	-	-	-
Motor vehicles	2,921	(1,244)	1,677	-	905	-
Art collections	26,688	(143)	26,544	-	-	-
Plant and equipment	28,117	(21,144)	6,973	-	2,410	-
Total operational assets	305,354	(45,081)	260,272	-	7,797	-
Infrastructural assets						
Land	114	-	114	-	-	-
Parks and reserves	31,909	(5,193)	26,716	-	35,645	-
Recreational forests	1,895	-	1,895	-	-	-
Roading and footpaths	387,414	(14,731)	372,683	-	17,268	-
Sewerage - treatment plant and facilities	62,578	(1,629)	60,949	-	1,892	-
Sewerage - other	166,372	(3,788)	162,584	-	2,403	-
Water - treatment plant and facilities	39,998	(1,618)	38,380	-	700	-
Water - other	107,897	(5,037)	102,860	-	4,287	-
Stormwater	116,622	(5,155)	111,467	-	3,982	-
Land under roads	46,723	-	46,723	-	-	-
Total infrastructural assets	961,522	(37,151)	924,372	-	66,177	-
Restricted assets						
Airport	771	(507)	264	-	-	-
Land	123,229	-	123,229	-	-	-
Landfill	5,195	(177)	5,018	-	92	-
Total restricted assets	129,195	(684)	128,511	-	92	-
Total Council	1,396,071	(82,916)	1,313,155	-	74,066	-



Other transfers \$'000	Current year disposals \$'000	Current year impairment charges \$'000	Current year depreciation \$'000	Revaluation surplus/ depreciation write back \$'000	Other cost & depreciation movements \$'000	Cost/ revaluation 30 Jun 2022 \$'000	Accumulated depreciation and impairment charges 30 Jun 2022 \$'000	Carrying amount 30 Jun 2022 \$'000
-	-	-	-	(8,906)	(746)	62,499	-	62,499
6	(1,424)	(410)	(8,949)	39,718	-	183,208	-	183,208
-	-	-	-	-	-	5,871	(2,729)	3,142
-	(167)	-	(615)	-	-	3,199	(1,399)	1,800
-	-	-	-	-	-	26,688	(143)	26,544
13	(4)	-	(2,236)	-	-	30,147	(22,991)	7,157
19	(1,595)	(410)	(11,800)	30,812	(746)	311,612	(27,263)	284,350

-	-	-	-	748	-	862	-	862
281	(552)	(8)	(2,579)	5,606	-	65,109	-	65,109
-	-	-	-	-	-	1,895	-	1,895
(92)	(3,610)	-	(14,291)	77,556	-	455,236	(5,722)	449,514
-	(286)	-	(2,872)	-	-	64,184	(4,501)	59,683
55	(1,545)	-	(3,754)	32,770	-	192,513	-	192,513
-	(4)	-	(787)	-	-	40,694	(2,405)	38,289
-	(429)	-	(2,503)	15,070	-	119,284	-	119,284
(316)	(1,254)	-	(2,784)	35,539	-	147,434	(800)	146,634
-	-	-	-	-	-	46,723	-	46,723
(72)	(7,680)	(8)	(29,571)	167,289	-	1,133,935	(13,428)	1,120,507

-	-	-	-	-	-	771	(507)	264
-	-	-	-	47,104	-	170,333	-	170,333
52	(51)	-	(136)	188	-	5,204	(43)	5,160
(52)	(51)	-	(136)	47,292	-	176,308	(550)	175,757

(1)	(9,326)	(418)	(41,507)	245,393	(746)	1,621,855	(41,241)	1,580,614
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Group 2023	Cost / revaluation 1 Jul 2022 \$'000	Accumulated depreciation and impairment charges 1 Jul 2022 \$'000	Carrying amount 1 Jul 2022 \$'000	Current year additions \$'000	Transfers from capital work in progress \$'000	Assets transferred (to)/ from held for sale \$'000
Operational assets						
Land	62,499	-	62,499	-	-	301
Building	207,182	(1,443)	205,739	29	3,104	(68)
Library books	5,871	(2,729)	3,142	-	-	-
Motor vehicles	8,114	(4,174)	3,940	149	324	-
Art collections	24,655	-	24,655	-	-	-
Public artwork	2,033	(143)	1,890	-	12	-
Plant and equipment	34,260	(25,481)	8,779	224	33,164	-
Total operational assets	344,614	(33,970)	310,644	402	36,604	233
Infrastructural assets						
Land	25,597	-	25,597	-	-	-
Parks and reserves	65,109	-	65,109	-	18,053	-
Recreational forests	1,895	-	1,895	-	-	-
Roading and footpaths	455,236	(5,722)	449,514	-	7,485	-
Sewerage - treatment plant and facilities	64,184	(4,501)	59,683	-	6,037	-
Sewerage - other	192,513	-	192,513	-	4,537	-
Water - treatment plant and facilities	40,694	(2,405)	38,289	-	796	-
Water - other	119,285	-	119,285	-	14,201	-
Stormwater	147,434	(800)	146,634	-	5,444	-
Land under roads	46,723	-	46,723	-	-	-
Total infrastructural assets	1,158,670	(13,428)	1,145,242	-	56,533	-
Restricted assets						
Airport	27,553	(1,482)	29,036	-	-	-
Land	170,838	-	170,838	-	-	-
Landfill	5,299	(136)	5,163	-	-	-
Total restricted assets	203,690	(1,618)	205,037	-	-	-
Total Group	1,706,974	(49,016)	1,660,923	402	93,158	233



Other transfers \$'000	Current year disposals \$'000	Current year impairment charges \$'000	Current year depreciation \$'000	Revaluation surplus/ depreciation write back \$'000	Other cost & depreciation movements \$'000	Cost/ revaluation 30 Jun 2023 \$'000	Accumulated depreciation and impairment charges 30 Jun 2023 \$'000	Carrying amount 30 Jun 2023 \$'000
-	-	-	-	-	-	62,800	-	62,800
25	(24)	(1,259)	(8,946)	5,179	-	208,900	(9,481)	199,419
-	-	-	-	-	-	5,871	(2,729)	3,142
-	(105)	-	(688)	-	154	8,482	(4,861)	3,638
-	-	-	-	(4,653)	-	20,002	-	20,002
-	-	-	-	-	-	2,045	(143)	1,902
35	(9)	-	(3,426)	-	2	67,674	(28,908)	38,880
60	(138)	(1,259)	(13,059)	526	156	375,774	(46,122)	329,782

-	-	-	-	(2,620)	-	29,202	-	29,202
(807)	(124)	(297)	(4,936)	-	-	81,934	(4,936)	76,998
-	-	-	-	-	-	1,895	-	1,895
-	-	(20)	(8,269)	57,436	-	506,146	-	506,146
-	-	-	(334)	-	-	70,221	(4,835)	65,386
807	(3,839)	-	(6,649)	39,356	-	226,723	-	226,725
-	-	-	(782)	6,038	-	44,341	-	44,341
(141)	(3,424)	-	(2,509)	15,911	-	143,322	-	143,322
8	(488)	-	(4,474)	-	-	152,397	(5,273)	147,124
-	-	-	-	-	-	46,723	-	46,723
(133)	(7,875)	(318)	(27,953)	116,121	-	1,302,906	(15,044)	1,287,862

-	-	-	(976)	6,683	-	33,260	(507)	32,754
-	-	-	-	-	-	170,838	-	170,838
73	-	-	(124)	-	-	5,276	(167)	5,109
73	-	-	(1,100)	6,683	-	209,374	(674)	208,701

-	(8,013)	(1,577)	(42,112)	123,330	156	1,888,054	(61,840)	1,826,345
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Group 2022	Cost / revaluation 1 Jul 2021 \$'000	Accumulated depreciation and impairment charges 1 Jul 2021 \$'000	Carrying amount 1 Jul 2021 \$'000	Current year additions \$'000	Transfers from capital work in progress \$'000	Assets transferred (to)/from held for sale \$'000
Operational assets						
Land	72,151	-	72,151	-	-	-
Building	190,439	(20,760)	169,679	1,231	4,482	-
Library books	5,871	(2,729)	3,142	-	-	-
Motor vehicles	7,246	(3,325)	3,921	169	905	-
Art collections	26,688	(143)	26,545	-	-	-
Plant and equipment	31,439	(23,011)	8,428	545	2,410	-
Total operational assets	333,834	(49,968)	283,866	1,945	7,797	-
Infrastructural assets						
Lands	24,849	-	24,849	-	-	-
Parks and reserves	31,909	(5,193)	26,716	-	35,645	-
Recreational forests	1,895	-	1,895	-	-	-
Roading and footpaths	387,414	(14,731)	372,683	-	17,268	-
Sewerage - treatment plant and facilities	62,578	(1,629)	60,949	-	1,892	-
Sewerage - other	166,372	(3,788)	162,584	-	2,403	-
Water - treatment plant and facilities	39,998	(1,618)	38,380	-	700	-
Water - other	107,897	(5,037)	102,860	-	4,287	-
Stormwater	116,622	(5,155)	111,467	-	3,982	-
Land under roads	46,723	-	46,723	-	-	-
Total infrastructural assets	986,257	(37,151)	949,106	-	66,177	-
Restricted assets						
Airport	28,514	(507)	28,007	14,463	-	-
Land	123,734	-	123,734	-	-	-
Landfill	5,195	(177)	5,018	-	92	-
Total restricted assets	157,443	(684)	156,759	14,463	92	-
Total Council	1,477,534	(87,803)	1,389,731	16,408	74,066	-



Other transfers \$'000	Current year disposals \$'000	Current year impairment charges \$'000	Current year depreciation \$'000	Revaluation surplus/ depreciation write back \$'000	Other cost & depreciation movements \$'000	Cost/ revaluation 30 Jun 2022 \$'000	Accumulated depreciation and impairment charges 30 Jun 2022 \$'000	Carrying amount 30 Jun 2022 \$'000
-	-	-	-	(8,906)	-	62,499	-	62,499
6	(1,424)	(410)	(9,454)	41,722	-	207,182	(1,443)	205,739
-	-	-	-	-	-	5,871	(2,729)	3,142
-	(206)	15	(849)	-	-	8,114	(4,174)	3,941
-	-	-	-	-	-	26,688	(143)	26,544
13	(147)	135	(2,470)	-	-	34,260	(25,481)	8,779
19	(1,777)	(260)	(12,773)	32,816	-	344,614	(33,969)	310,645

-	-	-	-	748	-	25,597	-	25,597
281	(552)	(8)	(2,579)	5,606	-	65,109	-	65,109
-	-	-	-	-	-	1,895	-	1,895
(92)	(3,610)	-	(14,291)	77,556	-	455,236	(5,722)	449,514
55	(286)	-	(2,872)	-	-	64,184	(4,501)	59,683
-	(1,545)	-	(3,754)	32,770	-	192,513	-	192,513
-	(4)	-	(787)	-	-	40,694	(2,405)	38,289
-	(429)	-	(2,503)	15,070	-	119,285	-	119,285
(316)	(1,254)	-	(2,784)	35,539	-	147,434	(800)	146,634
-	-	-	-	-	-	46,723	-	46,723
(72)	(7,680)	(8)	(29,570)	167,289	-	1,158,671	(13,428)	1,145,242

-	-	-	(975)	-	-	27,553	(1,482)	29,036
-	-	-	-	47,104	-	170,838	-	170,838
52	(52)	-	(136)	188	-	5,299	(136)	5,163
52	(52)	-	(1,111)	47,292	-	203,690	(1,618)	205,037

(1)	(9,509)	(268)	(43,454)	247,397	-	1,706,975	(49,015)	1,660,924
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Core infrastructure asset disclosures

Council 2023

	Last valuation date	Replacement Cost 2023* \$'000	Replacement Cost 2022* \$'000
Water supply:			
– treatment plants and facilities	2023	20,416	21,218
– other assets (such as reticulation systems)	2023	339,557	300,067
Sewerage:			
– treatment plants and facilities	2021	96,325	96,325
– other assets (such as reticulation systems)	2023	433,565	43,694
Stormwater drainage	2022	220,005	220,005
Roads and footpaths	2022	831,478	827,920

*The above replacement costs exclude capital work in progress.

Critical accounting estimates and judgement

Estimating the fair value of land, buildings, infrastructure and art collections assets

Land (operational, infrastructural and restricted)

The fair value of land is reviewed at three yearly intervals. The most recent valuation was performed by independent registered valuer Beca Limited, and was effective as at 30 June 2022.

Land is valued at fair value using market based evidence based on its highest and best use with reference to comparable land values. Where there is a designation against the land or the use of the land is restricted because of reserve or endowment status, the valuation approach reflects the restriction in use. Such land is valued based on rural land value plus a location adjustment to reflect different zoning, which is based on the valuer's judgement.

Restrictions on the Council's ability to sell land would normally not impair the value of the land because the Council has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

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

Buildings (operational and restricted)

The fair value of buildings is reviewed at three yearly intervals. The most recent valuation was performed by independent registered valuer Beca Limited. The valuation is effective as at 30 June 2022.

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

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

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

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

Infrastructural asset classes: sewerage, water, drainage and roads

Sewerage, water, drainage, and roading infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using this method. These include:

The replacement costs where appropriate reflect optimisation due to over design or surplus capacity.

Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for modern equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth and location. If recent contract cost information is considered out of date, it is indexed using Statistics New Zealand's Capital Goods Price Index (replaced by the Business Price Index in 2015) for civil constructions to convert them to current dollar value at the valuation date.

Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

The fair value of infrastructural assets will be revised at three yearly 'rolling' intervals. The most recent valuations are performed by Council engineers and are peer reviewed by independent registered valuers Beca Limited. The effective dates of these valuations are:

- Water reticulation system: 30 June 2023
- Wastewater reticulation system: 30 June 2023
- Wastewater treatment plant & facilities: 1 July 2020
- Water treatment plant & facilities: 30 June 2023
- Stormwater and land drainage system: 31 March 2022
- Roothing network: 31 March 2022
- Parks and reserves assets: 30 June 2022
- Landfill assets: 30 June 2022

The valuation for wastewater reticulation system is included within the classification 'sewerage other'.

Further, a fair value assessment as at 30 June 2023 was performed in house, applying available price indices. This was peer reviewed by Beca Valuations Limited.

Airport

An independent valuation of the Airport assets was performed by Beca Projects NZ Limited to determine the fair value of the assets as at 30 June 2023. A revaluation surplus net of deferred tax of \$5,920,710 was credited to other comprehensive revenue and expense this financial year.

Art collections

The Museum art collections are valued at fair market value. Determination of fair value is made by:

- if an active market exists for the same or similar asset the market prices are deemed to be the fair value; or
- if there is no active market fair value should be determined by other market based evidence adjudged by us as active and knowledgeable participants in the market.

Accounting estimate - Public Artworks

The Public Artworks are accounted for using the cost model. Under this model the public artworks are initially recognised at their acquisition cost and subsequently adjusted for depreciation and impairment. The useful life is determined based on factors such as wear & tear, exposure to environmental conditions and any specific preservation efforts. Impairment is assessed annually to identify permanent decrease in value and this is recognised as a loss in the income statement and a reduction to the carrying amount of the public artwork to its recoverable amount.

Impairment

Impairment losses of \$562,536 (2022: \$418,039) have been recognised for the year. The impairment has been recognised in the Statement of Comprehensive Revenue and Expense in the line item 'impairment of property, plant and equipment'.

Forestry assets

Council's forestry assets are recognised as recreational forests, as part of Council's operating assets. The Council owns six forestry stands located at:

- Tutukau Road this stand measures 10.0 hectares of Pinus Radiata with a current age of 22 years.
- Near the Rotorua Landfill measures 2.4 hectares of Pinus Radiata which was felled in November 2020. Replanting of native seedlings occurred in July/August 2022.
- Great West Road spring reserve 2.5 hectares of Pinus Radiata with a current age of 3 years.
- Hill Road spring reserve measures 1.6 hectares of Pinus Radiata forest with a current age of 33 years.
- Reservoir Road spring reserve measures 7.6 hectares of Pinus Radiata forest with a current age of 20 years.
- Tokorangi Forest measures 112.2 hectares and consists of multiple species including Redwood, Douglas Fir, Pinus Radiata, Pinus Patula, Eucalyptus, Larch and Blackwood. The age of each stand of species varies, depending on the year of planting and ranges from 8 to 119 years.

Tokorangi Forest (Redwood Forest)

In 1993 the Crown Forest License for the Tokorangi Forest (Redwood Forest) was transferred to the Council from the Crown in recognition of the significant recreation resource with the valuable aesthetic and landscape features that the forest represents for the people of Rotorua, as well as its national and international visitors. There are covenants in place that restrict the license to this effect. The majority of the forest will therefore not be managed commercially. The land on which the forest grows is owned by the Central North Island Iwi Collective. Council has the license to continue managing the forest until 2049.

Work in progress

Accounting Policy

Work in progress is recognised at cost less impairment and is not depreciated. Property, plant and equipment in the course of construction by class of asset is detailed below:

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Operational assets				
Land	189	294	189	294
Buildings	22,659	42,607	22,659	42,607
Motor vehicles	-	26	-	26
Art collections	253	682	253	682
Plant and equipment	525	2,438	525	2,438
Infrastructural assets			-	-
Parks and reserves	7,547	10,737	7,547	10,737
Roading and footpaths	10,127	11,984	10,127	11,984
Sewerage - treatment plant facilities	18,534	14,655	18,534	14,655
Sewerage- other	19,476	10,077	19,476	10,077
Stormwater	22,766	13,394	22,766	13,394
Water - treatment plant facilities	12,322	5,716	12,322	5,716
Restricted Assets				
Intangibles				
Computer software	28	8,969	28	8,969
Total work in progress	114,425	121,579	114,425	121,579

Leasing

The net carrying amount of plant and equipment held under financing leases is \$Nil (2022: \$Nil).

Security

No tangible assets are pledged as security for liabilities.





Accounting Policy

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with finite lives are amortised over the assessed useful economic life or pattern of consumption. The amortisation expense is recognised in the surplus or deficit as an expense category consistent with the function of the intangible asset.

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. Impairment losses are recognised immediately in surplus or deficit. For further details, refer to the policy for impairment of Property, Plant and Equipment in Note 13. The same approach applies to the impairment of intangible assets.

Goodwill

Goodwill on acquisition of businesses and controlled entities (subsidiaries) is included in 'intangible assets'. Goodwill on acquisition of associates is included in 'investments in associates' and is tested for impairment as part of the overall investment balance.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. An impairment loss recognised for goodwill is not reversed.

Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

Impairment losses relating to goodwill cannot be reversed in future periods.

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly attributable with the development of software for internal use are recognised as an intangible asset. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Staff training costs, costs associated with maintaining computer software and costs associated with the development and maintenance of Council's website are recognised as an expense when incurred.

Carbon credits

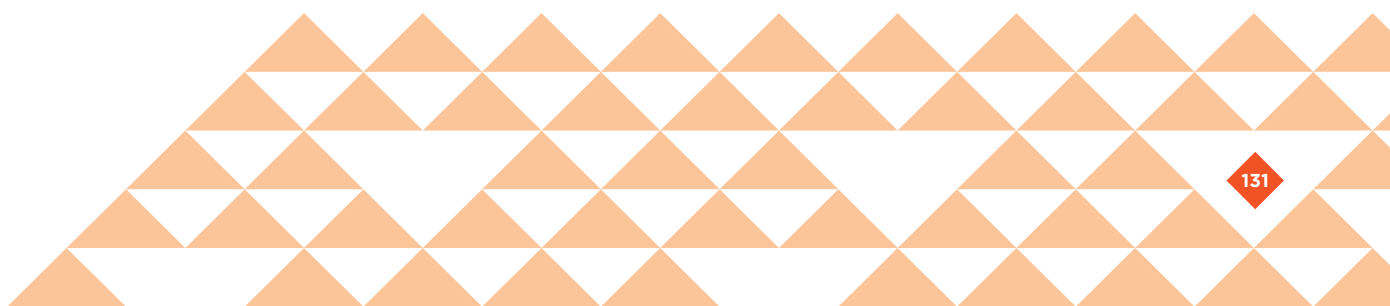
Purchased carbon credits are recognised initially at cost on acquisition. They are not amortised, but are instead tested for impairment annually, and otherwise revalued to fair value annually. They are 'derecognised' when they are used to satisfy carbon emission obligations.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a 'straight line basis' over its useful life. Amortisation begins when the asset is available for use, and ceases at the date that the asset is 'derecognised'. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer Software	2 - 30 years
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Software as a Service (SaaS)

In April 2021, the IFRS Interpretations Committee (IFRIC), a committee supporting profit oriented reporting, published an agenda decision clarifying how configuration and customisation costs incurred in implementing SaaS should be accounted for. The New Zealand Accounting Standards Board has not issued similar guidance, however, in the absence of a PBE standard specifically dealing with such costs, management considers the IFRIC decision relevant to the accounting for similar types of arrangements of the group in accordance with PBE IPSAS 31 Intangible assets. The group revised its accounting policy in relation to configuration and customisation costs incurred in implementing SaaS arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements. The IFRIC concluded where SaaS arrangements are service contracts providing the customer with the right to access the SaaS provider's application software over the contract period. Costs incurred to configure or customise software in a cloud computing arrangement, can be recognised as intangible assets only if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on premises systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight line basis. The useful lives are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate. Costs that do not result in intangible assets are expensed as incurred, unless they are paid to the supplier(s) of the cloud based software and/or to the supplier's agent, to significantly customise the cloud based software for the group, in which case, the costs paid upfront may be recorded as a prepayment for services and amortised over the expected term of the cloud computing arrangement.

At 30 June 2023 Council have assessed their software values and costs and applied the new accounting policy. No adjusting entries were required for the 2023 financial year (2022: transfer of \$73,358 from intangibles to expense for PayGlobal payroll software). No other Council software previously classified as intangible has been assessed to be SaaS. OneCouncil ERP software currently live and in progress is not SaaS as Council is using the on premise version of this software and will continue to do so for the foreseeable future.

Cost	Goodwill \$'000	Computer software \$'000	Carbon credits \$'000	Total Council \$'000	Total Group \$'000
Balance as at 1 July 2022	95	10,169	173	10,437	11,379
Additions from internal development	-	14,008	-	14,008	14,008
Other transfers	-	-	-	-	-
Additions acquired separately	-	-	-	-	42
Revaluations	-	-	-	-	(10)
Disposals	-	-	-	-	-
Balance as at 30 June 2023	95	24,177	163	24,435	25,419

Cost	Goodwill \$'000	Computer software \$'000	Carbon credits \$'000	Total Council \$'000	Total Group \$'000
Balance as at 1 July 2021	95	10,423	173	10,690	11,639
Additions from internal development	-	-	-	-	-
Other transfers	-	-	-	-	-
Additions acquired separately	-	-	-	-	10
Revaluations	-	-	-	-	-
Disposals	-	(254)	-	(254)	(270)
Balance as at 30 June 2022	95	10,169	173	10,436	11,379

Accumulated amortisation and impairment	Goodwill \$'000	Computer software \$'000	Carbon credits \$'000	Total Council \$'000	Total Group \$'000
Balance as at 1 July 2022	95	(8,400)	-	(8,495)	(9,376)
Amortisation charge	-	(488)	-	(488)	(543)
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Revaluations	-	-	(10)	(10)	-
Balance as at 30 June 2023	95	(8,888)	-	(8,983)	(9,919)

Accumulated amortisation and impairment	Goodwill \$'000	Computer software \$'000	Carbon credits \$'000	Total Council \$'000	Total Group \$'000
Balance as at 1 July 2021	95	(8,040)	-	(8,135)	(8,903)
Amortisation charge	-	(360)	-	(360)	(473)
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Balance as at 30 June 2022	95	(8,400)	-	(8,495)	(9,376)

Carrying amounts					
As at 30 June 2022	-	1,769	172	1,941	2,000
As at 30 June 2023	-	15,289	163	15,452	15,496

Carbon credits

As at 30 June 2023 the Council's residual closing balance of 3,956 carbon credit units were revalued based on the market spot rate at balance date.

The Council considers there has been no impairment of carbon units held, as they are expected to be fully utilised in satisfying carbon obligations from its landfill operations. Carbon units have been assessed as having an indefinite useful life as they have no expiry date and will continue to have economic benefit for as long as the Emissions Trading Scheme is in place.

Goodwill

The carrying amount of the goodwill on the Museum Cafe was impaired to nil in the 2021 financial year due to the on going work surrounding the Museum and cafe closure.

Security

There are no restrictions over the title of any intangible assets. No intangible assets are pledged as security for liabilities.



	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Directly attributable depreciation and amortisation expense by group of activity				
Arts and Culture	-	-	-	-
Community Leadership	5,127	5,929	7,357	8,034
Community Wellbeing	10,737	8,076	10,737	8,076
Planning and Regulatory	-	-	-	-
District Development	97	99	97	99
Sport, Recreation and Environment	-	-	-	-
Roads and Footpaths	8,792	14,761	8,792	14,761
Sewerage and Sewage	7,019	6,767	7,019	6,767
Stormwater and Land Drainage	5,079	2,790	5,079	2,790
Waste Management	185	139	185	139
Water Supplies	3,391	3,384	3,391	3,384
Total directly attributable depreciation and amortisation by group of activity	40,427	41,945	42,657	44,050
Depreciation and amortisation not directly related to group of activities	-	-	-	-
Total depreciation and amortisation expense	40,427	41,945	42,657	44,050



Accounting Policy

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

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Exchange - current portion				
Trade payables and accrued expenses	15,521	16,138	16,478	17,845
Deposits and bonds	92	192	92	192
Accrued interest	2,795	1,658	2,795	1,658
Amounts due to subsidiaries and associates	1,647	1,935	-	242
Retentions accrued for contract work	1,692	1,467	1,692	1,467
Other payables	-	-	0	2
Metered water and revenue received in advance	326	704	326	710
Total payables under exchange transactions	22,073	22,094	21,383	22,116
Non-exchange - current portion				
Trade payables and accrued expenses	-	-	210	1,051
Deposits and bonds	1,037	835	1,037	835
Revenue received in advance	8	22	8	22
Rates received in advance (excluding metered water)	4,701	3,254	4,701	3,254
Grants received in advance	671	525	-	372
Other payables	4,350	5,540	4,350	5,540
Deferred grant revenue	10,475	15,614	10,475	15,614
Taxes payable	-	-	508	123
Total payables under non-exchange transactions	21,242	25,790	21,289	26,811
Total payables and deferred revenue - current portion	43,315	47,884	42,672	48,927

Payables and deferred revenue are non interest bearing and are normally settled on 30 day terms. Therefore, the carrying value of payables and deferred revenue approximates their fair value.

Deferred grant revenue and grants received in advance consist of grants received which have substantive conditions attached to the value provided. These conditions include for instance, requiring the full amount to be used or used in accordance with agreed terms otherwise the value is to be returned to the Grantor.

As at 30 June 2023, all grant funding received from the Department of Internal Affairs under the Three Waters Stimulus Programme has been spent.



Accounting Policy

Borrowings are initially recognised at their fair value plus transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Interest due on the borrowings is subsequently accrued and added to the borrowing's balance.

Borrowings are classified as current liabilities unless Council or the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Current portion				
Bank facilities	-	-	-	-
LGFA borrowings	23,629	69,873	23,629	69,873
Registered debenture stock	-	9,959	-	10,959
Other loans	-	-	-	1000
Total current portion	23,629	79,832	23,629	81,832
Non-current portion				
Bank facilities	-	-	-	-
LGFA borrowings	327,000	216,742	327,000	216,742
Registered debenture stock	-	-	-	-
Other loans	-	-	1,400	829
Total non-current portion	327,000	216,742	328,400	217,571
Total borrowings	350,629	296,574	352,029	299,403
Fair values of non-current borrowings				
LGFA borrowings	327,000	216,700	327,000	216,700
Registered debenture stock	-	-	-	-
Other loans	-	-	-	829
Total	327,000	216,700	327,000	217,529

LGFA borrowings

Borrowing from the Local Government Funding Agency (LGFA) of \$310,629,000 (2022: \$236,573,300) is at fixed interest rates for the term of the stock.

Borrowing from the local Government Funding Agency (LGFA) of \$40,000,000 (2022: \$50,000,000) is at floating interest rates. The interest rate is reset quarterly, based on the equivalent bank bill rate plus a margin for credit risk.

Registered debenture stock

Debenture stock of \$10,000,000 was repaid in September 2022 (\$2022: \$9,959,000).

Security

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

The Council does not have an overdraft facility.

	Limit	Actual 2023 \$'000	Actual 2022 \$'000
Treasury Policy compliance ratios			
Net Debt / Total Revenue	<295%	204.14%	178.10%
Net Interest / Total Revenue	<20%	6.13%	4.46%
Net Interest / Annual Rates Income	<30%	8.47%	6.26%
Liquidity [a]*	>110%	112.76%	116.19%
Liquidity [b]**	6 months	Within limit	within limit

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

** Liquidity [b]: (cash or near cash financial investments + unutilised but committed loan facilities – emergency risk funding of \$15,000,000, to equal a minimum period of forecast net cash outflow including maturing debt on a rolling basis)

The weighted average effective interest rate on borrowings is 4.18% (2022: 2.7%).

18 EMPLOYEE ENTITLEMENTS

Accounting Policy

Short-term employee entitlements:

Employee benefits expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, sick leave and e Bike loans.

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

A liability and an expense are recognised for bonuses where the Group has a contractual obligation or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements:

Entitlements that are payable beyond 12 months, after the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

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

Presentation of employee entitlements:

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

The expense relating to these provisions is presented in the Statement of Comprehensive Revenue and Expense net of any reimbursement.

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Current portion				
Payroll payables	145	163	145	237
Accrued Pay	424	286	480	286
Accrued leave	2,398	2,329	3,372	3,215
Long service leave	-	-	4	10
Employee Loans	(10)	(12)	(10)	(12)
Total current portion	2,957	2,766	3,991	3,736
Non-current portion				
Long service leave	55	58	55	58
Retirement gratuities	68	63	68	63
Total non-current portion	123	121	123	121
Total employee entitlements	3,080	2,887	4,114	3,857

19 PROVISIONS

Accounting Policy

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

Provisions are measured at the present value of expenditures expected to be required to settle the obligation, using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'. Refer to Note 3.

ACC Accredited Employers Programme:

The Council belongs to the ACC Accredited Employers Programme (the "Full Self Cover Plan") whereby the Council accepts the management and financial responsibility for employee work related illnesses and accidents. Under the programme, the Council is liable for all its claims costs for a period, the Council pays a premium to ACC for the value of residual claims, and from that point the liability for ongoing claims passes to ACC.

The liability for the ACC Accredited Employers Programme is measured using actuarial techniques at the present value of expected future payments to be made in respect of the employee injuries and claims up to balance date. Consideration is given to anticipated future wage and salary levels and experience of employee claims and injuries. Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Council		Group	
Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000

Current provisions are represented by:

ACC Accredited Employers Programme	-	-	32	12
Weathertightness claims	18	18	18	18
Total current provisions	18	18	50	30

Non-current provisions are represented by:

Landfill aftercare provision	1,813	1,808	1,813	1,808
Provision for refund of rates	69	69	69	69
Total non-current provisions	1,882	1,877	1,882	1,877

Total provisions	1,900	1,895	1,932	1,907
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Movements for each class of provisions are as follows:

Movement in current provisions	Weather-tightness claims \$'000	Landfill aftercare \$'000	Refund of rates \$'000	ACC accreditation \$'000	Total \$'000
Council and Group 2023					
Balance at 1 July 2022	18	1,808	69	11	1,906
Additional provisions made during the year	-	-	-	-	-
Change in provision	-	5	-	-	5
Unused amounts reversed	-	-	-	-	-
Discount unwinding	-	-	-	-	-
Balance at 30 June 2023	18	1,813	69	11	1,911

Movement in current provisions	Weather-tightness claims \$'000	Landfill aftercare \$'000	Refund of rates \$'000	ACC accreditation \$'000	Total \$'000
Council and Group 2022					
Balance at 1 July 2021	18	1,793	69	11	1,891
Additional provisions made during the year	-	-	-	-	-
Change in provision	-	15	-	-	15
Discount unwinding	-	-	-	-	-
Balance at 30 June 2022	18	1,808	69	11	1,906

Weathertightness claims

There are currently no claims lodged with the Weathertight Homes Resolution Service (WHRS) and the Financial Assistance Package as at 30 June 2023 (2022: no claims). Council has recognised a provision of \$18,000 for actual and any potential future claims, which has been based on historical average claim levels and other information held.

The actual costs to Council may vary significantly from the amount of the provision currently recognised, particularly the estimations of unreported claims, which is based on historical data collected on the number of claims lodged. This allows assumptions to be made on the percentage of homes that experience issues and that will likely result in a successful weathertightness claim.

Landfill aftercare costs

Council has resource consent to operate the Rotorua Landfill until 31 January 2030. The Council has responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the site is closed.

The cash outflows for landfill post closure costs are expected to cease in 2066. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The future cash outflows for the provision have been estimated taking into account existing technology and known changes to legal requirements.

The overall Landfill Aftercare Provision has increased by \$4,900 in the 2023 financial year to \$1,812,724 with the following significant assumptions having been made in estimating the provision:

- Inflation factor - An annual inflation factor of 5.4% has been applied in estimating the future cash outflows (2022: 3.3%).
- Discount rate - A discount rate of 4.77% has been applied (2022: 4.30%) to discount the estimated future cash outflows.
- Length of aftercare - The assumption for the length of aftercare has remained at 35 years (2022: 35 years).

The cash outflows for the landfill are expected to cease in 2066 when the strength of any discharges are expected to have reduced to a level at which they are unlikely to have any adverse effects on the environment. The management of the landfill site will continue to be contracted to an external party to maintain the landfill site beyond the current consent and into the foreseeable future.

The future management of the landfill will influence the timing of recognition of some liabilities. In 2018 Council selected Waste Management New Zealand Limited as a partner to work with to review the future development of the site. Due to identified financial, environmental and health and safety risks with the landfill, Council and Waste Management New Zealand Limited have capped and sealed the current landfill stages after constructing a transfer station on site to act as a collection point for the District waste before being loaded to another waste disposal facility. The landfill has potential airspace for more stages, however the investment required to develop additional stages is subject to further study with regards to the viability of the landfill as a regional facility. The Council assumes the landfill will remain capped until 2030 at which point the resource consent will expire, the landfill will close and the cash outflows in relation to the maintenance and monitoring of the site will start. The landfill aftercare provision does not reflect the Request for Proposal implications, due to their current uncertainty.

Refund of rates

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



Accounting Policy

Net assets/equity is the community's interest in the Rotorua Lakes Council and is measured as the difference between total assets and total liabilities. Net Assets/equity is disaggregated and classified into a number of components.

The components of net assets/equity are:

- Accumulated funds; and
- Reserves, consisting of:
 - Self funding reserves;
 - Council created reserves;
 - Restricted reserves;
 - Fair value through equity reserve; and
 - Asset revaluation reserves.

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Accumulated funds				
Balance as at 1 July	717,044	718,834	721,152	719,861
Net surplus/(deficit)	(3,143)	4,856	(2,554)	5,992
Transfer of RRAL asset reserve to Reserves	-	-	-	-
Transfers (to)/from council-created reserve	1	(22)	1	(22)
Transfers (to)/from restricted reserve	(1,096)	(1,309)	(1,096)	1,207
Transfers (to)/from fair value through equity reserve	-	-	-	-
Transfers (to)/from asset revaluation reserves on disposal of PPE and intangible assets	1,140	(6,274)	(1,886)	(6,274)
Prior Year Equity Correction	(956)	959	(396)	388
Balance as at 30 June	712,990	717,044	715,221	721,152

Reserves				
Council-created reserves	62	64	62	64
Restricted reserves	7,391	6,295	7,391	6,295
Fair value through equity reserve	36,203	30,228	2,399	2,415
Asset revaluation reserve - property, plant and equipment	834,953	722,415	868,511	747,578
Asset revaluation reserve - intangibles	160	170	160	170
Total reserves	878,770	759,172	878,523	756,522

Self-funding reserves

Self funding reserves are reserves established at Council's will for activities that will generate enough revenue over time to cover the cost of their operation. The reserve balances represent accumulated balances to date of such activities. Council does not currently have any self funding reserves.

Council-created reserves

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

	Opening balance 1 July 2022 \$'000	Deposits \$'000	Withdrawals \$'000	Interest earned / charged \$'000	Transfer to accumulated funds \$'000	Closing balance 30 June 2023 \$'000
Council and Group 2023						
Reporoa Domain	57	10	(11)	-	-	56
Waikite Domain	7	1	(2)	-	-	6
Total restricted reserves - 2023	64	11	(12)	-	-	62

	Opening balance 1 July 2021 \$'000	Deposits \$'000	Withdrawals \$'000	Interest earned / charged \$'000	Transfer to accumulated funds \$'000	Closing balance 30 June 2022 \$'000
Council and Group 2022						
Reporoa Domain	36	21	-	-	-	57
Waikite Domain	6	1	-	-	-	7
Total restricted reserves - 2022	42	22	-	-	-	64

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

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Restricted reserves are those subject to specific conditions accepted as binding by Council and which may not be revised by Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met. Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

	Opening balance 1 July 2022 \$'000	Deposits \$'000	Withdrawals \$'000	Interest earned / charged \$'000	Closing balance 30 June 2023 \$'000
Council and Group 2023					
Reserves development	6,153	1,112	-	-	7,265
Creative NZ Reserve	142	59	(75)	-	126
Total restricted reserves - 2023	6,295	1,171	(75)	-	7,391

	Opening balance 1 July 2021 \$'000	Deposits \$'000	Withdrawals \$'000	Interest earned / charged \$'000	Closing balance 30 June 2022 \$'000
Council and Group 2022					
Reserves development	4,979	1,174	-	-	6,153
Creative NZ Reserve	7	135	-	-	142
Total restricted reserves - 2022	4,986	1,309	-	-	6,295

Restrictions

Reserve development Section 108 of the Resource Management Act 1991 requires funds to be set aside for the development of reserves.

Creative NZ Reserve Funds are held and used in accordance with the policies of organisations external to Council; for example Council allocates funds on behalf of Creative New Zealand on application for funding. Funding rounds occur approximately two times per year, dependent on funds available.

Fair value through equity reserve

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

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Opening balance	30,228	28,826	2,415	(350)
Transfers (to)/from accumulated funds	-	-	-	-
Valuation gains/(losses) taken to equity	5,974	1,402	(16)	2,765
Balance 30 June	36,203	30,228	2,399	2,415

Asset revaluation reserves - Property, Plant and Equipment

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

2023 asset revaluation reserve for each asset class consist of:

Council 2023	Opening balance 1 July 2022 \$'000	Transfers relating to prior period \$'000	Transfers between asset classes \$'000	Revaluation gains / (losses) during year \$'000	Transfer to accumulated funds on disposals \$'000	Other transfers \$'000	Closing balance 30 June 2023 \$'000
Art collections	18,935	-	-	(4,653)	-	-	14,282
Buildings	102,450	-	-	-	-	(381)	102,069
Land - operational	20,210	-	-	-	-	-	20,210
Land - restricted	89,323	-	-	-	-	-	89,323
Landfill	1,205	-	-	-	-	-	1,205
Library books	335	-	-	-	-	-	335
Parks and reserves	11,055	-	-	-	(71)	(31)	10,954
Roading and footpaths	217,843	-	-	57,436	-	-	275,279
Stormwater	104,392	-	-	-	(133)	-	104,259
Sewerage - other	62,475	-	-	22,502	502	-	85,479
Water - other	94,192	-	-	38,803	(1,438)	-	131,557
Total	722,415	-	-	114,088	(1,140)	(412)	834,953

Group 2023	Opening balance 1 July 2022 \$'000	Transfers relating to prior period \$'000	Transfers between asset classes \$'000	Revaluation gains / (losses) during year \$'000	Transfer to accumulated funds on disposals \$'000	Other transfers \$'000	Closing balance 30 June 2023 \$'000
Art collections	18,935	-	-	(4,653)	-	-	14,282
Buildings	108,336	-	-	3,315	-	(381)	111,270
Land - operational	20,210	-	-	-	-	-	20,210
Land - restricted	110,994	-	-	(1,677)	-	-	109,317
Landfill	1,205	-	-	-	-	-	1,205
Library books	335	-	-	-	-	-	335
Parks and reserves	11,055	-	-	-	(71)	(31)	10,953
Roading and footpaths	217,844	-	-	61,719	-	-	279,563
Stormwater	104,392	-	-	-	(133)	-	104,259
Sewerage - other	62,475	-	-	22,502	502	-	85,479
Water - other	94,247	-	-	38,803	(1,438)	-	131,612
Total	750,028	-	-	120,009	(1,140)	(412)	868,485

2022 asset revaluation reserve for each asset class consist of:

Council 2022	Opening balance 1 July 2021 \$'000	Transfers relating to prior period \$'000	Transfers between asset classes \$'000	Revaluation gains / (losses) during year \$'000	Transfer to accumulated funds on disposals \$'000	Other transfers \$'000	Closing balance 30 June 2022 \$'000
Art collections	18,935	-	-	-	-	-	18,935
Buildings	56,637	-	-	39,718	6,256	(161)	102,450
Land - operational	29,116	-	-	(8,906)	-	-	20,210
Land - restricted	41,471	-	-	47,852	-	-	89,323
Landfill	1,017	-	-	188	-	-	1,205
Library books	335	-	-	-	-	-	335
Parks and reserves	5,337	-	-	5,606	112	-	11,055
Roading and footpaths	140,287	-	-	77,556	-	-	217,843
Stormwater	68,853	-	-	35,539	-	-	104,392
Sewerage - other	29,706	-	-	32,770	(1)	-	62,475
Water - other	79,215	-	-	15,070	(93)	-	94,192
Total	470,909	-	-	245,393	6,274	(161)	722,416

Group 2022	Opening balance 1 July 2021 \$'000	Transfers relating to prior period \$'000	Transfers between asset classes \$'000	Revaluation gains / (losses) during year \$'000	Transfer to accumulated funds on disposals \$'000	Other transfers \$'000	Closing balance 30 June 2022 \$'000
Art collections	18,935	-	-	-	-	-	18,935
Buildings	58,748	-	-	43,493	6,256	(161)	108,336
Land - operational	29,116	-	-	(8,906)	-	-	20,210
Land - restricted	63,142	-	-	47,852	-	-	110,994
Landfill	1,017	-	-	188	-	-	1,205
Library books	335	-	-	-	-	-	335
Parks and reserves	5,337	-	-	5,606	112	-	11,055
Roading and footpaths	140,288	-	-	77,556	-	-	217,844
Stormwater	68,853	-	-	35,539	-	-	104,392
Sewerage - other	29,706	-	-	32,770	(1)	-	62,475
Water - other	79,270	-	-	15,070	(93)	-	94,247
Total	494,747	-	-	249,168	6,274	(161)	750,028

Asset revaluation reserve - Intangibles

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Carbon credits				
Opening balance	170	170	170	170
Revaluation gains/(losses) during year	(10)	-	(10)	-
Transfer to accumulated funds on disposal	-	-	-	-
Closing balance	160	170	160	170

Capital management

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

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

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

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

The Council has the following Council created reserves:

- Self funding reserves;
- Council created reserves; and
- Restricted reserves.

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

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

There have been no externally imposed capital requirements to which the Council has been subject to.

Capital commitments

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

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Capital commitments				
Parks & Reserves	16,167	7,620	16,167	7,542
Roading network	18,260	24,799	18,260	24,600
Buildings	4,591	15,236	4,591	15,236
Stormwater	12,090	9,120	12,090	9,120
Wastewater - other	630	3,653	630	3,653
Wastewater treatment	116,906	14,166	116,906	14,166
Water - other	3,416	1,523	3,416	649
Water treatment	-	-	-	-
Intangibles	3,236	1,005	3,236	1,005
Plant and equipment	542	585	542	585
Land	-	232	-	232
Total capital commitments	175,838	77,939	175,838	76,788

Operating leases as lessee

The Council and Group lease property, plant and equipment in the normal course of its business. The leases have non cancellable terms that range between 22 and 1,189 months. The future aggregate minimum lease payments payable under non cancellable operating leases are as follows:

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Not later than one year	198	163	330	396
Later than one year but not later than two years	182	143	182	143
Later than two years but not later than five years	264	241	1,193	1,170
Later than five years	369	399	1,124	1,386
Total non-cancellable operating leases	1,013	946	2,830	3,095
Total capital commitments	175,838	77,939	175,838	76,788
Total commitments	176,851	78,885	178,668	79,883

The total minimum future sublease payments expected to be received under non cancellable subleases at balance date is \$Nil (2022: \$Nil).

In general, leases can be renewed at the Council or Group's option, with rents set by reference to current market rates for items of equivalent age and condition. For some lease agreements, the Council or Group has the option to purchase the asset at the end of the lease term.

For the majority of lease agreements, there are no restrictions placed on the Council or Group by any of the leasing arrangements.

Operating leases as lessor

The Council and Group lease land, buildings, parks, reserve land and commercial premises under operating leases. The leases have non cancellable terms that range between 12 and 530 months. The future aggregate minimum lease payments to be collected under non cancellable operating leases are as follows:

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Not later than one year	1,641	1,729	1,340	1,729
Later than one year but not later than two years	1,531	1,644	1,531	1,644
Later than two years but not later than five years	4,135	4,506	2,307	4,506
Later than five years	7,195	7,265	7,195	7,265
Total non-cancellable operating leases	14,502	15,144	12,373	15,144

No contingent rents have been recognised during the period.

22 CONTINGENCIES

Contingent liabilities

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Financial guarantees	-	-	-	-
Suspensory loan				
Housing New Zealand Corporation suspensory loan	1,567	1,567	1,567	1,567
Legal proceedings				
The Group's effective exposure to legal claims	780	715	780	715
Total contingent liabilities	2,347	2,282	2,347	2,282

Financial guarantees

Accounting Policy

A financial guarantee contract is a contract that requires the Council or Group to make specific payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand alone arm's length transaction to an un related party, its fair value at inception is equal to the consideration received. When no consideration is received the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is probable there will be an outflow under the guarantee.

Financial guarantees are subsequently measured at the higher of:

- the present value of the estimated amount to settle the guarantee obligation if it is probable there will be an outflow to settle the guarantee; and
- the amount initially recognised less, when appropriate, cumulative amortisation as revenue.

Suspensory loan

The Housing New Zealand suspensory loan has been spent on specific social housing projects in accordance with the loan agreement. The Council is not required to repay the principal, including interest and costs, provided the Council meets the conditions of the loan during a 20 year period commencing December 2005. The loan is secured by first ranking mortgage over the land.

Critical accounting estimates and judgement

Accounting for suspensory loan from Housing New Zealand

The Council's view is the suspensory loan from Housing New Zealand is in substance a grant with conditions attached and is therefore accounted for under PBE IPSAS 23 Revenue from Non Exchange Transactions. The Council considers there are two possible accounting treatments for the grant under PBE IPSAS 23; either recognising the grant evenly over the 20 year condition period, or recognising the grant as revenue at the end of the conditions in 2025. As the suspensory loan in totality would be repayable, should any of the conditions not be met during the condition period to 2025, the Council believes it prudent, and has therefore elected, to recognise the grant at the end of the 20 year period.

Legal proceedings

The Council is currently facing five legal claims (2022: three). An estimate of Council's share of exposure is \$780,000 (2022: \$715,000), and includes an estimate for other known situations out of which a formal claim may arise. The Council does not accept the validity of all these claims and is in the process of resolving them through normal legal avenues.

Unquantified claims

Weathertightness claims

As disclosed in Note 19 a provision of \$18,000 (2022: \$18,000) has been recognised for weathertightness claims. Included in this amount is an estimate of \$Nil (2022:\$Nil) being the Council's exposure to potential future claims which have not yet been advised until the statutory limitation period expires. Claims must be made within 10 years of the construction or alteration of the dwelling in order for the claim to be eligible under the Weathertight Homes Resolution Services Act 2006, but other statutory limitation periods could also affect claims.

Ongoing obligation relating to New Zealand Mutual Liability Riskpool scheme

Rotorua Lakes Council was previously a member of the New Zealand Mutual Liability Riskpool scheme ("Riskpool"). The Scheme is in wind down; however, the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme. The likelihood of any call, in respect of historical claims diminishes with each year as limitation periods expire. However, as a result of the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, it has been clarified that Riskpool has a liability for that member's claim in relation to non-weathertight defects (in a mixed claim involving both weathertight and non-weathertight defects). Riskpool has advised that it is working through the implications of the Supreme Court decision. At this point any potential liability is unable to be quantified.

National Provident Fund

The Council is a participating employer in the National Provident Fund (NPF) Defined Benefit Plan Contributors Scheme (“the Scheme”), which is a multi employer defined benefit scheme. If the other participating employers ceased to participate in the Scheme, the Council could be responsible for the entire deficit of the Scheme.

Similarly, if a number of employers ceased to participate in the Scheme, the Council could be responsible for an increased share of the deficit.

As at 31 March 2023 the Scheme had a surplus of \$233,000 (101.1% of the liabilities) (2022: deficit of \$595,000, 98.3%). This amount is exclusive of Employer Superannuation Contribution Tax. This surplus was calculated using a discount rate equal to the expected return on the assets, but otherwise the assumptions and methodology were consistent with the requirements of PBE IPSAS 25.

Actuarial Review: The employer contribution rate applicable from 1 April 2023 is four times contributors’ contributions. The rate will be reviewed again at 31 March 2023 and any change would be implemented from 1 April 2024.

Local Government Funding Agency

The Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. LGFA has a current credit rating from Standard and Poor’s of AAA for local currency and a foreign currency rating of AA+.

As at 30 June 2023, the Council is one of 70 local authority guarantors of the LGFA. Together with the other guarantors, the Council is a guarantor of all of the LGFA’s borrowings. As at 30 June 2023, the LGFA had borrowings totalling \$17,683,699 (2022: \$14,041,907).

Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- it is not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Contingent assets

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Loan guarantees				
Rotorua Hockey Trust & BOP Hockey Association	350	350	350	350
Total loan guarantees	350	350	350	350

The Council operates a scheme whereby sports clubs are able to construct facilities (eg. club rooms) on reserve land. The clubs control the use of these facilities and the Council will only gain control of the asset should the club vacate the facility, or defaults on the Council guaranteed loan. Until this event occurs, these assets are not recognised in the Statement of Financial Position.

As at 30 June 2023 there is one facility with a book value of \$350,000 (2022: one facility, \$350,000).

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Council and Group would have otherwise adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such Group transactions.

	Actual 2023 \$'000	Actual 2022 \$'000
Council members		
Senior Management Team, including the Chief Executive	2,247	2,338
Councillors	1,027	906
Total Group key management remuneration	3,274	3,244
Full-time equivalent members		
Full-time equivalent Senior Management Team	8	8
Full-time equivalent Councillors	11	11
Total full-time equivalent personnel	19	19

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

Included in key management personnel compensation is \$39,401 (2022: \$44,161) to defined contribution plans.



Chief Executive's remuneration

The Chief Executive of Rotorua Lakes Council is appointed under Part 4, section 42, of the Local Government Act 2002. The Chief Executive received the following remuneration:

	Council	
	Actual 2023 \$'000	Actual 2022 \$'000
Salary	390,899	366,354
Vehicle (including Fringe Benefit Tax)	25,132	26,377
Total Chief Executive's remuneration	416,031	392,731

Elected representatives

	Total 2023 \$'000	Total 2022 \$'000
Mayor		
Chadwick S	45,726	147,752
Chadwick S - Mayor's vehicle	7,152	7,981
Tapsell T	118,328	-
Tapsell T - Mayor's vehicle	9,984	-
Councillors		
Barker K	59,252	-
Bentley P	-	49,849
Brown G	59,252	-
Donaldson D	33,929	105,913
Kai Fong S	100,628	75,241
Kereopa L	47,002	-
Kumar R	18,899	58,725
Lee R	47,002	-
MacPherson R	18,899	58,725
Maxwell T H	70,771	75,241
O'Brien C	47,002	-
Paterson D	47,002	-
Raukawa-Tait M	28,265	88,130
Tapsell T	21,353	88,130
Wang F	82,974	75,241
Waru R	59,252	-
Yates M	24,160	75,241
Total Councillor remuneration	946,832	906,169
Rotorua Lakes/Rural Community Boards	80,620	99,337
Total elected representatives' remuneration	1,027,452	1,005,506

The monetary remuneration consists of honoraria and meeting allowances, and is determined by the remuneration authority under the local government elected members determination 2022-23. Professional indemnity and trustee liability insurance is also provided to the Councillors against any potential legal litigation which may occur while undertaking Council business.

Council employees

	Number of employees	
	2023	2022
< \$60,000	70	102
\$60,000 – \$79,999	117	104
\$80,000 – \$99,999	85	85
\$100,000 – \$119,999	49	31
\$120,000 - \$139,999	24	17
\$140,000 - \$159,999	11	9
\$160,000 - \$199,999	11	9
\$200,000 - \$279,999	6	6
\$280,000 - \$419,999	4	3
Total employees	377	366

Total remuneration includes non financial benefits provided to employees.

At balance date, the Council employed 322 (2022: 305) full time employees, with the balance of staff representing 37.56 (2022: 32.56) full time equivalent employees. A full time employee is determined on the basis of a 40 hour working week.

25 AGENCY RELATIONSHIPS

Council is involved in administering expenditure and revenue on behalf of other organisations as described below. These agency transactions have not been included in the Council's current year operating results. Council has however, included the net movement in agency debtors and creditors in its Statement of Cash Flows, and included the Council's asset or liability in relation to the agencies in its Statement of Financial Position. Council derives commission revenue to compensate for the cost of administration.

Bay of Plenty Regional Council commenced collection of their rates independently from Rotorua Lakes Council beginning 1 July 2022.

	2023 \$'000	Percentage %	2022 \$'000	Percentage %
Bay of Plenty Local Authority Petrol Tax Distribution for the year ended 30 June:				
Kawerau District Council	60	2.10%	46	2.10%
Opotiki District Council	66	2.30%	50	2.30%
Rotorua Lakes Council	570	20.00%	432	20.00%
Taupo District Council	392	13.80%	308	14.20%
Tauranga District Council	1,065	37.50%	796	36.80%
Western BOP District Council	421	14.80%	324	15.00%
Whakatane District Council	272	9.50%	209	9.70%
	2,846	100.00%	2,165	100.00%

State Highways administration

	2023 \$'000	2022 \$'000
Expenditure on State Highways roading network (Reimbursed from New Zealand Transport Agency)	486	414

Regional Council rates

Rates were collected on behalf of the following Regional Authorities:		
Bay of Plenty Regional Council	-	15,867

**(a) Financial instrument categories**

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
FINANCIAL ASSETS				
Amortised Cost				
Total cash and cash equivalents (including short-term deposits 3 months or less)	7,725	16,011	9,146	17,728
Receivables (including community loans)	29,639	29,998	17,473	15,284
Borrower notes	7,397	4,619	7,397	4,619
Term deposits	2,000	2,000	2,000	2,226
Total Amortised Cost	46,761	52,628	36,016	39,857
Fair value through surplus or deficit				
Shares in associates	90	76	90	76
Total fair value through surplus or deficit	90	76	90	76
Fair value through other comprehensive revenue and expense				
Unlisted shares	69,016	63,013	317	305
Total fair value through other comprehensive revenue and expense	69,016	63,013	317	305
Total financial assets	115,867	115,717	36,423	40,238

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Payables and deferred revenue	27,134	27,764	27,407	27,802
Borrowings:				
Registered debenture stock	-	9,959	-	10,959
Bank facilities	-	-	-	-
LGFA borrowings	350,629	286,615	352,029	286,615
Other loans	-	-	1,400	1,829
Total financial liabilities	377,763	334,297	380,836	335,995

(b) Fair value hierarchy

For those instruments recognised at fair value in the Statement of Financial Position, fair values are determined according to the following hierarchy:

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

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the Statement of Financial Position:

2023	Valuation Technique			
	Total \$'000	Quoted market price \$'000	Observable inputs \$'000	Significant non-observable inputs \$'000
30 June 2023 - Council				
Financial assets				
Borrower notes	7,397	-	7,397	-
Shares in associates	90	-	-	90
Unlisted shares	69,016	-	-	69,016
Financial liabilities				
Registered debenture stock	-	-	-	-
Bank facilities	-	-	-	-
LGFA borrowings	350,629	-	350,629	-
Other Loans	-	-	-	-
30 June 2023 - Group				
Financial assets				
Borrower notes	7,397	-	7,397	-
Shares in associates				
Unlisted shares	90	-	-	90
Unlisted shares	317	-	-	317
Financial liabilities				
Registered debenture stock	-	-	-	-
Bank facilities	-	-	-	-
LGFA borrowings	350,629	-	350,629	-
Other Loans	1,400	-	1,400	-

2022	Valuation Technique			
	Total \$'000	Quoted market price \$'000	Observable inputs \$'000	Significant non-observable inputs \$'000
30 June 2022 - Council				
Financial assets				
Borrower notes	4,619	-	4,619	-
Shares in associates	76	-	-	76
Unlisted shares	63,013	-	-	63,013
Financial liabilities				
Registered debenture stock	9,959	-	9,959	-
LGFA borrowings	286,615	-	286,615	-

30 June 2022 - Group				
Financial assets				
Borrower notes	4,619	-	4,619	-
Shares in associates	-	-	-	-
Unlisted shares	305	-	-	305
Financial liabilities				
Registered debenture stock	10,959	-	10,959	-
LGFA borrowings	286,615	-	286,615	-
Other Loans	1,829	-	1,829	-

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

Valuation techniques with significant non-observable inputs (Level 3)

The table below provides a reconciliation from the opening balance to the closing balance for the Level 3 fair value measurements:

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Balance at 1 July	63,088	61,597	286	286
Capital movement	-	-	-	-
Write off of investment through surplus and deficit	-	-	-	-
Change in fair value of investment through surplus and deficit	27	89	27	-
Gains and losses recognised in other comprehensive revenue and expense	5,974	1,402	-	-
Prior year adjustment	-	-	-	-
Balance at 30 June	69,089	63,088	313	286

Any hedging must be approved by Council.

(c) Financial instrument risks

The Council and Group's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risks.

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

Market risk

Price risk

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

Currency risk

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

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

Interest rate risk

The interest rate risk comprises:

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

To manage these risks the Council's current fixed rate maturity profile limits, in accordance with the Council's Treasury Policy, are:

Term of exposure	Minimum Fixed Rate	Maximum Fixed Rate
Year 1	40%	90%
Years 2 and 3	30%	80%
Year 4	25%	75%
Year 5 to Year 12	0%	70%
Year 13 and over	-%	25%

Note 17 provides further information on term loan interest rates and maturity profile.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Council or Group causing the Council and Group to incur a loss.

Financial instruments which potentially subject the Council and Group to credit risk consist of bank balances, term deposits, rates, other receivables and community loans.

The Council places its cash and short term deposits with high credit quality financial institutions. Accordingly, the Council does not require any collateral or security to support these financial instruments with institutions or organisations it deals with.

Maximum exposure to credit risk

The Council's maximum credit risk exposure for each class of financial instrument is as follows:

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Cash at bank and term deposits	7,725	16,011	9,146	17,728
Term deposits	2,000	2,000	2,000	2,226
Receivables (including community loans)	29,639	29,998	17,473	15,284
Borrower notes	7,397	4,619	7,397	4,619
Shares in associates	90	76	90	76
Unlisted shares	69,016	63,013	317	305
Financial guarantees	350	350	350	-
Total credit risk	116,217	116,067	36,773	40,238

The Council is exposed to credit risk as a guarantor of all of the NZ LGFA's borrowings. Information about this exposure is explained in note 22.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Counterparties with credit ratings:				
Cash at bank and term deposits (AA-)	9,725	18,011	11,146	19,954
Total cash at bank and term deposits	9,725	18,011	11,146	19,954
Counterparties without credit ratings:				
Borrower notes (AA+)	7,397	4,619	7,397	4,619
Total government bonds	7,397	4,619	7,397	4,619
Counterparties without credit ratings:				
Unlisted shares	69,016	63,013	317	305
Shares in associates	-	76	-	76
Total shares	69,016	63,089	317	381
Existing counterparty with no defaults in the past	13,460	15,460	-	-
Total loans to subsidiaries	13,460	15,460	-	-

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

Liquidity risk

Management of liquidity risk

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

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

The Council has a maximum amount that can be drawn down against its bank facilities of \$35,000,000 (2021: \$35,000,000). There are no restrictions on the use of this facility.

Contractual maturity analysis of financial liabilities

The table below analyses the Council and Group's financial liabilities into relevant maturity groupings based on the remaining period as at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Carrying amount \$'000	Contractual cash flows \$'000	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
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Council 2023

Payables and deferred revenue	27,134	27,134	27,134	-	-	-
Financial guarantees	350	350	350	-	-	-
Registered debenture stock	-	-	-	-	-	-
Bank facilities	-	-	-	-	-	-
LGFA borrowings	350,628	418,369	38,353	39,612	202,355	138,049
Other loans	-	-	-	-	-	-
Total	378,112	445,843	65,837	39,612	202,355	138,049

Council 2022

Payables and deferred revenue	27,764	27,765	27,765	-	-	-
Financial guarantees	350	350	350	-	-	-
Registered debenture stock	9,959	9,959	9,959	-	-	-
Bank facilities	-	-	-	-	-	-
LGFA borrowings	286,615	329,794	80,150	28,999	92,407	128,238
Other loans	-	-	-	-	-	-
Total	324,688	367,868	118,224	28,999	92,407	128,238

Group 2023

Payables and deferred revenue	27,407	27,134	27,415	-	-	-
Financial guarantees	350	350	350	-	-	-
Registered debenture stock	-	-	-	-	-	-
Bank facilities	-	-	-	-	-	-
LGFA borrowings	352,029	418,369	38,353	39,612	202,355	138,049
Other loans	1,400	-	-	-	1,400	-
Total	381,186	445,853	66,118	39,612	203,755	138,049

Group 2022

Payables and deferred revenue	27,802	27,802	27,802	-	-	-
Financial guarantees	350	350	350	-	-	-
Registered debenture stock	10,959	10,959	10,959	-	-	-
Bank facilities	-	-	-	-	-	-
LGFA borrowings	286,615	329,794	80,150	28,999	92,407	128,238
Other loans	1,829	1,829	1,829	-	-	-
Total	327,555	370,734	121,090	28,999	92,407	128,238

Contractual maturity analysis of financial assets

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

	Carrying amount \$'000	Contractual cash flows \$'000	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
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Council 2023

Cash and cash equivalents (including short term deposits 3 months or less)	7,725	7,725	7,725	-	-	-
Term deposits	2,000	2,000	2,000	-	-	-
Receivables	29,639	34,552	22,002	-	10,150	2,400
Other financial assets:						
Borrower notes	7,397	7,397	392	461	3,546	2,998
Shares in associates	90	90	90	-	-	-
Unlisted shares	69,016	69,016	69,016	-	-	-
Total	115,867	120,780	101,225	461	13,696	5,398

Council 2022

Cash and cash equivalents (including short term deposits 3 months or less)	16,011	16,011	16,011	-	-	-
Term deposits	2,000	2,000	2,000	-	-	-
Receivables	29,998	29,998	29,998	-	-	-
Other financial assets:						
Borrower notes	4,619	4,619	522	392	1,130	2,575
Shares in associates	76	76	76	-	-	-
Unlisted shares	63,013	63,013	63,013	-	-	-
Total	115,717	115,717	116,620	392	1,130	2,575

Group 2023

Cash and cash equivalents (including short term deposits 3 months or less)	9,146	9,146	9,146	-	-	-
Term deposits	2,000	2,000	2,000	-	-	-
Receivables	17,473	17,473	17,473	-	-	-
Other financial assets:						
Borrower notes	7,397	7,397	392	461	3,546	2,998
Shares in associates	90	90	90	-	-	-
Unlisted shares	317	317	317	-	-	-
Total	36,423	36,423	29,418	461	3,546	2,998

Group 2022

Cash and cash equivalents (including short term deposits 3 months or less)	17,727	17,727	17,727	-	-	-
Term deposits	2,000	2,000	2,000	-	-	-
Receivables	15,284	15,284	15,284	-	-	-
Other financial assets:						
Borrower notes	4,619	4,619	4,619	-	-	-
Shares in associates	76	76	76	-	-	-
Unlisted shares	305	305	305	-	-	-
Total	40,011	40,011	40,011	-	-	-

Sensitivity analysis

The following table illustrates the potential surplus and deficit and equity (excluding accumulated funds) impact for reasonably possible market movements, with all other variables held constant, based on the Council and Group's financial instrument exposure as at balance date:

Council	2023 \$'000				2022 \$'000			
	-100bps surplus	-100bps other equity	+100bps surplus	+100bps other equity	-100bps surplus	-100bps other equity	+100bps surplus	+100bps other equity
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Borrowings:								
- Debenture stock / LGFA / Bank facilities	401	-	(401)	-	890	-	(890)	-

Group	2023 \$'000				2022 \$'000			
	-100bps surplus	-100bps other equity	+100bps surplus	+100bps other equity	-100bps surplus	-100bps other equity	+100bps surplus	+100bps other equity
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Borrowings:								
- Debenture stock / LGFA / Bank facilities	401	-	(401)	-	890	-	(890)	-

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 100 bps is equivalent to a decrease in interest rates of 1%.

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

Statement of Comprehensive Revenue and Expense

Rotorua Lakes Council recorded a deficit of (\$2.5m) compared to a budgeted surplus of \$24.9m.

The major reasons for the variance of \$27.4m between actual and budgeted result are as follows:

Revenue

Revenues were \$19.7m lower than budget with major variances including:

- Subsidies and grants revenue were \$20.7m under budget due principally to timing differences for capital grant subsidies from Government and delivery of capital projects, such as the Museum. This has been partially offset by capital grants and subsidies received that were not budgeted for primarily in relation to storm damages to infrastructural assets.
- Other income was \$1.6m above budget with \$2.7m of unbudgeted revenue from assets vested to Council from subdivisions at Wharenui Rise, Island View Road, Moncur Drive and Kokiri St, as well as recreational reserves at Pukatea Crescent and Kohekohe Drive. Land and building consents were above budget by \$1.4m. Other revenue types were below budget by \$2.7m due to lingering Covid effects on the tourism sector impacting visitor numbers, parking revenue, and event revenue.

Expenditure

Expenses were \$7.7m higher than budget, with major variances including:

- Personnel costs were \$2.5m below budget due partly to difficulty onboarding staff in the recruitment market and decisions made to delay filling vacancies as part of cost saving initiatives.
- Depreciation expense is below budget by \$1.6m due in part to delays across capital projects and expected opening dates on key assets.
- Other expenses were \$10.4m over budget mainly due to recognition of \$5.8m in asset disposal losses and impairments on property plant and equipment which are not budgeted for. Contractor spend was \$3.8m over budget principally driven by increased spend with roading contractors to repair storm damages which has been offset with grants above and the CPI impact on the cost of delivery within current economic climate. In addition operational spend of \$1.9m on Emergency housing, community security and plan changes were higher than anticipated. Doubtful debts were \$1.2m over budget.

Statement of Financial Position

Overall net assets are \$215.0m above budget. Significant variances are as follows:

Current Assets

Cash and cash equivalents were \$6.4m above budget, largely due to \$7m term deposit which was unbudgeted for. Receivables were \$4.3m above budget proportionately due to rates increase.

Non-current Assets

Investment in CCO's is \$6.5m above budget due to revaluation of property plant and equipment within Rotorua Airport Limited.

Property, plant, and equipment is \$73.5m above budget due to revaluations performed during the financial year. Revaluations resulted in significant increases for waste water reticulation and water supply assets.

Intangible assets were \$11.9m over budget due to delays in the timing of go live with phase 2 of the ERP system.

Current Liabilities

Payables and deferred revenue are \$12.9m higher than budget due to timing of amounts due. Increase in trade payables is also partially driven by impact of CPI on contractor spend.

Current portion of borrowings are \$6.9m higher than budget due to delays in capital projects and corresponding incoming grants.

Non - current liabilities

Non current portion of borrowings is \$12.4m below budget due to lower draw down of debt as a result of delayed delivery on major capital projects.



IRotorua Lakes Council is part of the Bay of Plenty Local Authority Shared Services (BOPLASS), a regional collective of local authorities for insurance purposes. Through the collective economies of scale Council has access to the best processes and cover.

In the event of natural disaster, central government may contribute up to 60% towards the restoration of water, drainage, and sewerage assets, and provide a subsidiary towards the restoration of roads.

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

Material Damage \$858,236,811

This policy is levied and covered in conjunction with business interruption. The policy covers unforeseen and unintended physical loss or damage to insured property. Within this section for material damage is a Fire Loss Limit of \$70m. This is an aggregate limit for any fire damage claims (including fire resulting from natural disaster). The reason for having a Fire Loss limit on the policy is to minimise the Fire & Emergency NZ (FENZ) Levy.

Fine Arts \$37,527,593

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

Commercial Motor Vehicles \$2,207,500

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

Infrastructure \$975,989,984

This policy provides cover for 40% of the loss, with the remaining 60% of the loss to be funded by Central Government. The overall limits on this policy for the Group have been increased to \$500,000,000, with Rotorua Lakes Council having a sub limit of \$250,000,000.

Business Interruption \$5,465,000

Business interruption is covered and levied in conjunction with material damage in the same policy. The policy provides cover for loss of rents revenue and receivables. There is a shared \$8,000,000 additional increased cost of working limit with the Regional collective and this provides cover for consequential loss through physical damage to Council property.

Self insured Assets

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

Museum Project

On 2 August 2023 Council resolved to proceed with the strengthening of Te Whare Taonga o Te Arawa and to reopen it as a Muesum. Expenditure on this project to date continues to be recognised as work in progress at 30 June 2023.

Retention of Council Land at Titoki Place

On 9 August 2023 Council resolved to overturn an earlier Council decision to sell land at 8 Titoki Place to Kainga Ora. This land is listed under assets held for sale as at 30 June 2023.

Rate Remissions for properties affected by Lake Levels

On 23 August 2023 Council resolved to approve 100% rate remissions for the 2023/24 rating year for properties affected by lakeside flooding, therefore there is no adjustment required for 2023 Financial Statements.

Three Waters Reform

In July 2020, the Government launched the Three Waters Reform Programme – a three year programme to reform local government three waters service delivery arrangements. Currently 67 different councils own and operate the majority of the drinking water, wastewater and stormwater services across New Zealand. The proposed reform programme is being progressed through a partnership basis approach with the local government sector, alongside iwi/Maori as the Crown's Treaty Partner.

These entities will be based on existing regional divisions, and their establishment will follow a phased schedule. They are all expected to become operational between 1 July 2024, and 1 July 2026. The ownership of these entities will rest with local councils, acting on behalf of the public. They will be managed by professional boards and supervised by local representative groups, comprising both local councils and mana whenua.

As of 30 June 2023, Council continues to value its three waters assets according to the accounting policies specified in Note 13. The financial statements have not been adjusted to account for the eventual transfer of these assets to the new water entities. The Central Government is anticipated to formulate the mechanism for this asset transfer, which is expected to be finalized before 1 July 2024. Depending on the specifics of this mechanism, adjustments might be needed regarding the disclosure or valuation of councils' three waters assets, once further details are established.

The legislation enabling the Three Waters Reform Programme was repealed on 14 February 2024, with replacement legislation providing for 'Local Water Done well' to be introduced to Parliament in 2025. This replacement legislation is proposed to streamline the establishment of Council Controlled Organisations (CCO's) to manage water services between participating Councils.

As of 30 June 2023, Council continues to value its three waters assets according to the accounting policies specified in Note 13. The financial statements have not been adjusted to account for any transfer of these assets to any new water entities or CCOs.

The Rotorua Lakes Council was required under section 98(4) of the Local Government Act 2002 to complete its audited financial statements and service performance information by the 31st of October 2023. This timeline was not met due to staff changes and recruitment shortages.



ROTORUA LAKES COUNCIL:
Funding Impact Statement for the year
ended 30 June 2023 for Whole of Council

	2022		2023	
	Annual Plan 2021/22 (\$000)	Actual 2021/22 (\$000)	Annual Plan 2022/23 (\$000)	Actual 2022/23 (\$000)

Sources of operating funding

General rates, uniform annual general charges, rates penalties	67,906	64,978	72,213	69,601
Targeted rates	44,366	44,698	46,037	48,584
Subsidies and grants for operating purposes	4,596	5,691	4,808	7,411
Fees and charges	12,658	10,423	13,853	10,825
Interest and dividends from investments	630	688	550	1,207
Local authorities fuel tax, fines, infringement fees, and other receipts	5,657	5,122	5,555	7,307
Total operating funding (A)	135,814	131,600	143,016	144,936

Applications of operating funding

Payments to staff and suppliers	104,415	103,091	109,853	111,028
Finance costs	8,136	8,279	9,829	11,220
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	112,551	111,370	119,682	122,248
Surplus (deficit) of operating funding (A - B)	23,263	20,230	23,333	22,688

Sources of capital funding

Subsidies and grants for capital expenditure	47,785	25,004	41,452	18,181
Development and financial contributions	-	1,071	2,363	1,114
Increase (decrease) in debt	83,591	54,898	81,389	54,055
Gross proceeds from sale of assets	-	(344)	-	168
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	131,375	80,629	125,204	73,519

Applications of capital funding

Capital expenditure—				
• to meet additional demand	10,893	7,898	11,026	9,995
• to improve the level of service	91,646	48,271	87,399	52,688
• to replace existing assets	43,317	29,129	45,245	31,742
Increase (decrease) in reserves	-	11,915	-	1,781
Increase (decrease) of investments	8,782	3,645	4,867	-
Total applications of capital funding (D)	154,638	100,859	148,537	96,207
Surplus (deficit) of capital funding (C - D)	(23,263)	(20,230)	(23,333)	(22,688)
Funding balance ((A - B) + (C - D))	-	-	-	-



NGĀ WHAKAHAERE I RARO I TE MANA O TE KAUNIHERA COUNCIL CONTROLLED ORGANISATIONS

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

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

These include:

- InfraCore Ltd
- Rotorua Economic Development Ltd
- Rotorua Regional Airport Ltd
- Bay of Plenty LASS Ltd
- Co-Lab

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

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



ROTORUA REGIONAL AIRPORT LTD

WHAT WE DO

Rotorua Regional Airport Limited (RRA) is a limited liability company which trades as Rotorua Airport. It is fully owned by Rotorua Lakes Council, and is a council controlled trading organisation as defined under section 6 of the Local Government Act 2002.

Airport operations are managed by a chief executive reporting to the company's board of directors.

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

WHAT WE ARE WORKING TOWARDS

RRA's vision, as set out in the Statement of Intent, is "to be a uniquely Rotorua hub our community can be proud of". The board and management have identified five key priorities for the airport to deliver on this vision:

- Be a safe airport
- Help council achieve its growth aspirations
- Manage & maintain assets to a high standard
- Be financially sustainable
- Be environmentally conscious

STRUCTURE OF THE COMPANY'S OPERATIONS, INCLUDING GOVERNANCE ARRANGEMENTS (30 JUNE 2020):

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

The following Directors held office as at 30 June 2023:

	Date of appointment
Grant Raymond Lilly (Chairman)	26/08/2021
John Amarama Fenwick	01/10/2017
Mere Kerena George	05/03/2020
Danielle Louise Auld	05/03/2020
Fredrick Neville Cookson	12/04/2023

The following Directors ceased as directors during the year:

	Date of Cessation
Peter Stubbs	21/05/2023

WHAT WE ACHIEVED IN THE LAST YEAR

Helped Council achieve its growth aspirations and contribute to the success of the region

RRA updated its master plan taking into account future aviation requirement and commercial goals for Rotorua and the airport. Following on from this RRA also completed, in conjunction with Rotorua Lakes Council (RLC), the preliminary feasibility of an Airport Business Park.

RRA supported learning development by hosting an Aviation Management summer intern and has continued its Board Observer program with two board observers in FY23.

RRA signed a Memorandum of Understanding with Ngāti Uenukukōpako, confirming its commitment to work together collaboratively.

PERFORMANCE MEASURES

Council has measured its achievements towards the objectives set in the Long-term Plan 2021-2031 through the performance measures below.

Measure	2022/23 Target	2023 Actual	Achieved/ Not Achieved	2021/21 Actual
Aircraft Movements	4,801	4,614	Not Achieved	4,056
Passenger Numbers	200,262	219,948	Achieved	155,459
Number of Controllable Safety Incidents	0	0	Achieved	0
Number of employee Injuries (days off work)	0	0	Achieved	0
Project Performance	Commence delivery Phase 1 Strategic projects	In progress	Not Achieved	In progress

Note (1) A controllable safety incident is an undesired event that adversely affects normal airport operations.

Note (2) A lost-time injury is something that results in a fatality, permanent disability or time lost from work.

Note (3) The Airport Masterplan provides a vision for development of the airports land holdings. This will provide for incremental and broader revenue generation opportunities across the Company's operations.

FINANCIAL PERFORMANCE

	2022/23 Target	2023 Actual	Achieved/ Not Achieved	2021/21 Actual
Total Revenue	5,698,823	6,927,524	Achieved	5,845,709
Total Expenses (before depreciation)	4,053,769	4,014,957	Achieved	3,496,769
Net surplus/deficit (before depreciation)	1,645,054	2,912,567	Achieved	(727,140)
Capital expenditure	1,372,500	231,052	Achieved	1,091,021

Note (1) Given that the financial targets in the Statement of Intent are individual targets, total revenue less total expenses do not necessarily equate net surplus (deficit) after tax.

INCOME DERIVED FROM COUNCIL

	2022 \$000s	2023 \$000s
Rotorua Lakes Council Service Funding	2,321,714	2,430,406



BOP LASS LTD

WHAT WE DO

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

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

The shareholding councils are:

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

In 2022/23 a key BOPLASS project played an integral part in helping our constituent councils create safer environments for their communities. In recognition of the continuing rise in retail crime rates, and particularly youth offending, BOPLASS councils initiated a project to coordinate their activities in developing initiatives to help address these problems. Through successful engagement with the Ministry of Social Development, the region has received \$1,000,000 co-funding to help support these important projects. A collaborative project is now underway to collectively develop and improve CCTV, CCTV monitoring, and Crime Prevention Through Environmental Design across the Bay of Plenty. Improvement to this infrastructure provides the opportunity to help stop or reduce crime, identify perpetrators, and ultimately make our communities safer.

Council infrastructure insurance placements remain challenging in what is currently referred to as a 'hard market' with limited capacity from insurers. Given the recent NZ weather events (and global natural catastrophes), it is likely this will only continue to become more challenging. Despite the restricted market capacity, and risk adverse underwriters, very good outcomes were achieved for all councils through the BOPLASS renewal. The BOPLASS collective insurance programme continues to deliver substantial benefits to all councils, in both the insurance rates and the level of cover provided. International underwriters were particularly impressed with the use of Light Detection and Ranging (LiDAR) data by BOPLASS councils to better understand their risks. Our work was described by them as 'world leading'. Earlier this year, the final LiDAR data for the Bay of Plenty region was captured and delivered ahead of schedule. This essential data assists councils in better understanding the ground terrain in their regions, preparing for severe weather events, and planning for climate change

PERFORMANCE MEASURES

Target 2022/23	Result	Narration
<p>Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils. Manage and/or renegotiate existing contracts. Contracts are reviewed annually to test for market competitiveness. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable.</p>	<p>Achieved</p>	<p>Contracts negotiated and/or renewed for:</p> <p>Cyber Insurance – BOPLASS was able to again maintain councils’ cyber insurance policies with Berkshire Hathaway by working closely with councils to ensure all underwriter requirements were met and demonstrated. Through the collective approach, BOPLASS was able to secure the renewal on favourable terms and with an increased policy limit across the collective group. Cyber cover is an annual agreement that requires going to market every year.</p> <p>GIS software and services – Geocortex Essentials Geocortex Analytics NZ Archaeological Association Contracts renegotiated and renewed – no alternative suppliers.</p> <p>FME software – significant price increase negated by negotiating two-year extension of current agreement under the same terms and pricing. Sole NZ provider.</p> <p>X-Tools - With the agreement of councils’ GIS managers, a decision was made to discontinue the XTools maintenance licence as it was purchased from Russia. This supported the NZ Government’s position on trade sanctions and the absence of this software did not have an undue impact on council operations.</p> <p>LiDAR Capture – the capture of LiDAR data was completed this year across the BOP region ahead of schedule. The early provision of this updated data helps councils with catchment mapping, understanding and preparing for natural hazards, and better planning for climate change.</p> <p>My Everyday Wellbeing – BOPLASS renewed the annual subscription for the staff online wellbeing platform with the supplier continuing to provide pricing for all participating councils as a single entity. Increased participation from MW LASS, Co-Lab and BOPLASS councils resulted in further financial savings for the collective.</p> <p>Print Media Copyright Agency (PMCA) – a collective contract providing savings, for all BOPLASS councils has been renewed with PMCA for councils’ print and media copyright services. Sole NZ provider of print and media copyright services.</p> <p>ESRI Enterprise Licensing Agreement – Core GIS software used in all BOPLASS councils. BOPLASS Enterprise Agreement renegotiated and renewed for a further 3-year term with no increases. Retained the same structure, with all councils continuing to participate under a collective MOU. No alternative provider in NZ.</p> <p>n3 (previously known as GSB) – Collective purchasing group membership negotiated by BOPLASS. Councils achieving significant savings on membership costs and trade pricing through the group scheme. Agreement renewed for another year at same rates. Sole NZ provider.</p>

Target 2022/23	Result	Narration
continued from previous page	continued from previous page	<p>Media Monitoring Services – BOPLASS continues to manage a collective media monitoring service with Isentia that provides automatic monitoring and reporting of broadcast, print and social media based upon council requirements. The single BOPLASS portal provides substantial savings to councils while also providing a significant reduction in internal resource requirements. This service has proven to be invaluable for councils during the pandemic and weather events. Service to be put to tender in 2023-24.</p> <p>Inter-Council Network (ICN) – Review, redesign and renegotiation of suppliers and services – the ICN is a shared service high-capacity fibre network connecting the majority of BOPLASS councils. A review of ICN contracts was undertaken in 2021 to deliver further cost reductions. Since then, further reviews have been conducted with some service costs reduced. This was balanced out by additional services as requested from councils.</p> <p>Zoom Video Conferencing Services – Zoom video conference services continue to provide BOPLASS councils with a centralised account management and shared infrastructure. The collective contract was renewed through BOPLASS. VC infrastructure upgrades underway.</p> <p>Standards NZ – BOPLASS has renewed the agreement with Standards NZ for discounted access to the full Standards catalogue at significantly reduced pricing for all BOPLASS councils. No alternative provider in NZ.</p> <p>Antenno – this LG community engagement tool is used by the majority of BOPLASS councils. Uptake in the Waikato and MW LASS regions has recently increased. By working in conjunction with the other two LASS a discounted fee was negotiated for any further LASS councils wishing to take up the service.</p> <p>Health & Safety Management Software – BOPLASS has negotiated with the collective H&SMS provider on behalf of BOPLASS and Waikato councils for an improvement to reporting systems and an alternative fee structure.</p> <p>IPWEA Membership – The Institute of Public Works Engineering Australasia (IPWEA) agreement was renewed in 2022 to provide a single BOPLASS portal to allow all constituent councils to access the full IPWEA online catalogue at heavily reduced pricing. The standards are used by all councils for a variety of engineering purposes. The collective agreement provides for unrestricted access for all councils at a significantly lower cost than under individual arrangements. No alternative provider in NZ.</p> <p>Aerial Imagery – BOPLASS coordinates a regional imagery programme across the region. Two new tenders were run for orthophotography services this year with contracts awarded to AAM NZ for the BOP region and a TCC interim flying programme, including specific requirements for the capture of high growth areas and high specification 8-Pulse LiDAR.</p> <p>GIS Training – BOPLASS coordinated specialised GIS ArcPro training across the BOPLASS councils. Substantial savings were achieved through the collective training while also helping to bring all councils up to similar skill levels</p>

Target 2022/23	Result	Narration
<p>Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils. Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration. A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.</p>	<p>Achieved</p>	<p>The new procurement initiatives which have been investigated during the year are as follows:</p> <p>MFDs (Photocopiers/Printers) - Joint procurement for a multi-function device provider resulted in Canon NZ being appointed as preferred provider to the BOPLASS councils. The outcome through the group approach included very competitive pricing, with further savings achieved through bundled services and shared software solutions across the councils. The procurement process maintained a strong focus on achieving broader outcomes, with Canon demonstrating support for local businesses and communities, working with Māori/Pasifika communities through Ākina and Amotai, and practicing sustainable and environmental processes.</p> <p>Oblique Aerial Imagery - BOPLASS investigated collaborative opportunities for the capture of Oblique Aerial Imagery for the BOPLASS councils. The imagery provides a more effective visual experience than traditional vertical imagery and is particularly useful for discerning features in the landscape. Delivered through a tailored online viewer and using a subscription-based model through BOPLASS negates the need for councils to store and manage the data. One council has trialled the solution and negotiations with the provider are underway for group pricing.</p> <p>Infrastructure Insurance - the international placements for BOPLASS councils' infrastructure insurance are only provided on a 12-month term and all placements need to be procured annually. This involves identifying and negotiating with alternative markets every year and often undertaking placements through new or different insurers. Negotiations for councils' infrastructure insurance were undertaken in late 2022 through direct engagement with the London markets and Lloyds syndicates. The size of the collective BOPLASS account allows us to undertake this direct engagement. Despite the restricted capacity and the underwriters become more risk adverse, very good outcomes were achieved for all councils, in both insurance rates and the level of cover achieved. Insurance markets remain cautious about the risk they are prepared to write but have demonstrated confidence in the BOPLASS programme due to the quality of information provided and our historical relationship.</p> <p>Social Listening Services - Although BOPLASS manages a media monitoring contract on behalf of the councils, the growth in social media (and decline in traditional media) requires specific tools for identifying and analysing online conversations about councils' brand, to help better understand our communities and their feedback through these channels. A collective procurement process has been initiated.</p> <p>Crime Prevention Co-funding - BOPLASS successfully secured co-funding from the Ministry of Social Development (MSD) to undertake crime prevention initiatives and programmes within the Bay of Plenty. BOPLASS councils identified the key areas as installation of CCTV equipment and monitoring services; and Crime Prevention through Environmental Design (CPTED) projects. \$1M co-funding has been received and the below projects initiated.</p>

Target 2022/23	Result	Narration
continued from previous page	continued from previous page	<p>CCTV Monitoring - BOPLASS has worked with councils to identify opportunities for improved CCTV coverage and to collaborate with CCTV monitoring. Joint procurement of systems and technologies are being undertaken as well as shared project management resource. Project is still underway.</p> <p>Crime Prevention through Environmental Design (CPTED) - To support further crime reduction initiatives, BOPLASS is working with councils on the effective use of the environmental design to reduce criminal opportunity, with designs also fostering positive social interaction within community spaces. Project is still underway.</p> <p>24/7 Emergency Communications - The BOPLASS IT Managers group have reviewed the harsh lessons learned about telecommunication interruptions in the aftermath of Cyclone Gabrielle. They have undertaken a project to identify improved technologies for councils' usage that are not reliant on traditional methods of delivery. Starlink has been identified as a reliable solution during severe weather events and investigations are underway to determine the opportunities for councils to share membership and/or hardware or leverage improved pricing through collective procurement. Project is still underway.</p> <p>New service for ICN - Following a redesign of some aspects of the Inter-Council Network (ICN) new links were required. BOPLASS engaged with suitable vendors and Spark were appointed to provision this service. Discounted rates were achieved on behalf of the councils. Procurement was undertaken for the addition of a service in Whakatāne for a new council site and reinstatement of a service to provide backup/redundant services for councils between Whakatāne and Tauranga.</p> <p>Waste Operator and Licensing Data System (WOLDS) - The second phase of this project has been initiated with procurement underway for a WOLDS service provider including the provision of an Information Management System. This BOPLASS led project covers all BOPLASS and Co-Lab councils, with a number of other councils expressing interest in participating once the service is established. A single shared service provides the opportunity for standardisation across all regions, improved waste data, and savings through a centralised service. Project is still underway.</p> <p>NAMS+ Subscription - BOPLASS negotiated discounted rates for NAMS+ subscription used by council asset managers.</p> <p>Electronic Signing - BOPLASS has led a project undertaking investigation into a shared agreement for DocuSign for councils. Project is still underway.</p>

Target 2022/23	Result	Narration
<p>Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties. BOPLASS to regularly engage with other LASS to identify and explore opportunities for further interregional collaboration. Quarterly reporting on engagement and a minimum of one new collaborative initiative undertaken annually.</p>	<p>Achieved</p>	<p>BOPLASS continues to work closely with MW LASS and Co-Lab with the LASS leads engaging regularly and formally meeting on a quarterly basis.</p> <p>Shared services projects being undertaken by other LASS have been offered to BOPLASS councils, with the board making a decision to utilise these opportunities to avoid any duplication of services where we can work with other LASS.</p> <p>Some of the shared service projects offered to BOPLASS councils include:</p> <ul style="list-style-type: none"> • Debt Management Central • Archives Central • Building Consent services <p>BOPLASS is leading or managing, on behalf of other LASS:</p> <ul style="list-style-type: none"> • Waste Operator and Licensing Data System • Postal services • Courier services • H&S management system • Staff wellbeing portal • Regional contractor database • Occupational Health Services <p>Broader Outcomes in Procurement - The BOPLASS Procurement Group have identified the need to develop a framework around broader outcomes in procurement. To assist this process, BOPLASS are also working closely with Co-Lab and MW LASS for extended understanding, sharing of best practice, and to explore the opportunity for establishing a standard framework across the three regions. In conjunction with this shared work, MWLASS are leading a specific project on social procurement and sharing the outputs with the other two LASS.</p> <p>Health & Safety training - BOPLASS and Co-Lab have established aligned contracts with H&S trainers. To provide improved market leverage and ensure the best value is delivered to all councils, it was agreed to tender for service as a collective covering all BOPLASS and CoLab councils. This project is being led by Co-Lab on behalf of both LASS.</p> <p>Managing Conflict & Aggressive Behaviour - The BOPLASS Health & Safety Advisory Group identified an increase in aggressive behaviour across all BOPLASS councils. Working in collaboration with Waikato councils allowed the group to share resources between regions ensuring best practice was shared and to reduce the duplication of effort to the benefit of all parties.</p> <p>SHE Prequalification - Co-Lab have funded full access to the SHE prequalification database and extended this access to cover BOPLASS councils opting into the scheme.</p>

Target 2022/23	Result	Narration
continued from previous page	continued from previous page	<p>Insurance Markets Joint Communications - To ensure an aligned approach to insurance renewals, and leverage maximum benefits from an aggregated approach, LASS leads collaborated to develop joint underwriter communications that emphasised the geographical spread of assets and the diversity of risk across the greater region. The communications also highlighted risk management and resiliency work undertaken by LASS councils that had proved to perform well through recent events. Continued collective messaging and leveraging of our underwriter relationships remains critical to reinstalling confidence within the markets we engage with.</p> <p>Insurance Forum - BOPLASS hosted and coordinated an insurance forum to cover key insurance topics in local government. The forum was well attended by councils from throughout the upper and central North Island.</p> <p>Engagement with other LG collaborative groups: Taranaki councils have formed an informal corporate services group to collaborate and share information across the district. BOPLASS and Co-Lab presented to the group on how our formal arrangements work and the benefits achieved, both within the LASSes and inter-regionally. An offer has been made to include Taranaki councils in any BOPLASS contracts that will be beneficial to all parties. A similar presentation and offer were provided to the Canterbury Mayoral Forum (10 TAs and the regional council), with the group expressing strong interest in utilising the MahiTahi Portal and widening their collaboration</p>
Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration. Increase usage of the Collaboration Portal by providing support and training material for new and existing users. Proactively market the benefits to councils. Number of listed projects to increase by 5% per year. Number of active users to increase by 5% per year.	Achieved	Projects continue to be added to the MahiTahi LG Collaboration Portal, increasing 5% from 88 to 93 this year. Over time, usage of the dedicated project area has declined, with project activity increasing but now being mainly run from within specific Teams or Channels within the Portal. Given this change in usage, and the difficulty of monitoring individual Channels, this target has been removed for future years. Continued promotion of the MahiTahi LG Collaboration Portal has seen a 13% increase in registered users with numbers increasing from 429 to 485. Onboarding and training material has been helpful in creating a smooth transition for any new members. The Regional Software Holdings Limited migration has resulted in exponential growth, with the Te Uru Kahika hub (regional and unitary councils) now hosted within the same environment as the MahiTahi Collaboration Portal. Both the MahiTahi LG Collaboration Portal and Te Uru Kahika sit side-by-side, with regional council users able to interact on both platforms. A Teams environment was developed for Entity B of the Affordable Water Reform in order to provide a secure workspace and assist the group with communications and collaboration. The development of this Team was conducted in conjunction with the Entity B stakeholders and a third-party Teams developer.
Communicate with each shareholding council at appropriate levels. Meeting with members of Executive Leadership Team. At least one meeting per year.	Achieved	BOPLASS continues to regularly engage with our constituent councils, senior management, and shareholders to ensure opportunities continue to be developed to the benefit of all stakeholders. Engagement with individual ELT members was regularly undertaken but formal meetings with all executive teams was unable to be completed with all councils this year.

Target 2022/23	Result	Narration
<p>Ensure current funding model is appropriate. Review BOPLASS expenditure and income and review council contributions and other sources of funding. Performance against budgets reviewed quarterly. Company remains financially viable.</p>	<p>Achieved</p>	<p>The sources of BOPLASS funding and the viability of the funding model are regularly reviewed with financial reporting provided to the BOPLASS Board. Council contributions were levied with annual council contributions now CPI adjusted. Contributions were received from activities producing savings. Vendor rebates collected. An annual contribution from Co-Lab, MW LASS, Regional Software Holdings (RSHL) and BOPLASS councils is received for membership of the MahiTahi Local Government Collaboration Portal. Monthly and quarterly performance reviewed. Financial statements and budget variances reported and reviewed at Board meetings. Financial position year end 30 June 2023: -\$22,979 deficit.</p>
<p>Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils. Manage and/or renegotiate existing contracts. Contracts are reviewed annually to test for market competitiveness. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable.</p>	<p>Achieved</p>	<p>Contracts negotiated and/or renewed for:</p> <p>Zoom Video Conferencing Services - Renewed group enterprise agreement. Zoom video conference services continue to provide BOPLASS councils with centralised account management and shared infrastructure. Enterprise contract renegotiated and renewed. No alternative providers.</p> <p>GIS software and services -</p> <ul style="list-style-type: none"> • FME • Geocortex Essentials & Geocortex Analytics • X-Tools • NZ Archaeological Association • RetroLens <p>Contracts renegotiated and renewed - no alternative suppliers</p> <p>Print Media Copyright Agency (PMCA) - a collective contract providing savings for all BOPLASS councils has been renewed with PMCA for councils' print and media copyright services. Sole NZ provider of print and media copyright services.</p> <p>Health & Safety Management Software - BOPLASS manages a collective agreement for H&SMS across BOPLASS and Waikato councils. A change of ownership with the incumbent supplier saw a decline in service levels and BOPLASS engaged with the supplier to address the service shortfalls or seek an alternative supplier. Given the number of councils under the collective agreement, improvements were quickly undertaken by the vendor and improved service levels established. Project still ongoing.</p> <p>Media Monitoring Services - BOPLASS continues to manage a collective media monitoring service with Isentia that provides automatic monitoring and reporting of broadcast, print and social media based upon council requirements. The single BOPLASS portal provides substantial savings to councils while also providing a significant reduction in internal resource requirements. Service to be put to tender in 2022-23.</p> <p>ESRI Enterprise Licensing Agreement - Core GIS software used in all BOPLASS councils. BOPLASS Enterprise Agreement renewed at no increase in cost to councils. No alternative provider in NZ.</p> <p>n3 (previously known as GSB) - Purchasing group membership negotiated by BOPLASS. Councils achieving significant savings on membership costs and trade pricing through the group scheme. Agreement renewed for another year at same rates. Sole NZ provider.</p>

Target 2022/23	Result	Narration
continued from previous page	continued from previous page	<p>Health and Safety Training provider – BOPLASS renewed the collective agreement with Vertical Horizonz for H&S training across the BOPLASS councils. The agreement provides tailored training and discounted rates. (WCLASS have aligned their contract dates with BOPLASS, providing for opportunities to procure collectively at the end of the new contract term.)</p> <p>Standards NZ – BOPLASS has renewed the agreement with Standards NZ for discounted access to the full Standards catalogue at significantly reduced pricing for all BOPLASS councils. No alternative provider in NZ.</p> <p>Inter-Council Network (ICN) – Review, redesign and renegotiation of suppliers and services – the ICN is a shared service high-capacity fibre network connecting the majority of BOPLASS councils. A review of ICN contracts was undertaken to deliver further cost reductions, along with the addition of new links for councils. Kordia were appointed to replace Vocus. The resultant contract will provide an improvement in service levels and financial savings for all participating councils. Migration of services to Kordia has been initiated.</p> <p>MFDs (Photocopier/printers) – Due to the variable print volumes through Covid lockdowns and the subsequent high level of working from home, BOPLASS negotiated with our incumbent provider to extend the current agreement for a further 16 months. The Variation Agreement included benefits such as retaining existing equipment, providing flexibility through the pandemic disruption, and further discounts to print rates. A full tender will be undertaken in 2022 when councils should have an improved understanding of volumes and requirements.</p> <p>IPWEA Membership - The Institute of Public Works Engineering Australasia (IPWEA) agreement was renewed in 2021 to provide a single BOPLASS portal to allow all constituent councils to access the full IPWEA online catalogue at heavily reduced pricing. The standards are used by all councils for a variety of engineering purposes. The collective agreement provides for unrestricted access for all councils at a significantly lower cost than under individual arrangements. No alternative provider in NZ.</p>
Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils. Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration. A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils	Achieved	<p>The new procurement initiatives which have been investigated during the year are as follows:</p> <p>Postal Services – Joint procurement for councils' mail services resulted in DX Mail being appointed as preferred supplier. The BOPLASS-led process covered BOPLASS, Co-Lab, MW LASS and Hawke's Bay councils. Savings for all councils will be substantial, particularly for councils with high volumes of urban mail. The contract also provides sustainability and efficiency benefits for councils.</p> <p>Courier Services – In conjunction with the Postal services tender a process was managed to identify opportunities for savings with courier services across the BOPLASS, Co-Lab and MW LASS councils. BOPLASS engaged with DIA and ACC to facilitate access to the ACC syndicated contract for courier services. This provides a substantial saving for all councils over their incumbent providers and the alignment with the mail provider offers efficiencies within council mailrooms.</p>

Target 2022/23	Result	Narration
continued from previous page	continued from previous page	<p>Infrastructure Insurance - Given the current restricted capacity in the international insurance markets, councils' insurance is only provided on a 12- month term and all placements need to be procured annually. This involves identifying and negotiating with alternative markets every year and often undertaking placements through different insurers. Negotiations for councils' infrastructure insurance were undertaken in late 2021 through direct engagement with London underwriters and Lloyds syndicates. Very good outcomes were achieved for all councils - both in insurance rates and the cover achieved. Insurance markets remain cautious about the risk they are prepared to write but have confidence in the BOPLASS programme due to the quality of information provided and our historical relationship.</p> <p>My Everyday Wellbeing - Staff online wellbeing platform used extensively across local government. Negotiated for BOPLASS councils to be treated as a single entity. Added Co-Lab and MW LASS councils into same enterprise membership. Negotiated 12-month subscription providing savings to the collective group.</p> <p>Rapid Antigen Tests (RATs) - BOPLASS engaged with other LASS and CCOs to aggregate volumes to leverage improved pricing. Several RATs orders were placed on behalf of BOPLASS, Co-Lab, MW LASS and council CCOs. The volume of the collective order resulted in heavily discounted pricing and priority service.</p> <p>GIS Training - BOPLASS coordinated specialised GIS ArcPro training across the BOPLASS councils, providing substantial savings through the collective training and also helping to bring all councils up to similar skill levels.</p> <p>High-Volume Print - The benefits of councils collaborating in high-volume print services are being investigated. Councils currently use a variety of solutions ranging from in-house commercial print equipment/print rooms to outsourced models. Investigation still under action.</p> <p>Cyber Insurance - The renewal of councils' cyber insurance policies was facilitated by BOPLASS through a collective programme. Insurers have become much more selective in their placements and local government are viewed as a high-risk client. BOPLASS were able to bring Berkshire Hathaway Specialty Insurance onto the programme who thoroughly analysed councils' IT systems and security. Despite an initial rejection of cover for some councils, BOPLASS was able to provide further information to the insurers, resulting in the collective approach being reinstated and all councils able to secure cover at a reduced cost. Cyber cover is an annual agreement that requires going to market every year.</p> <p>Aerial Imagery - As part of the BOPLASS regional imagery programme, three tenders were run for orthophotography services this year. Separate contracts were awarded to AAM NZ for the eastern BOP region and TCC interim flying programmes. The flying and imagery for TCC included specific requirements for the capture of high growth areas. A separate procurement process was undertaken for Gisborne District Council with the contract awarded to Aerial Surveys.</p>

Target 2022/23	Result	Narration
<p>Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties. BOPLASS to regularly engage with other LASS to identify and explore opportunities for further interregional collaboration. Quarterly reporting on engagement and a minimum of one new collaborative initiative undertaken annually.</p>	<p>Achieved</p>	<p>BOPLASS has led several InterLASS projects this year or worked together with other LASS to develop interregional benefits:</p> <ul style="list-style-type: none"> • Waste Operator Licencing Data System • Courier Services • Mail Services • H&S Management System • H&S training providers • Occupational Health Services • Rapid Antigen Tests purchasing • Staff Wellbeing Portal • Regional Contractor Database • Risk Management Practices • Collaborative Policy Development • Insurance Renewals Standardisation • Debt Recovery Services <p>BOPLASS continues to work closely with MW LASS and Co-Lab with the LASS leads aiming to meet on a quarterly basis. Several joint procurement projects have been completed and further opportunities identified. Projects being undertaken by other LASS are offered to BOPLASS councils on a commercial basis.</p>
<p>Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration. Increase usage of the Collaboration Portal by providing support and training material for new and existing users. Proactively market the benefits to councils. Number of listed projects to increase by 5% per year. Number of active users to increase by 10% per year</p>	<p>Achieved</p>	<p>Projects continue to be added to the MahiTahi Collaboration Portal, increasing from 53 to 88 this year. Continued promotion of the MahiTahi Collaboration Portal has seen a 10.5% increase in registered users with numbers increasing from 388 to 429. On-boarding and training material has been helpful in creating a smooth transition for any new members. Working with the DIA, the MahiTahi Collaboration Portal now includes secure areas to support Local Transition Groups working collectively on the Three Waters project. Regional Software Holdings Limited are migrating the regional sector Special Interest Groups to be hosted in a similar collaborative environment as the MahiTahi Collaboration Portal. Technical aspects of the migration are being supported by BOPLASS.</p>
<p>Communicate with each shareholding council at appropriate levels. Meeting with each Executive Leadership Team. At least one meeting per year.</p>	<p>Not Achieved</p>	<p>BOPLASS continues to regularly engage with our constituent councils, senior management and shareholders to ensure opportunities continue to be developed to the benefit of all stakeholders. Formal meetings with all council executive teams were unable to be completed this year. Staff absences, travel restrictions and increased workloads meant not all councils could be covered. See Covid Disclosure p. 47.</p>
<p>Ensure current funding model is appropriate. Review BOPLASS expenditure and income and review council contributions and other sources of funding. Performance against budgets reviewed quarterly. Company remains financially viable</p>	<p>Achieved</p>	<p>The sources of BOPLASS funding and the viability of the funding model are regularly reviewed with financial reporting provided to the BOPLASS Board. Council contributions levied. Contributions received from activities producing savings. Vendor rebates collected. Monthly and quarterly performance reviewed. Financial statements reported and reviewed at Board meetings. Financial position year end 30 June 2022: \$6,244 surplus.</p>



CO-LAB

Co-Lab is the trading name for Waikato Local Authority Shared Services Ltd. It is a company owned by 12 councils across Waikato and Bay of Plenty and Rotorua Lakes Council has approximately an 8% shareholding in the company.

The Co-Lab Board has six directors – an independent Chair and council representatives.

Co-Lab's vision is that councils maximise the value they provide to their communities. To do this, Co-Lab helps them identify and realise shared opportunities, which ultimately helps councils be more effective and efficient.

Co-Lab achieves these outcomes by:

1. Acting as an “ideas laboratory” – working with the councils to investigate and develop opportunities;
2. Providing shared services to councils; and
3. Entering joint procurement arrangements for the benefit of councils.

Member councils pay an annual levy, depending on their size. Services obtained are funded on a user pays basis – each council pays for and receives the financial benefits of its share of any particular service.

Co-Lab works with working parties or advisory groups made up of staff representatives from the shareholding councils who have expertise and interest in particular disciplines.

The Board publishes a Statement of Intent in June and holds an Annual General Meeting in November each year. The accounts are audited annually on behalf of the Office of the Auditor General, and the Annual Report is generally published in late August/early September.

Co-Lab acknowledges the difficulties faced by partner councils; while covid-19 is now ‘normalised’, there is record inflation, uncertain central government reform exacerbated by the forthcoming general election, and a tight labour market. While a vision for the future of local government has been painted in a recent review, it is unknown what if any of the review panel's recommendations will be embraced by central government. Amidst this significantly shifting landscape, communities ask that councils be part of the solution to, and not adding to, the cost-of-living crisis.

It is against this backdrop that Co-Lab is pleased to have focussed on initiatives to help partner councils address these challenges in some way. These include:

- Launching a learning & development service, Co-Lab Learning, to provide a mechanism for L&D collaboration, and to deliver eLearning, and in-person and online live learning events and workshops to council staff.
- Exploring how Co-Lab can provide additional value to councils through new centres of expertise in asset management beyond roading and waters.
- Investigating how councils' resourcing challenges could be addressed by growing the pipeline of capability coming into our regions' local government sector.

SUMMARY FINANCIAL RESULTS FOR THE YEAR:

	2023 \$000s	2022 \$000s	Change
Total income	9,101	8,576	6%
Net surplus before tax	505	543	(7%)
Cash on hand	2,313	2,570	(10%)

The net surplus before tax is high in comparison with the surplus projected in the budget. This principally reflects lower than anticipated costs in some services.

PERFORMANCE REPORTING

The performance measures noted in the table below were included in the 2022 Statement of Intent. The company has assessed whether each target has been achieved, and how these contribute to our outcomes as an organisation.

KEY:

- Achieved
- Unable to currently measure
- Partially achieved: Activity remains in progress
- Not achieved

Priority	Performance measure	Target	Outcome (progress toward target)
Prioritise and develop business cases for opportunities that, if implemented, add value to councils by achieving one or more of our objectives	Business cases will include measurable benefits linked to one or more of the outcomes sought	Projected savings to councils of \$300k+	<p>Seven signature projects progressed during the year. However, each of these projects - which were largely guided by feedback from councils - were principally focused on valuation creation (rather than cost savings) and/or are at an early stage where potential costs savings are yet to be quantified. The Customer Digital Enablement (CDE) project has the potential to save¹ significant amounts by pooling council investment. For example, market feedback suggested a ten-fold increase in the number of councils involved only bore a 16% increase in investment. Unfortunately, as noted earlier, most councils did not support progressing to RFP and product build. For these reasons, the target has not been met.</p> <p>The Strategic Case for the 'Right People, Right Place' project (see page 9) was approved by the Board in June 2023.</p> <p>A paper covering the 'People Post 3 Waters' project (see page 9) was presented to council Chief Executives in November 2022, with an update to the Board in March 2023. While we await feedback from councils on what resource might become available to redeploy, we are investigating a project management shared service to address one area where many councils are resource constrained.</p>

¹ When compared to making the investment on a standalone basis

Priority	Performance measure	Target	Outcome (progress toward target)
			Neither of these investigations can yet claim to give projected savings to councils, although both have the potential to reduce costs and create value in the future.
	Opportunity assessments are supported by councils (evidenced by Board minutes)	75% of councils	<p>We can't reasonably measure performance against this target because no opportunity assessments have been presented to the Board during the period. Having said that, as noted above, CDE is not expected to progress to this point, because of the lack of support to progress the opportunity. To that extent, it is an opportunity that, while initially supported by councils, has not ultimately been.</p> <p>Last year we reported that 9 of of 12 councils agreed to participate in Co-Lab Learning. A 10th confirmed their involvement in the current period.</p> <p>Some opportunities have been capitalised on without a formal business case. An example of this in the current period is Co-Lab Procurement Support. That shared service came about from discussions with councils who had a need for procurement skills, but only on a part-time basis, or only as and when required to supplement their current resources.</p> <p>In late FY2023, councils were presented with proposals to participate in a Building Consent Cadetship and in the RATA Spaces and Places Rōpū. Decisions are pending in early FY24.</p>
Develop opportunities and deliver projects within agreed budgets and timelines	Opportunities / projects are developed / delivered within agreed timelines	80%	<p>14%: (1/7 projects)</p> <p>The low proportion of projects delivered within agreed timelines is disappointing. However, this should be considered in the context that most Co-Lab investigations commence with significant uncertainty, including council staff's capacity to get involved in the projects, which makes reliably estimating the time to complete challenging. While capacity is the most prominent unknown when setting timelines, the LiDAR project has been delayed by vendor performance issues.</p> <p>We acknowledge that we must be more realistic when estimating timelines.</p> <p>It is important to note that none of the delays have caused costs to escalate (i.e., the anticipated work is simply spread over a longer period, or the contract protects against cost escalation).</p>
	Opportunities / projects are developed / delivered, within approved budget	90%	<p>80%: Four of the five projects were completed within budget. The exception was the Co-Lab Learning Implementation where the cost of the project team went \$8k over project budget.</p>

Priority	Performance measure	Target	Outcome (progress toward target)
Ensure projects realise their expected benefits	Measurable benefits are actively monitored and reported against	Six-monthly	During the last financial year, management reported to the Audit & Risk Committee on: <ul style="list-style-type: none"> Shared Valuation Data Service (SVDS): All benefits in the business case have been met Co-Lab Water Services: The assessment considered benefits realised since the services inception. Of the 10 KPIs in the business case, only 1 (relating to service expectations) was determined to be 'not met' and action is already underway to remedy that.
	Audit & Risk Committee undertake an assessment of projects following implementation (which will include an assessment of whether projected benefits have been realised)	For \$200k+ Projects (based on cost of opportunity development and ongoing investment) Within 15 months	
		90% of projected quantifiable benefits are realised	
Ensure existing services are meeting the needs of councils	The services we provide are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey).	80% of councils	As noted earlier in this annual report, based on our annual survey of councils, the target of 80% has been met. 80% of respondents said that the services met or exceeded expectations. For the few services where this target was not met, action plans have been put in place to improve performance.
Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice	Across these groups, ideas for future consideration and/or initiatives are identified each year	Four per annum	Ideas received and triaged in FY23: <ul style="list-style-type: none"> One digital library book database Common LGOIMA manager tool Councillor Induction Programme Common staff induction content Shared resources for election years Parking enforcement app Joint Procurement for contracted resources



ROTORUANZ LTD

As of 1 July 2022, Rotorua Economic Development Ltd changed its name to RotoruaNZ, no longer trading as Rotorua Economic Development of Destination Rotorua.

WHAT WE DO

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

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

The work they do helps to:

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

They do this by focusing on five key priorities that Rotorua Lakes Council sets out in their annual letter of expectation:

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

WHAT WE ARE WORKING TOWARDS

- Business innovation and prosperity
- Employment choices
- Outstanding places to play

STRUCTURE OF THE COMPANY'S OPERATIONS, INCLUDING GOVERNANCE ARRANGEMENTS (30 JUNE 2020):

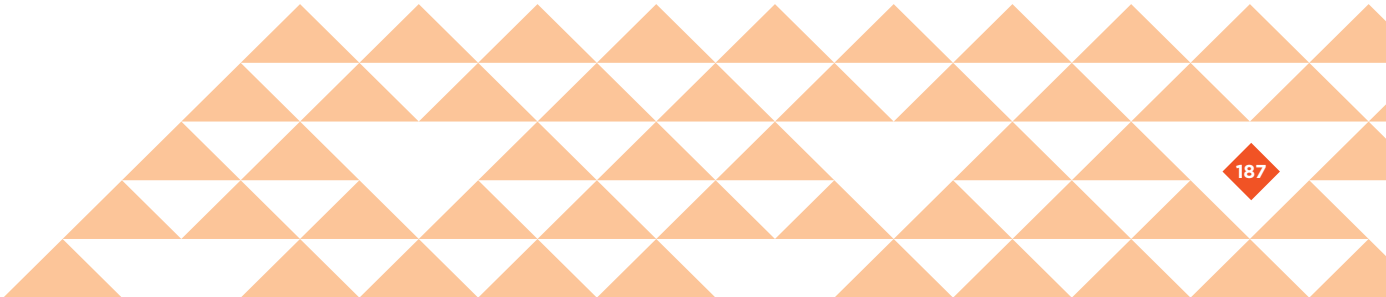
RotoruaNZ is a Council Controlled Organisation (CCO), 100% owned by Rotorua Lakes Council (RLC). Rotorua NZ is the Economic Development Agency (EDA) and Regional Tourism Organisation (RTO) for the Rotorua District. RotoruaNZ's key trading activities and brands are Destination Rotorua, i-SITE, Rotoruanz.com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

RotoruaNZ is led by Chief Executive Andrew Wilson and governed by an independent board of directors.

The following Directors held office as at 30 June 2023:

	Date of Appointment
Mr John Walter McRae - Chairperson	14/04/2020
Mr Christopher Auld	27/07/2016
Mr Tim Mark Thomas Cossar	09/06/2020
Mr Aaron Wilfred Donnelley	01/07/2020
Mr Desterney Mana Newton	14/04/2020
Ms Keri-anne Tane	01/05/2021
Mr David Tapsell	01/05/2021

At the time of printing this report, the results for Rotorua Economic Development Ltd year ending 30 June 2023 are draft, and the information contained herein is subject to change as it is currently undergoing review by Audit New Zealand.



PERFORMANCE MEASURES

Council has measured its achievements towards the objectives set in the Long-term Plan 2021-2031 through the performance measures below.

Measure	Target	Actual	Achieved / Not Achieved	Comment
The number of Te Arawa economic development projects directly supported by RotoruaNZ	>= three	4	Achieved	<ul style="list-style-type: none"> RotoruaNZ has supported a Te Arawa entity to investigate development opportunities in the Ngongotaha region Tiny house development approved for site near Te Putake O Tawa - RotoruaNZ coordinated RLC, Iwi, CNI and Timberlands to pilot initial development for forest accommodation RotoruaNZ supported initial discussions with iwi collective on a tourism product development on a new site RotoruaNZ worked closely with Tauhara North to put an application in for the tourism innovation fund for a forest development tourism product
Level of satisfaction of businesses going through the ACCELERATE programme.	>= 80%	92%	Achieved	Cohort #11 completed in September 2022 with five participants.
Stakeholder satisfaction with the quality of RotoruaNZ's destination data and insights developed to support decision making by businesses (survey of all business stakeholders)	>= 75%	74%	Not Achieved	Question in the RotoruaNZ customer satisfaction survey, asking Rotorua businesses to rate RotoruaNZ effectiveness at providing 'Data, research and insights'. The figure is calculated using the weighted average of responses on the five point effectiveness scale.
The number of new developments (residential, industrial and commercial) supported or led by RotoruaNZ that are initiated.	>= three	3	Achieved	<ul style="list-style-type: none"> RotoruaNZ put together a memorandum of understanding between RLC and Peka trust that was signed to move forward on Kanoa funding RotoruaNZ is also supporting the investigation of a specific inner city site for potential development RotoruaNZ supported a buyer to purchase of a large piece of land for a significant development in the CBD
i-SITE to be financially sufficient.	>= \$0	-\$189,880	Not Achieved	Strong growth in demand driven by rapid recovery in the international market following the New Zealand border fully re-opening in August 2022 along with the opening of a new i-SITE location at Waipa Mountain Bike Park significantly boosted revenue, however significant challenges remained and therefore this target was not achieved.

Business events - value of bids won in financial year based on MBIE data and DR lead sheet confirmed conferences	>= \$4.5m	\$15.2m	Achieved	The removal of Covid restrictions and the re-opening of the New Zealand border has resulted in strong demand for business events. Rotorua has been successful at securing many high value business events and has many more sales enquiries that are being progressed.
Domestic visitor card expenditure for Rotorua (based on MBIE TECT data set)	>= \$330m	\$303m	Not Achieved	Domestic visitor card expenditure had been growing strongly as a result of continuing demand for domestic travel and rising inflation, however the extraordinary weather events this year dampened some domestic demand resulting in the target not being achieved.
Stakeholder satisfaction (Survey of the local visitor economy; attraction, hospitality, food & beverage).	>= 75%	67%	Not Achieved	Question in the RotoruaNZ customer satisfaction survey, asking Rotorua businesses to rate their satisfaction that RotoruaNZ supports 'Rotorua as a whole', 'their industry' and 'their own business'. The figure is calculated as an average of these three selections using % satisfied plus % very satisfied (Tourism, Accommodation and Hospitality & Food Services businesses only).
Domestic consumer perception - % intend to visit (Delve loyalists + considerers) Rotorua from Auckland AND one target market is at least approximately the same or better than the June 2017/18 year	Two markets (incl AKL)	3 Markets (incl AKL)	Achieved	Intention to visit targets were achieved in each key market. The results were similar to the previous year for the Auckland market (up slightly from 53% to 54%). The Wellington market declined for the second consecutive year and is at the lowest point of the six Wellington survey periods equalling the 2019 year result (41%). The Christchurch market declined over the previous year (down from 29% to 25%) and is at the mid-point over the seven Christchurch survey periods.
% Auckland market "intend to visit" Rotorua AND	>= 50%	54%		
% Wellington market "intend to visit" Rotorua OR	>= 40%	41%		
% Christchurch market "intend to visit" Rotorua	>= 20%	25%		

FINANCIAL PERFORMANCE

	2022/23 \$000's	2021/22 \$000's
Revenue	7,443	6,772
Expenditure	7,403	7,330
(Deficit)/Surplus	39	(558)
Tax Benefit/(Expense)	0	0
Net Surplus/(Deficit) for year	39	(558)

INCOME DERIVED FROM COUNCIL

	2022/23 \$000s	2021/22 \$000s
	4,509	4,390



INFRACORE LTD

WHAT WE DO

InfraCore is a Council Controlled Organisation created as a social enterprise to deliver essential services to Rotorua Lakes Council, and its residents and visitors. InfraCore is in the business of maintaining, managing and constructing infrastructure and facilities assets. The company's main service offerings are:

- Asset management of above and underground infrastructure assets including planned and reactive activities, life cycle data analysis and capital build activities.
- Maintaining and constructing parks infrastructure, including but not limited to public gardens, reserves, playgrounds, sports fields and tree surgeon services.
- Maintaining and constructing drinking water, wastewater and storm-water infrastructure networks.
- Civil construction and maintenance work associated with transport solutions including footpath, paving and street furniture type assets.
- Providing janitorial services, street cleaning and maintenance services for public and park infrastructure assets.
- Cemetery and Crematorium management and operation services.
- Nursery services, including plant propagation, sale, lease and care services.
- Project management of capital budget works from build through to asset management of new and existing infrastructure networks.

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

WHAT WE ARE WORKING TOWARDS

InfraCore has a vision to become a cornerstone to delivering the Rotorua Lakes Council priorities, many of which are invisible to the residents and visitors. By acting in partnership and operating efficiently, InfraCore will become the partner of choice not only by delivering a quality product, but by also delivering other tangible benefits to the region.

InfraCore is committed to work in partnership to assist in delivering the goals in the Te Arawa 2050 vision and acknowledges the values identified by Te Arawa whānui. InfraCore's manaakitanga will show through the quality service and through the ability to provide sustainable employment opportunities. Te Arawa Mana Whenua values and tikanga will shape the way in which InfraCore completes work in the rohe in which it operates. InfraCore will provide a sustainable opportunity where leadership and collaboration will be encouraged and supported. We will work together with the Te Arawa Mana Whenua entities to gain efficiency and cost advantage through economies of scale and size and to assist Te Arawa to achieve the goals identified in the seven strategic directions of the 2050 vision, and contribute to the aspirations of Mana Whenua Iwi and Hapū.

InfraCore is committed to working with central and local Government to deliver positive social outcomes, by providing an opportunity for Rotorua residents to constructively enter or re-enter the workforce and to break the cycle that leads to negative life choices. In the long-term, this will reduce the burden on the ratepayer and lead to more positive, sustainable outcomes that provide a bright future for Rotorua Incorporated.

InfraCore is committed to treating our employees with respect and dignity, and to operating to our company values. We believe that this is necessary to provide workers with an employment status that allows them to build a life and to contribute towards the Rotorua region as active members of the community. InfraCore supports the belief that active employment contributes towards making positive life choices and therefore supports Rotorua Incorporated.

InfraCore will achieve this by:

- Aligning and partnering with Rotorua Lakes Council vision and providing an unprecedented level of flexibility.
- Aligning behaviours to the values identified in the Te Arawa 2050 vision and partnering with Te Arawa Iwi and Hapū.
- Aligning and partnering with Mana Whenua in the rohe in which we operate
- Aligning and partnering with Central Government departments including the Ministry of Social Development and the Corrections Department
- Strategically partnering with 3rd party suppliers in order to further increase the level of opportunity.
- Creating opportunities for Rotorua residents, to work locally in an environment that is meaningful to them.
- Setting our standards high and paying an appropriate wage, and in turn enable workers to live with dignity and to participate as active citizens in the Rotorua Region.
- Being a good place to work, by supporting our employees to be the best that they can be.
- Growing to become a high quality, high value organisation that delivers more than operational outcomes for the region, the employee and the ratepayer.

STRUCTURE OF THE COMPANY’S OPERATIONS, INCLUDING GOVERNANCE ARRANGEMENTS:

InfraCore’s Board of Directors is appointed by the Shareholder, and is responsible for the direction and control of the company’s activities. The company’s Constitution provides that the Board consists of between four and six Directors.

Infracore is led by Chief Executive Emma Murray and governed by an independent board of directors.

The following Directors held office as at 30 June 2023:

	Date of Appointment
John McRae (Chair)	10/08/2015
Vivienne Scott	09/01/2019
Brent Whibley	09/01/2019
Tupara Morrison	01/05/2021
Geoffrey Rolleston	01/05/2021
Christiaan Van Florenstein Mulder	01/05/2021

PERFORMANCE MEASURES

Measure	Target for FY23	Achieved / Not Achieved	Comment
To achieve financial budget	To achieve financial budget allowing any future surpluses to be used to clear long term debt and enhance business capability.	Not Achieved	Budget was set to \$77k and a loss of \$274k was achieved.
To work in partnership with RLC to grow the InfraCore capability into new commercially sustainable work streams.	To secure additional revenue streams within the financial year that increases EBITDA compared to budget. This will be measured upon project completion, and monitored on a monthly basis.	Not Achieved	Due to resourcing constraints, the core focus of the Company needed to be fulfilling SLA's with RLC and no there was no ability to tender for additional work streams. This is a new measure for 2023 and not comparable to any measure in 2022.
Consolidated KPI scoring Parks and Open Spaces	83%	Achieved	Annual average 93%
Consolidated KPI Utilities	83%	Not Achieved	Annual average 73%
Targeting full employee engagement with Health and Safety	80%	Not Achieved	65% - this was based upon the number of service-delivery staff recorded as attending monthly toolbox talks.
Employee net promoter score percentage increase on a year on year basis. Assists with overall retention and satisfaction. <i>How likely are you to recommend our business as a place to work for your whānau and friends?</i>	Increase by 20%	Not Achieved	The initial baseline was set in the 2022/23 year with the staff engagement survey that was completed in November 2022. The initial results were 82.9%. A follow up was not completed by the end of the financial year. This is a new measure for 2023 and not comparable to any measure in 2022.
Annualised turnover target	47%	Achieved	Annualised turnover 42% This is a new measure for 2023 and not comparable to any measure in 2022.
Partner with Te Arawa (contributing towards Te Arawa Vision 2050) through collaboration with a number of Te Arawa trusts or entities.	Two Entities	Not Achieved	With resourcing constraints, there has not been an opportunity to expand partnership arrangements.
Number of employees engaged in external qualifications supported by InfraCore as a percentage of total headcount.	25%	Achieved	There were 32 of 124 staff engaged in external qualifications. This is a new measure for 2023 and not comparable to any measure in 2022.
Commitment to Rotorua Reorua. Increased cultural awareness within our organisation.	Two Initiatives	Achieved	Two initiatives were rolled out through the year - values refresh and a wellbeing calendar (based upon the principals of Te Whare Tapa Whā).

FINANCIAL PERFORMANCE

	2022/23 \$000's	2021/22 \$000's
Revenue	14,976	15,145
Expenditure	14,247	13,948
(Deficit)/Surplus	729	1,025
Tax Benefit/(Expense)	-	-
Net Surplus/(Deficit) for year	729	1,025

INCOME DERIVED FROM COUNCIL

	2022/23 \$000s	2021/22 \$000s
	12,583	13,791





TAUĀKĪ PUAKANGA DISCLOSURE STATEMENTS

ANNUAL REPORT DISCLOSURE STATEMENT FOR THE YEAR ENDING 30 JUNE 2023.

WHAT IS THE PURPOSE OF THIS STATEMENT?

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

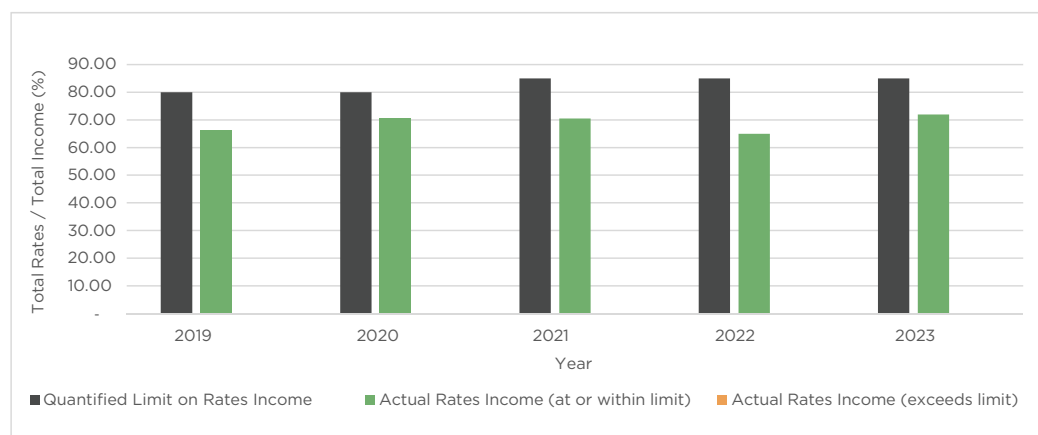
RATES AFFORDABILITY BENCHMARK

The council meets the rates affordability benchmark if:

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

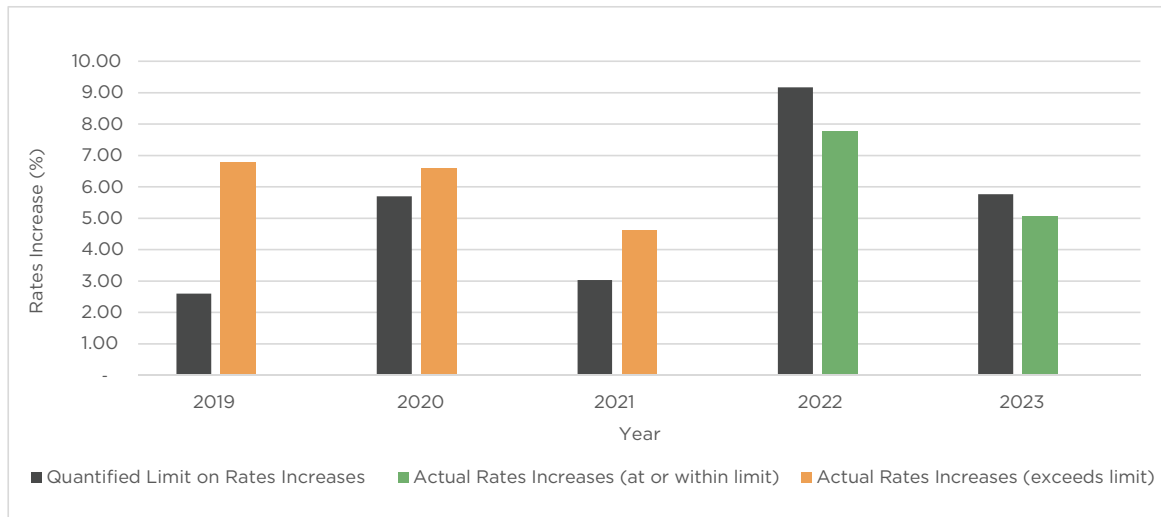
RATES (INCOME) AFFORDABILITY

The following graph compares the Council's actual rates revenue with a quantified limit on rates contained in the financial strategy, included in the Long-Term Plan. The quantified limit is that Council will limit total rates as a proportion of total revenue for 2022/23 to be less than 85%.



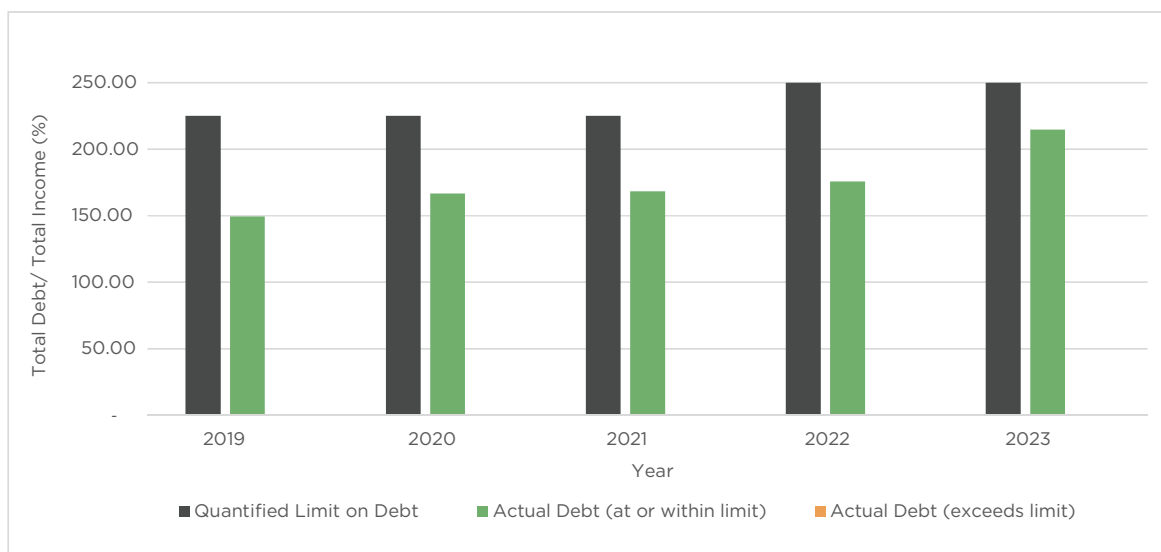
RATES (INCREASES) AFFORDABILITY

The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Long-Term Plan. The quantified limited for 2022/23 was set at 5.9%.

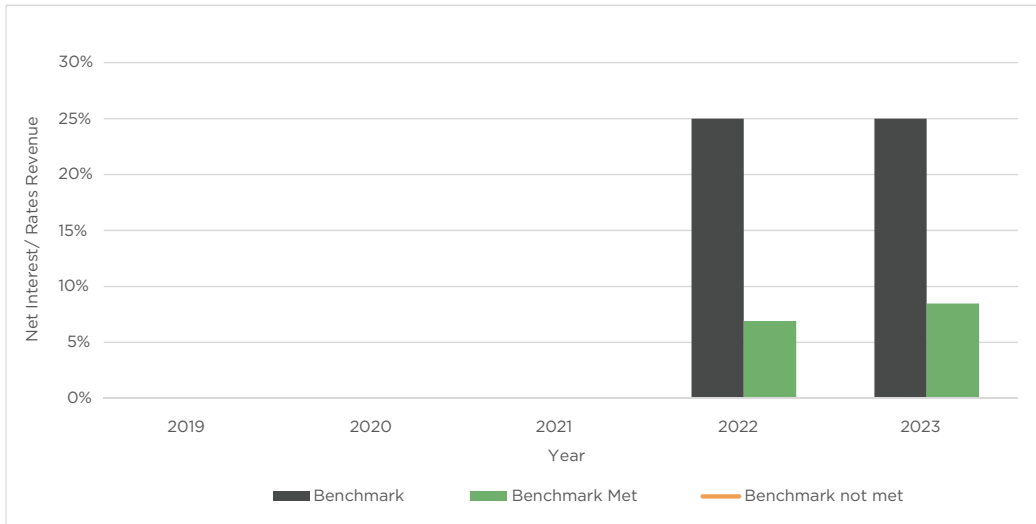


DEBT AFFORDABILITY BENCHMARK

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Long-term Plan. The quantified limit is that total debt will be lower than 250% of total income.

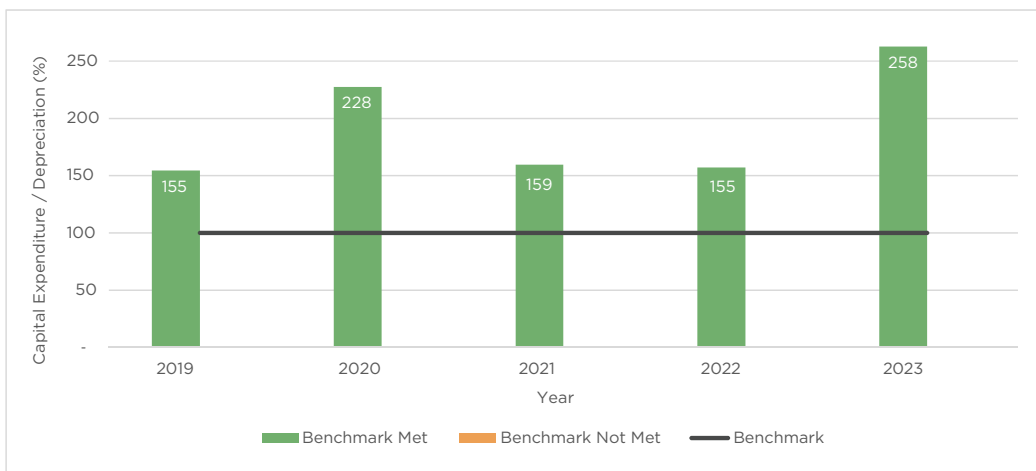


The following graph compares Council's actual debt with a quantified limit on borrowing stated in the financial strategy included in the Council's Long Term Plan. The quantified limit is net interest on external debt as a percentage of annual rates revenue does not exceed 25%. This was a new measure introduced in the 2021-31 Long Term Plan.



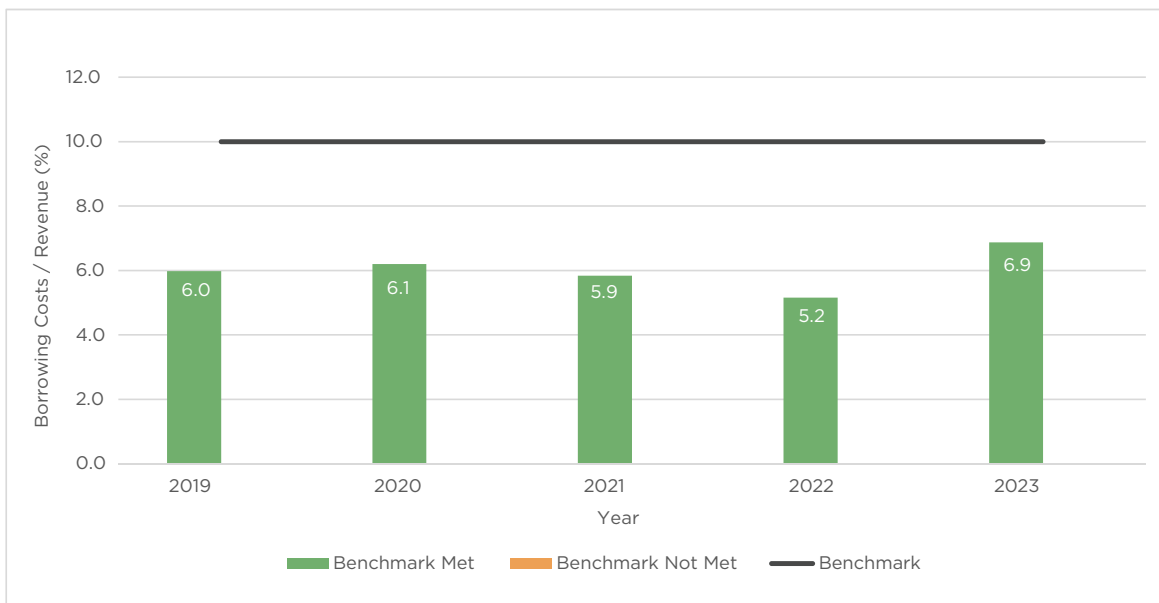
ESSENTIAL SERVICES BENCHMARK

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



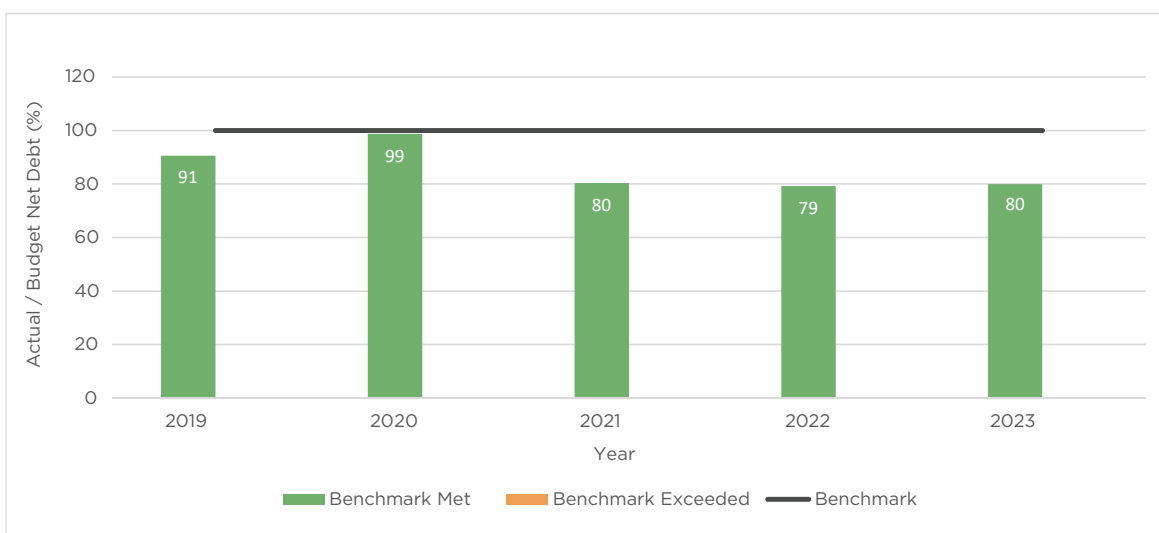
DEBT SERVICING BENCHMARK

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



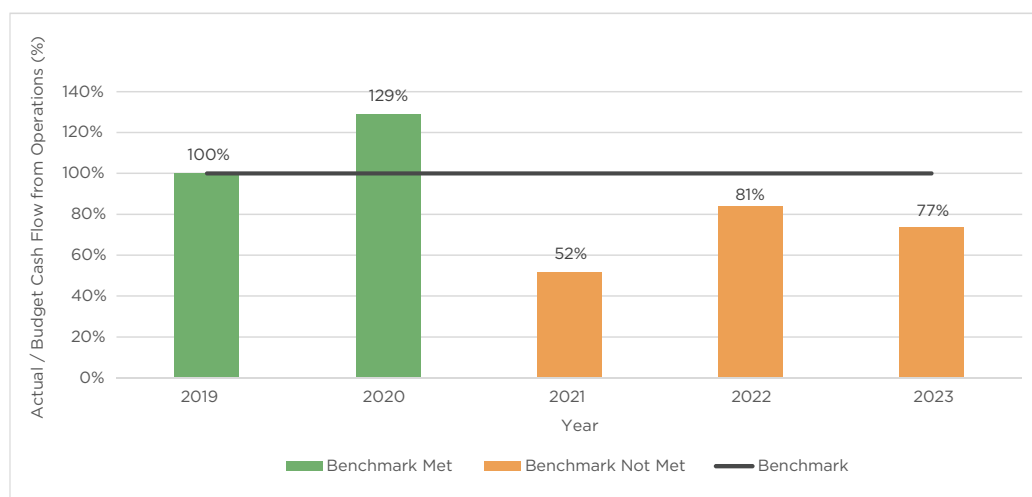
DEBT CONTROL BENCHMARK

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



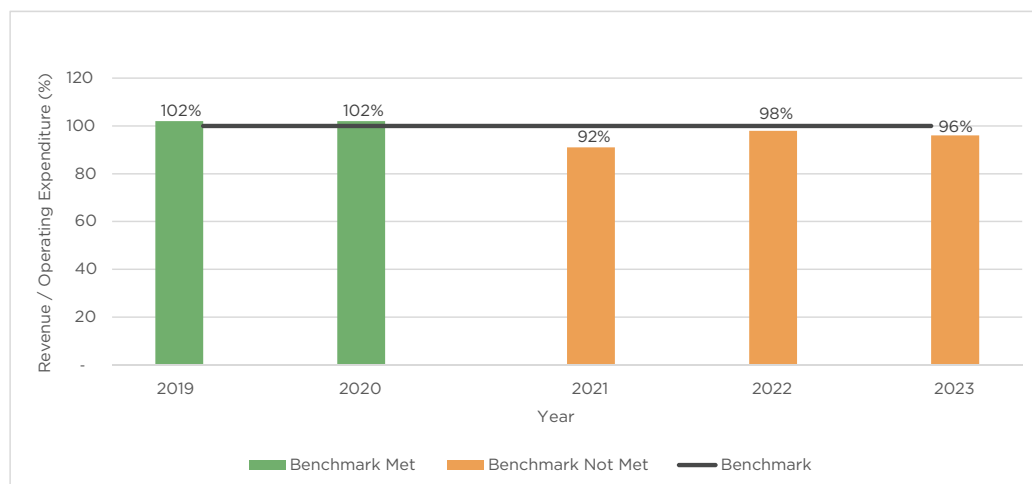
OPERATIONS CONTROL BENCHMARK

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations. In 2022/23 this measure was not met due to impact of higher inflationary costs due to global economic down turn and lower revenue from events and visitors.



BALANCED BUDGET BENCHMARK

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment). The Council meets this benchmark if its revenue equals or is greater than its operating expenses. In 2022/23 this target was not met due to higher inflationary impact on costs largely due to down turn in global economy and cost impact of sever weather events.





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